

Dated 17th October 1994

ANDREW O. HARWOOD

and

SYLVIA HARWOOD

- and -

SOULWORLD LIMITED

AGREEMENT FOR THE SALE OF THE BUSINESS

OF

ANDREW HARWOOD & CO.



RAYNER, DE WOLFE
SOLICITORS

31 Southampton Row, London WC1B 5HJ
Tel: 071-405 1212 Fax: 071-405 1191

P 1180
com
13/3

No. 16165/9412

THIS AGREEMENT is made the 17 day of October 1994

BETWEEN

1. ANDREW OSSIE HARWOOD ("Mr Harwood") and SYLVIA HARWOOD both of 31 Cavendish Drive, Edgware, Middlesex HA8 7NS (hereinafter collectively called "the Vendors"); and
2. SOULWORLD LIMITED (registered no. 2960433) whose registered office is at 4th Floor, 31 Southampton Row, London WC1B 5HJ (hereinafter called "the Purchaser").



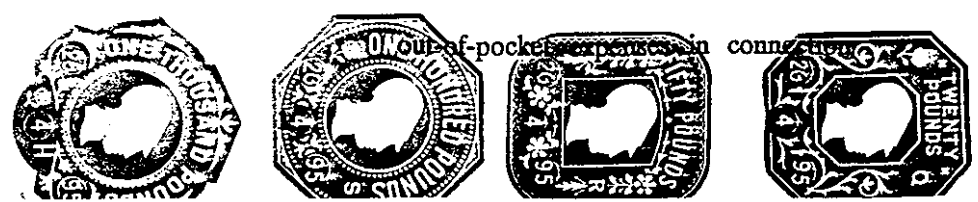
WHEREBY IT IS AGREED as follows:-

1. INTERPRETATION

1.1 IN this Agreement including the Schedules:-

1.1.1 the following words and expressions have the following meanings, unless they are inconsistent with the context:-

- | | |
|------------------|---|
| "Accounts Date" | 30th April 1994; |
| "Assets" | the property, assets and rights of the Business to be purchased by the Purchaser as described in Clause 2.1; |
| "the Assignment" | the Assignment of the Lease to the Purchaser in the form annexed (Appendix 2); |
| "Book Debts" | the commissions and other trade debts owed to the Vendors at the Effective Date in connection with the Business; |
| "Business" | the business of the providers of independent financial planning consultants carried on by the Vendors under the style "Andrew Harwood & Co." at the Effective Date; |
| "Cash Float" | any cash balances held at the Effective Date for the purpose of reimbursing |



with the Business;

"Contracts" the current contracts licences and engagements of the Vendors in relation to the Business as listed in Appendix 1, but excluding contracts with employees;

"Creditors" the aggregate amount owed by the Vendors in connection with the Business to or in respect of trade creditors and accrued charges as recorded in the books of account of the Business at the Effective Date but not including liabilities for value added tax or taxation on profits or chargeable gains;

"Disclosures" the disclosures set out in a disclosure letter of even date herewith from the Vendors to the Purchaser relating to the warranties set out in Schedule 4;

"Effective Date" the close of business on ~~25~~^{17th} 1st October 1994;

"Employees" the persons who, at the Effective Date, were employed by the Vendors for the purposes of the Business particulars of whom are listed in Schedule 6;

"Excluded Assets" the assets listed in Schedule 2 which are owned by the Vendors but are excluded from the sale to the Purchaser;

"Fixed Assets" all plant, office equipment, vehicles and other chattels on the Property or otherwise owned by the Vendors at the Effective Date for the purposes of the

"Goodwill"	Business particulars of which are set out in Schedule 7; the goodwill of the Vendors in relation to the Business, together with the exclusive right for the Purchaser or its assignee to represent itself as carrying on the Business in succession to the Vendors, and all trade names associated with the Business including, without limitation, the name "Andrew Harwood & Co.;
"Industrial Property Rights"	all industrial and intellectual property rights of the Vendors including, without limitation, the copyright in all computer software owned by the Vendors and used in or for the purposes of the Business and all know-how and confidential information so owned and used;
"Lease"	the lease under which the Property is held;
["Liabilities"	those liabilities of the Business (other than the Creditors) outstanding at the Effective Date details of which are set out in Schedule 8;]
"Planning Acts"	as defined in the Town and Country Planning Act 1990 s 336;
"Principal Accounts"	the balance sheet as at 30th April 1994 and profit and loss account for the year

