

155(6)a

Pursuant to section 155(6) of the Companies Act 1985

Company number

2783235

Name of company

* PROPORTION (HOLDINGS) LIMITED

1/Wes KEITH FOX of Clipped Hedge Cottage, Dunmow Road, Hatfield Heath, Bishops Stortford
PETER FERSTENDIK of 41 Northway NW11 6PD

~~XXXXXXXXXX~~ I the directors† of the above company do solemnly and sincerely declare that:

The business of the company is:

[illegible]

(c) something other than the above§

The company is proposing to give financial assistance in connection with the acquisition of shares in the

[company] [XXXXXXXXXXXXXXXXXXXX]

The assistance is for the purpose of [that acquisition] [reducing or discharging a liability incurred for the purpose of that acquisition].†

The number and class of the shares acquired or to be acquired is: 54,400 ordinary shares of 10 pence each and 49,220 "A" ordinary shares of 10 pence each

For official Use
General Section



0279
27/01/01

Page 1

The assistance is to be given to: (note 2) _____

See Schedule 1

Please do not
write in this
margin

Please complete
legibly, preferably
in black type, or
bold block
lettering

The assistance will take the form of:

See Schedule 2

The person who ~~XXXXXXX~~ acquire[†] the shares is:

[†] delete as
appropriate

Mandora Leathercraft Limited

The principal terms on which the assistance will be given are:

See Schedule 2

The amount of cash to be transferred to the person assisted is £

NIL

The value of any asset to be transferred to the person assisted is £

NIL


The date on which the financial assistance is to be given 22 January 2001

**Please complete
legibly, preferably
in black type, or
bold block lettering**

* delete either (a) or (b) as appropriate

I/We have formed the opinion, as regards the company's initial situation immediately following the date on which the assistance is proposed to be given, that there will be no ground on which it could then be found to be unable to pay its debts. (note 3)

(a) [I/We have formed the opinion that the company will be able to pay its debts as they fall due during the year immediately following that date]* (note 3)

(b) ote 3)

And I/we make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1835.

Declared at 160 Aldersgate Street
London EC1

Declarants to sign below

P. Fertels

Day Month July Year

on	2	2	0	1	2	0	0	1
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before me Nadane McCallister

A Commissioner for Oaths or Notary Public or Justice of the Peace or a Solicitor having the powers conferred on a Commissioner for Oaths.

NOTES

- 1 For the meaning of "a person incurring a liability" and "reducing or discharging a liability" see section 152(3) of the Companies Act 1985.
- 2 Insert full name(s) and address(es) of the person(s) to whom assistance is to be given; if a recipient is a company the registered office address should be shown.
- 3 Contingent and prospective liabilities of the company are to be taken into account - see section 156(3) of the Companies Act 1985.
- 4 The auditors report required by section 156(4) of the Companies Act 1985 must be annexed to this form.
- 5 The address for companies registered in England and Wales or Wales is:-

The Registrar of Companies
Companies House
Crown Way
Cardiff
CF14 3UZ

or, for companies registered in Scotland:-

The Registrar of Companies
37 Castle Terrace
Edinburgh
EH1 2EB

DM

SCHEDULE 1 TO FORM 155(6)(a)

PROPORTION (HOLDINGS) LIMITED

National Westminster Bank Plc of Corporate and Commercial Banking, PO Box 3787,
12 The Rows, Harlow, Essex, CM20 1BS

The Royal Bank of Scotland Commercial Services Limited of Smith House, Elmwood
Avenue, Feltham, TW13 7QD

Mandora Leathercraft Limited of 3 Blackhorse Lane London E17 6DS


Proportion London Limited of 9 Dallington Street, London

Susan Ghoshana Muller

Barclays Bank plc

Christine Brickman

Antony Walker

RSK 

DM

SCHEDULE 2 TO FORM 155(6)(a)

PROPORTION (HOLDINGS) LIMITED ("The Company")

The Form and Principal Terms of Financial Assistance

The assistance will take the form of:

