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COMPANIES FORM No. 395

Particulars of a mortgage or charge

395

Pursuant to section 395 of the Companies Act 1985

CHA 116

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

To the Registrar of Companies

For official use

Company number



2610871

Name of company

* Coupe Foundry Limited (the "Charging Company")

*insert full name of company

Date of creation of the charge

16th March 1998

Description of the instrument (if any) creating or evidencing the charge (note 2)

Mezzanine Guarantee and Debenture

Amount secured by the mortgage or charge

(i) all indebtedness, liabilities and obligations which are at the date of the Mezzanine Guarantee and Debenture or may at any time thereafter be due, owing or incurred in any manner whatsoever to the Lender by the Charging Company, whether actually or contingently, whether pursuant to the Mezzanine Guarantee and Debenture or otherwise, whether solely or jointly with any other person, whether as principal or surety and whether or not the Lender shall have been an original party to the relevant transaction and in whatever currency denominated, including all liabilities from time to time assumed or incurred by the Lender at the request of the Charging Company and including interest, discount, commission and other lawful charges or reasonable expenses which the Lender may incur or charge in respect of any facilities or accommodation or service provided by the Lender to the Charging Company; cont'd...

Names and addresses of the mortgagees or persons entitled to the charge

Industrial Mezzanine Fund L.P.
Kensington Chambers, 46-50 Kensington Place, St Helier, Jersey, Channel Islands (the "Lender")

Presentor's name address and reference (if any);
wilde Sapte
1 Fleet Place
London
EC4M 7WS

For official use Mortgage Section Post room
Barcode
KLO *KVZSQ512* 2831
COMPANIES HOUSE 03/04/98

VAM/IMR/115899/BF0318793.01

Time critical reference

Short particulars of all the property mortgaged or charged

Under the terms of the Mezzanine Guarantee and Debenture the Charging Company, with full title guarantee and as a continuing security for the payment or discharge of all the Secured Obligations and all their other obligations under the Mezzanine Guarantee and Debenture, charges in favour of the Lender:-

1 by way of mortgage, subject to the Senior Guarantee and Debenture:-

(a) all its freehold and leasehold interest in the properties title to which is registered at HM Land Registry described in Part 1 of Schedule 2, (set out below) together with all buildings, fixtures (excluding in the case of leasehold property landlord's fixtures but including other trade fixtures and excluding in the case of freehold property and leasehold property which is let or sub-let to a third party, tenant's and trade fixtures and fittings of such third party) and fixed plant and machinery at any time thereon; and

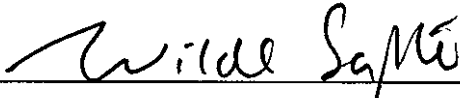
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Particulars as to commission allowance or discount (note 3)

NIL

Signed



Date 27th March 1998

On behalf of ~~[company]~~ [mortgagee/chargee] †

† delete as
appropriate

- 1 The original instrument (if any) creating or evidencing the charge, together with these prescribed particulars correctly completed must be delivered to the Registrar of Companies within 21 days after the date of creation of the charge (section 395). If the property is situated and the charge was created outside the United Kingdom delivery to the Registrar must be effected within 21 days after the date on which the instrument could in due course of post, and if dispatched with due diligence, have been received in the United Kingdom (section 398). A copy of the instrument creating the charge will be accepted where the property charged is situated and the charge was created outside the United Kingdom (section 398) and in such cases the copy must be verified to be a correct copy either by the company or by the person who has delivered or sent the copy to the Registrar. The verification must be signed by or on behalf of the person giving the verification and where this is given by a body corporate it must be signed by an officer of that body. A verified copy will also be accepted where section 398(4) applies (property situate in Scotland or Northern Ireland) and Form No. 398 is submitted.
- 2 A description of the instrument, eg "Trust Deed", "Debenture", "Mortgage" or "Legal charge", etc, as the case may be, should be given.
- 3 In this section there should be inserted the amount or rate per cent. of the commission, allowance or discount (if any) paid or made either directly or indirectly by the company to any person in consideration of his;
 - (a) subscribing or agreeing to subscribe, whether absolutely or conditionally, or
 - (b) procuring or agreeing to procure subscriptions, whether absolute or conditional,for any of the debentures included in this return. The rate of interest payable under the terms of the debentures should not be entered.
- 4 If any of the spaces in this form provide insufficient space the particulars must be entered on the prescribed continuation sheet.