"the Property"	ended 30th April 1994 of the Business; the leasehold premises owned by Andrew Ossie Harwood particulars of which are contained in Schedule 1;
"Regulations"	the Transfer of Undertakings (Protection of Employment) Regulations 1981;
"Subsidiary"	a subsidiary as defined in the Companies Act 1985 s 736;
"Warranties"	the agreements, obligations, warranties, representations and undertakings of Mr Harwood contained in this Agreement;
"Warranty Claim"	any claim made by the Purchaser against Mr Harwood for breach of any of the Warranties.

1.1.2 all references to a statutory provision shall be construed as including references to:-

- (a) any statutory modification, consolidation or re-enactment (whether before or after today's date) for the time being in force;
- (b) all statutory instruments or orders made pursuant to it; or
- (c) any statutory provisions of which it is a consolidation, re-enactment or modification.

1.1.3 except where the context otherwise requires, words denoting the singular include the plural and vice versa; words denoting any gender include all genders; words denoting persons include firms and corporations and vice versa;

1.1.4 unless otherwise stated, a reference to a Clause, sub-clause or Schedule is a reference to a Clause or sub-clause of, or a Schedule to, this Agreement;

1.1.5 Clause headings are for ease of reference only and do not affect the construction of this Agreement.

- 1.1.6 (a) Any agreement, covenant, representation, warranty, indemnity or undertaking expressed to be given on the part of the Vendors shall be deemed to be given by such persons jointly and severally.
- (b) References to the Vendors shall include each of them severally.

2. AGREEMENT FOR SALE

- 2.1 SUBJECT to the terms and conditions of this Agreement, the Vendors as beneficial owners shall sell to the Purchaser which shall purchase at the Effective Date:-
- 2.1.1 the Business as a going concern; and
- 2.1.2 all the property, assets and rights of the Vendors used in the conduct of the Business including, but without limitation:-
- (a) the Goodwill;
 - (b) the Property;
 - (c) the Fixed Assets;
 - (d) the benefit of the Contracts;
 - (e) the Industrial Property Rights;
 - (f) the Book Debts;
- but excluding the Excluded Assets.

3. PURCHASE CONSIDERATION

- 3.1 THE value of the Business and the Assets shall be a sum equal to the aggregate of the values of the Goodwill, the Property, the Fixed Assets, the Contracts the Book Debts and the Industrial Property Rights as stated in Schedule 3 less the value of the Creditors.
- 3.2 THE consideration payable by the Purchaser to the Vendors for the Assets shall be the allotment to the Vendors in equal shares of 998 Ordinary Shares of £1 each in the capital of the Purchaser credited as fully paid ("the Consideration Shares").
- 3.3 THE consideration shall be exclusive of any value added tax.

4. COMPLETION

- 4.1 THE sale and purchase shall be completed on ^{17th} ~~7th~~ October 1994 when all the matters set out in this Clause 4 shall be effected.
- 4.2 THE Vendors shall deliver to the Purchaser, at the principal office of the Business,

such of the Assets as are capable of being transferred by delivery.

4.3 THE Vendors shall cause to be delivered or (if requested by the Purchaser) made available to the Purchaser:-

4.3.1 such documents as are required by the Purchaser's solicitors to complete the sale and purchase of the Assets and vest title to the Assets in the Purchaser, including (but without limitation) assignments of the Goodwill, Contracts, Industrial Property Rights, Book Debts and the Property and Licence to Assign from the Landlord of the Property.

4.3.2 all their books of account, payroll records, income records, information relating to clients and suppliers (including without limitation a list of all the clients of the Business during the last two years and a list of clients to which outstanding quotations have been given as at the Effective Date), relevant computer programs (including the client database) and other books and documents which relate to the Business;

4.3.3 all records of National Insurance and PAYE relating to all the Employees duly completed and up to date;

4.3.4 the value added tax records referred to in Clause 9.2;

4.4 UPON completion of the matters referred to above the Purchaser shall deliver to the Vendors definitive share certificates in respect of the Consideration Shares.