- A. the execution, delivery and performance of a deed of composite guarantee in favour of National Westminster Bank Plc ("NatWest") as the same may be amended, varied, supplemented or substituted from time to time (the "NatWest Guarantee") by the Company in favour of NatWest pursuant to which the Company agrees that it shall guarantee all the obligations and liabilities of Proportion London Limited ("Proportion") and Mandora Leathercraft Limited ("Mandora") to NatWest
- B. the execution, delivery and performance of a mortgage debenture in favour of NatWest as the same may be amended, varied, supplemented or substituted from time to time (the "NatWest Debenture") by the Company in favour of NatWest pursuant to which the Company grants legal mortgages, fixed and floating charges over all its properties, assets and undertaking in favour of NatWest as continuing security for the obligations and liabilities the Company to NatWest pursuant to which the Company covenants to pay to NatWest on demand the sum of £1 and to pay and discharge on demand all moneys obligations and liabilities (whether present or future actual or contingent) which may at the date of the NatWest Debenture or at any time thereafter may be or become due owing or incurred by the Company to NatWest on any account or otherwise howsoever (whether solely or jointly with any person and whether as principal or surety) together with interest and other bank charges so that interest shall be calculated and compounded in accordance with the practice of NatWest from time to time as well after as before any demand made or judgment obtained under the NatWest Debenture
- C. the performance of any other acts or the execution of any other documents ancillary or otherwise relating to the NatWest Guarantee.
- D. The performance of any other acts or the execution of any other documents ancillary or otherwise relating to the NatWest Debenture.
- E. the execution, delivery and performance of a deed of corporate indemnity in favour of The Royal Bank of Scotland Commercial Services Limited ("RBS") as the same may be amended, varied, supplemented or substituted from time to time by the Company in favour of RBS ("the RBS Indemnity")
- F. the performance of any other acts or the execution of any other documents ancillary or otherwise relating to the RBS Indemnity.

- G. the entry by the Company into an oral intragroup loan agreement between the Company and Proportion ("the Intra Group Loan Agreement").

The Principal Terms of the Financial Assistance

1. Under the terms of the NatWest Guarantee:
 - (a) the Company guarantees payment to NatWest on demand of all liabilities of Mandora and Proportion (each company being a "Debtor") (in whatever currency denominated) howsoever arising whether present future actual and / or contingent and whether incurred solely and / or jointly as principal or surety and all legal and other costs and expenses (on a full indemnity basis) howsoever incurred by NatWest in connection therewith and so that as against the Company interest shall be deemed to continue to accrue and be a liability of the relevant Debtor thereby secured notwithstanding that for any reason interest may have ceased to accrue against the relevant Debtor and the payment of interest on the foregoing day by day from demand until full discharge such interest to be chargeable at the rate of interest payable or deemed to be payable by the relevant Debtor (or if there is no such rate at the annual rate of NatWest's rate from time to time plus two per cent) (whether before or after judgment) as calculated and compounded in accordance with the practice of NatWest from time to time and for payment of NatWest's costs and expenses (on a full indemnity basis) incurred in connection with the enforcement of the NatWest Guarantee.
 - (b) the Company acknowledges and agrees that the NatWest Guarantee shall be a continuing security and shall remain in force notwithstanding any disability of the Company until determined by three months' notice in writing from the Company but notwithstanding such determination the Company shall remain liable for all the liabilities of all Debtors outstanding (whether or not due and payable) at the date of the expiration of the notice.
 - (c) the Company acknowledges and agrees that any money received in connection with the NatWest Guarantee may be placed to the credit of a suspense account and such receipt shall not affect the right of NatWest to claim or prove against the relevant Debtor (or any other person liable) for the entire amount of the liabilities of the relevant Debtor. Such monies or any part may at NatWest's option be applied in or towards discharge of such liabilities of the relevant Debtor as NatWest may in its absolute discretion determine.
 - (d) the Company acknowledges that the NatWest Guarantee shall apply to all of the liabilities (as mentioned in the NatWest Guarantee) of the relevant Debtor and shall not be affected by any fluctuation in or intermediate discharge of such liabilities and until such liabilities have been discharged in full the Company shall not be entitled to share in any security held or money received by NatWest on account of such

liabilities or to stand in the place of NatWest in respect of any security or money nor until such liabilities have been discharged in full shall the Company take any step to enforce any right or claim against the relevant Debtor in respect of any moneys paid by the Company to NatWest hereunder or have or exercise any rights as surety in competition with NatWest.