**Particulars of a mortgage or charge
(continued)**

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Continuation sheet No 1
to Form No 395 and 410 (Scot)

CHA 116

Please complete
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bold block lettering

Company Number

2610871

Name of Company

Coupe Foundry Limited (the "Charging Company")

Limited*

* delete if
inappropriate

Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

(ii) on a full indemnity basis, all costs and expenses properly incurred by the Lender in relation to the Mezzanine Guarantee and Debenture and all costs and expenses incurred by the Lender in relation to the protection and enforcement of the rights of the Lender under the Mezzanine Guarantee and Debenture;

(iii) interest to the date of discharge on all principal sums payable and all liabilities and obligations to be discharged under sub-clauses (i) and (ii) above. Such interest shall be computed and compounded in accordance with the terms of the Mezzanine Loan Facility Agreement or otherwise as agreed between the parties from time to time or in the absence of such agreement at the rate of six percent (6%) per annum above the Base Rate compounded monthly and computed according to the usual practice for the time being of the Lender as the case may be and shall be payable as well after as before any demand or judgment on the Charging Company,

provided that no indebtedness, liabilities or obligations shall be included in the definition of "Secured Obligations" to the extent that, if it were so included, the Mezzanine Guarantee and Debenture (or any part of it) would constitute unlawful financial assistance within the meaning of sections 151 and 152 of the Companies Act 1985; (the "Secured Obligations")

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Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

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(b)all other freehold and leasehold interests in the properties now vested in it but title to which is not registered at HM Land Registry described in Schedule 2 (set out below), together with all buildings, fixtures (excluding in the case of leasehold property landlord's fixtures but including other trade fixtures and excluding in the case of freehold property and leasehold property which is let or sub-let to a third party, tenant's and trade fixtures and fittings of such third party) and fixed plant and machinery at any time thereon;

2. by way of fixed charge, subject to the Senior Guarantee and Debenture:-

(a)all future freehold and leasehold property of the Charging Company together with all buildings, fixtures (excluding in the case of leasehold property landlord's fixtures but including trade fixtures and excluding in the case of freehold property and leasehold property which is let or sub-let to a third party, tenant's and trade fixtures and fittings of such third party) and fixed plant and machinery at any time thereon;

(b)all estates and interests not effectively charged under the provisions of the Mezzanine Guarantee and Debenture referred to in paragraphs 1(a) and (b) and paragraph 2(a) above on or after the date of the Mezzanine Guarantee and Debenture belonging to the Charging Company in or over land wheresoever situate or the proceeds of sale of land and all licences now or hereafter held by the Charging Company to enter upon or use land and the benefit of all other agreements relating to land to which the Charging Company is or may become a party or otherwise entitled and all trade and tenants' fixtures, plant and machinery owned by the Charging Company on or after the date of the Mezzanine Guarantee and Debenture annexed to all freehold and leasehold property its estate or interest in which stands charged hereunder;

(c)the goodwill of the Charging Company and its issued but unpaid capital on or at any time after the date of the Mezzanine Guarantee and Debenture in existence and future calls (whether made by the directors of the Charging Company or by a Receiver or a liquidator);

(d)all copyrights, patents and registered and unregistered designs (including applications and rights to apply therefor), inventions, trademarks and service marks whether registered or not (including all registrations thereof and applications and rights to apply therefor), confidential information and know-how and fees, royalties and other rights of every kind deriving from copyright, patents or inventions or other intellectual property throughout the world now or at any time hereafter belonging to or created by or assigned to the Charging Company;