4.5 THE Purchaser shall not be obliged to complete the purchase of any of the Assets unless the purchase of all the Assets is completed in accordance with this Agreement.

4.6 THE Purchaser may in its absolute discretion waive any requirement contained in Clauses 4.2 or 4.3.

4.7 IF any or all of the transactions set out in Clauses 4.2 and 4.3 do not take place as provided, the Purchaser may promptly rescind this Agreement without prejudice to any other remedy it may have.

5. DEBTORS

5.1 THE Vendors shall forthwith supply to the Purchaser full details of the Book Debts.

5.2 THE Vendors shall account forthwith to the Purchaser for any amount received by them in respect of the Book Debts.

6. CREDITORS AND LIABILITIES

6.1 THE Vendors shall forthwith supply to the Purchaser full details of the Creditors.

6.2 THE Purchaser shall promptly discharge the Creditors [and Liabilities] and from completion of the purchase of the Business shall be responsible for the payment of the Creditors [and Liabilities] to the extent that they have been fully and fairly disclosed to the Purchaser in the books of account of the Business [and in Schedule 8 respectively.]

6.3 NOTWITHSTANDING Clause 6.2:-

6.3.1 Mr Harwood shall remain liable for and shall indemnify the Purchaser against all claims by third parties in respect of any services supplied by the Vendors or any act or omission of the Vendors prior to the Effective Date and for all liabilities and creditors of the Business other than the Creditors [and the Liabilities;]

6.3.2 upon becoming aware of any such claim the Vendors will promptly give notice of it to the Purchaser and shall not take any steps which might reasonably be expected to damage the commercial interests of the Purchaser without prior consultation with the Purchaser;

6.3.3 the Purchaser shall indemnify the Vendors against claims by third parties which may be brought against the Vendors which relate to any act or omission of the Purchaser after the Effective Date.

6.4 THE liability of Mr Harwood under Clause 6.3.1 shall extend to any settlement of a claim (including costs) made with the approval of the Vendors.

6.5 IF the Purchaser considers that it is desirable to take preventative action with a view to avoiding claims under Clause 6.3.1 the Vendors shall bear the cost of that action.

6.6 THE Purchaser shall provide secretarial and administration services in order to process claims of clients against the Vendors arising in the normal course of the Business as a result of transactions carried out by the Vendors prior to the

Effective Date. The Vendors shall reimburse to the Purchaser on a monthly basis the direct costs incurred by it in carrying out its obligations under this sub-clause.

6.7 IN the event that following completion of this Agreement a claim for repayment of commissions received by the Business in respect of any client is made to the Company the Vendors shall forthwith repay the same and pending such repayment Mr Harwood shall indemnify and hold the Purchaser harmless regarding such claim.

7. CONTRACTS

7.1 SO far as is permitted by the terms thereof the Purchaser shall perform and discharge the outstanding obligations and liabilities of the Vendors under the Contracts, except for any obligations or liabilities attributable to a breach on the part of the Vendors.

7.2 THE Purchaser will use its best endeavours to secure the release of either of the Vendors from the terms of any guarantee given by such Vendor in respect of the liabilities of the Company as soon as reasonably practicable after the appropriate Vendor ceases to be connected with the Company as either a director or shareholder and pending such release shall indemnify and keep the Vendor indemnified in respect of any liability under such guarantee.

8. EMPLOYEES AND CONSULTANT

8.1 Mr Harwood shall indemnify the Purchaser against any order to pay compensation made pursuant to the Regulations provided that the order is not made as a result of any act or omission of the Purchaser.

8.2 ALL salaries and other emoluments, including holiday pay, tax and national insurance payments and contributions to retirement annuity schemes, relating to the Employees shall be borne by the Vendors up to the Effective Date and all necessary apportionments shall be made.

9. VALUE ADDED TAX

9.1 THE parties shall use all reasonable endeavours to procure that the sale of the Business is deemed to be a transfer of a business as a going concern for the

purpose of s 33 and Schedule 2 paragraph 7 (1) (a) of the Value Added Tax Act 1983 and Regulation 12 of the Value Added Tax (Special Provisions) Order 1981.