The Principal Terms of the Financial Assistance

2. Under the terms of the NatWest Debenture, the Company with full title guarantee, as continuing security for the payment of the obligations thereunder as more particularly described in paragraph A above, charges in favour of NatWest:
 - (a) by way of legal mortgage all estates or interests in the freehold, leasehold and other property described in the Schedule to the NatWest Debenture and the proceeds of sale thereof ("the Legally Mortgaged Property");
 - (b) by way of specific equitable charge all estates or interests in any freehold and leasehold property (except the Legally Mortgaged Property) at the date of the NatWest Debenture and at any time during the continuance in force of the NatWest Debenture belonging to or charged to the Company (the "Equitably Charged Property") and the proceeds of sale thereof;
 - (c) by way of specific charge all plant, machinery, vehicles, computers and office and other equipment both present and future (excluding all stock in trade) and the full benefit of all warranties and maintenance contracts for any of the same;
 - (d) by way of specific charge all stocks, shares and other securities at the date of the NatWest Debenture and at any time during the continuance of the NatWest Debenture belonging to the Company either in or issued by any of its subsidiary companies or any other company and all dividends and other rights in relation thereto;
 - (e) by way of specific charge all book debts and other debts (including without limitation rents) now and from time to time due or owing to the Company;
 - (f) by way of specific charge its goodwill and the benefit of any licences and all patents patent applications inventions trade-marks trade names registered designs copyrights know-how and any other intellectual property rights; and
 - (g) by way of floating security its undertaking and all its property assets and rights whatsoever and wheresoever present and/or

future including those for the time being charged by way of specific charge pursuant to the foregoing paragraphs if and to the extent that such charges as aforesaid shall fail as specific charges but without prejudice to any such specific charges as shall continue to be effected.

The Principal Terms of the Financial Assistance

3. Under the RBS Indemnity pursuant to which the Company inter alia,
 - (a) guarantee the due performance of all the obligations to RBS of Proportion under the RBS Invoice Discounting Agreement between RBS and Proportion or any other agreement with RBS or any other form of obligation to RBS; and
 - (b) undertake immediately upon demand to pay to RBS all amounts now payable or which may at any time after the date of the RBS Indemnity become payable to RBS by Proportion, whether they arise under the Agreement or otherwise so that the Company's obligations to RBS under such provision may be enforced against the Company at any time, without any prior demand on Proportion; and
 - (c) undertake to pay to RBS all costs and expenses (including legal costs on the basis of a full indemnity) incurred in enforcing or attempting to enforce either the terms of the RBS Indemnity against the Company or the terms of any other guarantee and indemnity given by any other party in respect of the obligations of Proportion to RBS; and
 - (d) without affecting any of the above indemnify RBS and hold RBS harmless against all Losses (as defined in the RBS Indemnity) RBS may suffer or incur by reason of any failure of Proportion to comply with any term or condition of the RBS Invoice Discounting Agreement between RBS and Proportion or of any other agreement with RBS or any other form of obligation to RBS; and
 - (e) agree that the guarantees and indemnities given in the RBS Indemnity shall be continuing obligations which shall apply to the ultimate amount payable by Proportion. They shall not be discharged by any intermediate payment or satisfaction by Proportion or the occurrence of a nil balance on any Account (as defined in the RBS Indemnity); and
 - (f) agree that its liability under the RBS Indemnity shall not be affected by:

- (i) any Indulgence (as defined in the RBS Indemnity) granted or made by RBS to or with Proportion or any Customer (as defined in the RBS Indemnity);
 - (ii) any variation in the RBS Invoice Discounting Agreement or in any other agreement between Proportion and RBS (even if the Company's liability to RBS is increased) as a result or by any defect therein or in their execution; or
 - (iii) any failure by RBS to take or perfect any security from Proportion or any other person or keep it unencumbered; or
 - (iv) any change in the constitution of Proportion; or
 - (v) the absence of any intended guarantor and/or indemnifier for Proportion's obligations to RBS,
- (g) agrees to be liable to RBS in every respect as a principal debtor; and
- (h) agrees that if at any time there is a Co-surety then the Company's liability to RBS shall be joint and several and shall not be affected by:
- (i) any Indulgence granted or made by RBS to or with any Co-surety (as defined in the RBS Indemnity); or
 - (ii) any defect in the execution of any deed or document by any Co-surety; or
 - (iii) any defect in any other guarantee and/or indemnity or other security held by RBS in respect of Proportion's obligations to RBS or in the execution thereof; or
 - (iv) any notice of termination or the termination of any guarantee and/or indemnity given to RBS by any Co-surety; or
 - (v) any limitation (whether or not the Company is aware of it) attached to the liability of any Co-surety,
- (i) agrees that it shall be liable to pay RBS interest on all sums demanded by RBS under the RBS Indemnity from the Company. Such interest shall accrue from day to day and be calculated at the same rate as the discounting charge referred to in the Agreement. It shall run from the date of RBS's demand to the date when payment is received by RBS both before and after any judgment. Interest will be compounded daily;