(e)all plant and machinery now or at any time hereafter belonging to the Charging Company (excluding however plant and machinery for the time being forming part of its stock in trade or work in progress);

(f)all chattels at the date of the Mezzanine Guarantee and Debenture or at any time thereafter hired, leased or rented by such Charging Company to any other person together in each case subject to and with the benefit of the related hiring, leasing or rental contract and any guarantee, indemnity or other security for the performance of the obligations of any person under or in respect of such contract;

(g)all Receivables;

cont'd...

**Particulars of a mortgage or charge
(continued)**

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Continuation sheet No 2
to Form No 395 and 410 (Scot)

CHA 116

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Company Number

2610871

Name of Company

Coupe Foundry Limited (the "Charging Company")
Limited*

* delete if
inappropriate

Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

[Empty box for description of the instrument]

Amount due or owing on the mortgage or charge (continued)

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Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

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(h) the Insurances, the benefit of any claim to the proceeds of any such Insurances and the right to the return of any insurance premium in relation to any such Insurance;

(i) the benefit of all licences consents and authorisations (statutory or otherwise) held in connection with its business or the use of any Charged Property specified in any other paragraph or sub-paragraph of this Clause 4 and the right to recover and receive all compensation which may be payable to it in respect of them; and

(j) the benefit of all representations, undertakings, warranties and indemnities granted in favour of such Charging Company under or pursuant to the Acquisition Documents and the right to recover and receive all damages and/or compensation which may be payable to it in respect of them.

3. The Charging Company, with full title guarantee, charges to the Lender, subject only to the Senior Guarantee and Debenture, by way of floating charge all its undertaking and all its property and assets whatsoever and wheresoever situated both present and future, including (without prejudice to the generality of the foregoing) (i) heritable property and all other property and assets in Scotland and (ii) the proceeds of the collection of any Receivables, but excluding any property or assets from time to time or for the time being otherwise effectively mortgaged or charged by way of fixed mortgage or charge under or pursuant to the Mezzanine Guarantee and Debenture.

4. The Charging Company, as sole beneficial owner and with full title guarantee, hereby, as continuing security for the payment, discharge and performance of all the Secured Obligations, subject to the Senior Guarantee and Debenture:

(a) mortgages and charges and agrees to mortgage and charge to the Lender all Group Shares held on the date of the Mezzanine Guarantee and Debenture or in the future by it and/or any nominee on its behalf, the same to be a security by way of a first mortgage; and

(b) mortgages and charges and agrees to mortgage and charge to the Lender all the Related Rights accruing to all or any of the Group Shares held now or in the future by it and/or any nominee on its behalf, the same to be a security by way of a first mortgage or charge,

Cont'd...

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**Particulars of a mortgage or charge
(continued)**

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Continuation sheet No 3
to Form No 395 and 410 (Scot)

CHA 116

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Company Number

2610871

Name of Company

Coupe Foundry Limited (the "Charging Company")

Limited*

* delete if
inappropriate

Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

Amount due or owing on the mortgage or charge (continued)

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Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

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NEGATIVE PLEDGE

5. Under the terms of the Mezzanine Loan Facility Agreement the Charging Company severally covenants with the Lender that, during the continuance of the security constituted by the Mezzanine Guarantee and Debenture, it shall not without the consent in writing of the Lender:-

(a) create, extend or permit to subsist any Encumbrance (other than a Permitted Encumbrance) upon any of the Charged Property to secure any liability, actual or contingent; and

(b) save as permitted or required under the Mezzanine Guarantee and Debenture sell, discount, factor, transfer, lease, lend or otherwise dispose of, whether by means of one or a number of transactions related or not and whether at one time or over a period of time, the whole or, save in the normal course of trading, any part of the Charged Property.