9.2 THE Vendors shall forthwith deliver to the Purchaser all the records of the Business for value added tax purposes which are required by the Value Added Tax Act 1983 s 33 (1) (b) to be preserved by the Purchaser.

9.3 THE Purchaser shall for a period of not less than 6 years from the Effective Date preserve the records delivered to it by the Vendors and, upon reasonable notice during normal business hours, make them available to the Vendors or their agents.

10. INSURANCE

10.1 The Vendors shall after completion at their own expense maintain in force full and proper insurance cover against all liabilities and expenses (including claims for breach of contract or claims in tort) which might arise in respect of any act or omission of the Vendors, the Employees or the former employees of the Business on or before the Effective Date and the Vendors shall not do or omit to do anything which might make any such policy of insurance void or voidable.

11. TITLE AND APPORTIONMENT

11.1 The Vendors shall take all necessary steps and co-operate fully with the Purchaser to ensure that it obtains the full benefit of the Business and Assets and shall execute such documents and take such other steps (or procure other necessary parties so to do) as are necessary or appropriate for vesting in the Purchaser all their rights and interests in the Assets.

11.2 INsofar as the Assets comprise the benefit of contracts which cannot effectively be assigned to the Purchaser without the consent of a third party or except by an agreement of novation:-

11.2.1 the Vendors and the Purchaser shall use all reasonable endeavours to obtain consent or to procure a novation;

11.2.2 unless and until consent is obtained or the contracts are novated the Purchaser shall, for its own benefit and to the extent that the contracts permit, perform on behalf of the Vendors (but at the Purchaser's expense) all the obligations of the Vendors arising after the Effective Date (insofar

as they have been disclosed to the Purchaser) and indemnify the Vendors against all costs, proceedings, claims, demands and expenses which may be incurred by the Vendors as a result of any act, neglect, default or omission on the part of the Purchaser to perform or comply with any such obligation of the Vendors which fails to be performed after the Effective Date.

- 11.3 ALL rents, rates, gas, water, electricity and telephone charges and other outgoings relating to or payable in respect of the Business up to the Effective Date shall be borne by the Vendors and as from the Effective Date shall be borne by the Purchaser and all rents, royalties and other periodical payments receivable in respect of the Business up to that time shall belong to and be payable to the Vendors and as from that time shall belong to and be payable to the Purchaser. Such outgoings and payments receivable shall if necessary be apportioned accordingly, provided that any such outgoings or payments receivable which are referable to the extent of the use of any property or right shall be apportioned according to the extent of such use.
- 11.4 WHERE any amounts fall to be apportioned under this Agreement, the Vendors shall provide the Purchaser with full details of the apportionments, together with supporting vouchers or similar documentation, and in the absence of dispute the appropriate payment shall be made by or to the Vendors forthwith.

12. WARRANTIES BY THE MR HARWOOD

- 12.1 MR Harwood warrants to the Purchaser that:-
- 12.1.1 save as set out in the Disclosures, the warranties and undertakings set out in Schedule 4 are true and accurate in all respects;
- 12.1.2 the Disclosures are true and accurate in all respects and fully, clearly and accurately disclose every matter to which they relate.
- 12.2 THE rights and remedies of the Purchaser in respect of any breach of the Warranties shall not be affected by completion of the purchase of the Business, by any investigation made by or on behalf of the Purchaser into the affairs of the Vendors, by the Purchaser failing to exercise or delaying the exercise of any of its rights or remedies or by any other event or matter whatsoever except a specific and

~~Have as where of notified otherwise~~

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duly authorised written waiver or release.

- 12.3 WHERE any Warranty refers to the knowledge, information or belief of Mr Harwood, he undertakes that he has made full enquiry into the subject matter of that Warranty.

13. MR HARWOOD'S PROTECTION

- 13.1 THE provisions of Schedule 5 shall apply.

14. INFORMATION

- 14.1 THE Vendors shall preserve all information, records and other documents relating to the Excluded Assets for a period of not less than 3 years and upon reasonable notice by the Purchaser make such information, records and documents available for inspection by the Purchaser or its authorised agents at reasonable times during normal business hours.