- (j) agrees that as security for the due performance of the Company's obligations under the RBS Indemnity;
 - (i) the Company assigns to RBS any right of proof in the winding up of Proportion in respect of Proportion's indebtedness to the Company;
 - (ii) the Company irrevocably appoints RBS, RBS's directors, Company Secretary and officers for the time being jointly and each of them severally, acting in RBS's own interest, to be the Company's attorney to execute in the Company's name such documents and to do such other things as RBS or they may consider requisite in order to collect any dividend or to vote in respect of such right of proof,
- (k) in the event of the winding up or other form of insolvency of Proportion, any monies received by RBS by virtue of or in connection with the RBS Indemnity may be placed by RBS to the credit of a suspense account with a view to RBS preserving RBS's right to prove or vote for the whole of RBS's claim against Proportion;
- (l) for the purpose of determining the Company's liability under the RBS Indemnity (which shall be additional to and not in substitution for any other security taken or to be taken by RBS in respect of Proportion's obligations to RBS) the Company shall be bound by any acknowledgement or admission by Proportion and by any judgment in RBS's favour against Proportion. For such purpose and for determining either the amount payable to RBS by Proportion or the amount of any Losses (as defined in the RBS Indemnity) the Company shall accept and be bound by a certificate signed by any of RBS's directors. In any proceedings such certificate shall be treated as conclusive evidence (except for manifest error) of the amounts so payable or of any Losses. In arriving at the amount payable to RBS by Proportion or of any Losses RBS shall be entitled to take into account all liabilities (whether actual or contingent) and to make a reasonable estimate of any liability where its amount cannot immediately be ascertained;
- (m) agrees that the RBS Indemnity shall remain in full force and effect until the expiry of not less than three months' written notice from the Company to RBS of its termination delivered to RBS's registered office (and acknowledged by RBS) no earlier than the ending of the Agreement (and if the Agreement comprises more than one agreement the last such ending). However the termination of the RBS Indemnity shall not affect the Company's liability for any obligation of Proportion arising

out of any transaction having its inception before the expiry of the Company's notice; and

- (n) agrees that until the Company has discharged its obligations to RBS it shall not be entitled to:
 - (i) be subrogated to any securities held by RBS for the performance of Proportion's obligations to RBS nor will RBS be obliged to enforce such securities for the Company's benefit;
 - (ii) claim, rank or vote as a creditor of Proportion or any Co-surety in competition with RBS; or
 - (iii) take any step to bring about the bankruptcy, sequestration, winding up, administration of or the appointment of a receiver, trustee, judicial factor or similar person in relation to Proportion or any Co-surety.

Our ref: CAW/CDC/TB
Your ref:



BAKER TILLY

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DX : 1040 London/Chancery Lane
www.bakertilly.co.uk

The Directors
Proportion (Holdings) Limited
9 Dallington Street
London
EC1V 0LN

22 January 2001

Dear Sirs

Financial Assistance for the Acquisition of Shares

We have enquired into the state of affairs of Proportion (Holdings) Limited ("the Company") in connection with the proposal that the Company shall give financial assistance for the purchase of shares in the Company.

We report in connection with Section 156(4) of the Companies Act 1985 that we are not aware of anything to indicate that the opinions expressed by the directors in the attached statutory declaration, dated **22** January 2001, as to any of the matters in Section 156(4) of the Companies Act 1985 are unreasonable in all circumstances.

Yours faithfully

Baker Tilly

Offices at : Birmingham, Bradford, Bristol, Bromley, Chester, Crawley, Guildford, London, Manchester, Milton Keynes, Warrington, Watford, Yeovil

A list of partners' names is available at the above address

Baker Tilly is registered to carry on audit work and authorised to carry on Investment Business by the Institute of Chartered Accountants in England and Wales.

A MEMBER OF  ASSOCIATES, INC.