SCHEDULE 2

Part I - Details of Registered Land

None specified

Part II - Details of Unregistered Land

Leasehold property known as Foundry Premises, Kittlingbourne Brow, Higher Walton, near Preston, Lancashire demised by a lease dated 26 July 1991 made between CI Properties Limited (1) and Coupe Foundry Limited (now known as Incomeround Limited) (2).

SCHEDULE 5

Group Shares

Charging Companies	Name of Company in which shares are held	Class of Shares	No. of Shares held
Methodcheck Limited	Coupe Foundry Limited	A ordinary	31,127
		B ordinary	31,127
		C ordinary	17,746
		D ordinary	53,351
		Redeemable	
		Preference	56,774
			190,125
			=====

DEFINITIONS

"Acquisition Agreement" means the acquisition agreement, in the agreed terms, entered into between the Vendors (1) and the Borrower (2) providing for the acquisition of the whole of the issued share capital of the Target;

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**Particulars of a mortgage or charge
(continued)**

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Continuation sheet No 4
to Form No 395 and 410 (Scot)

CHA 116

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Company Number

2610871

Name of Company

Coupe Foundry Limited (the "Charging Company")

Limited*

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Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

Amount due or owing on the mortgage or charge (continued)

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Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

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"Bank" means Barclays Bank Plc;

"Borrower" means Methodcheck Limited a company registered in England under number 3505010;

"Base Rate" means the base rate of the Bank from time to time;

"Charged Property" means the Security Shares and the property referred to in this form M 395 and all other property of whatsoever nature from time to time charged by or pursuant to the Mezzanine Guarantee and Debenture;

"Completion Date" means the date of completion of the sale and purchase of the whole of the issued share capital of the Target, as provided for in the Acquisition Documents;

"Encumbrance" includes any mortgage, pledge, lien charge, assignment by way of security, hypothecation, security interest, title retention, preferential right or trust arrangement or any other security agreement or arrangement having the effect of security;

"Group" means at any time the Borrower and its Subsidiaries (each a "Group Company");

"Group Shares" means all shares specified in Schedule 4 (as set out above), together with all other stocks, shares, debentures, bonds, warrants, coupons or other securities and investments now or in the future owned by any Charging Company;

"Insurances" means the policies of insurance in which a Charging Company has an interest from time to time;

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Particulars of a mortgage or charge (continued)

Continuation sheet No 5
to Form No 395 and 410 (Scot)

CHA 116

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Company Number

2610871

Name of Company

Coupe Foundry Limited (the "Charging Company")

Limited*

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Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

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Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

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"Mezzanine Guarantee and Debenture" means the composite guarantee and debenture, in the agreed terms, of even date herewith and executed by the Charging Companies in favour of the Lender (which expression shall, where the context admits or requires, include any further guarantee or debenture or supplemental deed entered into from time to time by any Group Company in favour of the Lender under the Mezzanine Loan Facility Agreement and/or any other Mezzanine Document as defined therein);

"Mezzanine Loan Facility" means the term loan facility in the maximum aggregate principal amount of £1,030,000 granted to the Borrower by the Lender pursuant to Clause 2 of the Mezzanine Loan Facility Agreement;

"Mezzanine Loan Facility Agreement" means the facilities agreement dated 16th March 1998 and made between the Borrower (1), and the Lender (2) pursuant to which the Lender has agreed to make available to the Borrower a mezzanine term loan facility in the maximum aggregate principal amount of £1,200,000;

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Particulars of a mortgage or charge (continued)

Continuation sheet No 6
to Form No 395 and 410 (Scot)

CHA 116

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Company Number

2610871

Name of Company

Coupe Foundry Limited (the "Charging Company")

Limited*

* delete if
inappropriate

Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

Amount due or owing on the mortgage or charge (continued)

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Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

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"Permitted Encumbrances" means:-

(i) a lien or right of set-off arising in the ordinary course of business solely by operation of law;

(ii) an Encumbrance which the Lender has at any time in writing agreed shall be a Permitted Encumbrance;

(iii) Encumbrances arising under the Mezzanine Documents (as defined in the Mezzanine Loan Facility Agreement) or under any further security provided by any Group Company in connection with the Mezzanine Loan Facility;

(iv) Encumbrances arising under the Senior Security or under any further security provided by any Group Company in connection with the Senior Facilities;

(v) any Encumbrances arising solely as a result of a title retention clause in a supply agreement entered into by any Group Company or arising under conditional sale or hiring agreements in respect of goods supplied to the Group in the ordinary course of business; and

(vi) any Encumbrance created to replace or in substitution for any of the Encumbrances referred to in paragraphs (i) to (v) inclusive;

"Receivables" means all present and future book debts, rentals, royalties, fees, VAT and all other amounts recoverable or receivable by any Charging Company from other persons due or owing to such Charging Company and the benefit of all rights relating thereto including, without limitation, negotiable instruments, legal and equitable charges, reservations of property rights, rights of tracing and unpaid vendor's liens and similar associated rights;

"Receiver" means any receiver or receiver and manager or administrative receiver appointed by the Lender under or by virtue of the Mezzanine Guarantee and Debenture whether alone or jointly with any other person and includes any substitute for any of them appointed from time to time;

"Related Rights" means, in relation to the Group Shares, all dividends and other distributions paid or payable after the date of the Mezzanine Guarantee and Debenture on all or any of the Group Shares and all stocks, shares, securities (and the dividends or interest thereon), rights, moneys or property accruing or offered at any time in relation to such shares or other securities by way of redemption, substitution, exchange, bonus or preference, pursuant to option rights or otherwise in respect of any of the Group Shares or in substitution or exchange for any of the Group Shares;

"Senior Credit Agreement" means the facilities agreement between the Borrower, the Target and the Bank dated the 16th March 1998;

"Senior Facilities" means the facilities as defined in the Senior Credit Agreement;

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Particulars of a mortgage or charge (continued)

Continuation sheet No 7
to Form No 395 and 410 (Scot)

CHA 116

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Company Number

2610871

Name of Company

Coupe Foundry Limited (the "Charging Company")

Limited*

* delete if
inappropriate

Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

Amount due or owing on the mortgage or charge (continued)

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Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

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"Security Shares" means the Group Shares and the Related Rights;

"Senior Guarantee and Debenture" means the Guarantee and Debenture entered into between the Charging Companies (1) and Barclays Bank plc (2) dated the 16th March 1998;

"Senior Security" means the security provided from time to time by any Group Company in favour of the Bank, as security for any and all matters and liabilities due, owing or incurred by any Group Company to the Bank.

"Subsidiary" means:-

- (i) a subsidiary as defined in Section 736 of the Companies Act 1985 (the "Act"); and
- (ii) a subsidiary undertaking as defined in Section 258 and Schedule 10A of the Act;

"Target" means Coupe Foundry Limited a company registered in England under number 02610871 whose registered office is at The Foundry, Kittlingbourne Brow, Higher Walton, Near Preston, Lancashire PR5 4DQ.

[BF50032]

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FILE COPY



**CERTIFICATE OF THE REGISTRATION
OF A MORTGAGE OR CHARGE**

Pursuant to section 401(2) of the Companies Act 1985

COMPANY No. 02610871

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A MEZZANINE GUARANTEE AND DEBENTURE DATED THE 16th MARCH 1998 AND CREATED BY COUPE FOUNDRY LIMITED FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM THE COMPANY TO INDUSTRIAL MEZZANINE FUND L.P. ON ANY ACCOUNT WHATSOEVER WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 3rd APRIL 1998.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 15th APRIL 1998.


for the Registrar of Companies

B

[Handwritten signature]



COMPANIES HOUSE