15. ANNOUNCEMENTS

- 15.1 NO announcement of any kind shall be made in respect of the subject matter of this Agreement except as specifically agreed between the Vendors and the Purchaser. Any announcement by either party shall in any event be issued only after prior consultation with the other.

16. COSTS

- 16.1 ALL expenses incurred by or on behalf of the parties, including all fees of agents, solicitors, accountants, employed by either of the parties in connection with the negotiation, preparation and execution of this Agreement shall be borne by the Purchaser.

17. COMMUNICATIONS

- 17.1 ALL communications between the parties with respect to this Agreement shall be delivered by hand or sent by first-class post to the address of the addressee as set out in this Agreement, or to such other address (being in the United Kingdom) as the addressee may from time to time have notified for the purpose of this Clause, or sent by telex or facsimile transmission.

- 17.2 COMMUNICATIONS shall be deemed to have been received:-

- 17.2.1 if sent by first-class post: 3 business days after posting exclusive of the day

of posting;

17.2.2 if delivered by hand: on the day of delivery;

17.2.3 if sent by telex or facsimile: at the time of transmission.

17.4 IN proving service:-

17.3.1 by delivery by hand: it shall be necessary only to produce a receipt for the communication signed by or on behalf of the addressee;

17.3.2 by post: it shall be necessary to prove that the communication was contained in an envelope which was duly addressed and posted in accordance with this Clause;

17.3.3 by telex or facsimile: it shall be necessary only to produce the sender's copy bearing the addressee's answerback or facsimile number.

18. ENTIRE AGREEMENT AND SCHEDULES

18.1 THIS Agreement and the Schedules shall constitute the entire agreement and understanding between the parties with respect to all matters which are referred to.

18.2 ALL the Schedules form part of this Agreement.

18.3 THIS Agreement shall be binding upon each party's successors and assigns.

19. INVALIDITY

19.1 IF any term or provision in this Agreement shall in whole or in part be held to any extent to be illegal or unenforceable under any enactment or rule of law, that term or provision or part shall to that extent be deemed not to form part of this Agreement and the enforceability of the remainder of this Agreement shall not be affected.

20. PROPER LAW

20.1 THE construction, validity and performance of this Agreement shall be governed by the laws of England.

AS WITNESS the hands of the parties or their duly authorised representatives the day and year first above written.

SCHEDULE 1

The Property

Leasehold premises known as 290a Hale Lane, Edgware, Middlesex HA8 8NP as the same are held under a lease dated the 8th day of June 1982 made between Doreen Conway (1) and Provident Financial Group PLC (2).

SCHEDULE 2

Excluded Assets

Cash in hand or at bank, together with the Cash Float

Any amounts recoverable in respect of taxation attributable to periods ended on or before the Effective Date.

Mercury Mobile phone.

SCHEDULE 3

Value of the Assets

Goodwill	£103,999
The Property	£1
Fixed Assets	£5,000
Industrial Property Rights	£3,000
Contracts and all other property, assets and rights (excluding the Stocks and the Cash Float)	£4,600
The Book Debts	£3,400

SCHEDULE 4

Warranties

1. ASSETS

1.1 Ownership of assets.

1.1.1 Except for current assets subsequently acquired, sold or realised in the ordinary course of business the Vendors owned absolutely at the Accounts Date and still own absolutely all the Assets.

1.1.2 The Vendors have not disposed of or agreed to dispose of or granted or agreed to grant any security or other encumbrance in respect of any of the Assets.

1.1.3 None of the Assets is subject to, and there is no agreement or commitment to give or create, any option, lien or encumbrance (including without limitation any Inland Revenue charges as defined in the Inheritance Tax Act 1984 s.237).

1.1.4 None of the Assets has been purchased on terms that property does not pass to the Vendors until full payment has been made by it to the supplier.

1.1.5 There has been no exercise, purported exercise or claim for any charge, lien, encumbrance or equity over any of the Assets and there is no dispute directly or indirectly relating to any of the Assets.

2.1 Licences and consents

2.1.1 The Vendors have obtained all necessary licences and consents for the proper carrying on of the Business and is not in breach of any of their terms and conditions.

2.2.2 Details of all of the licences and consents are set out in the Disclosures and Mr Harwood knows of no reason why they should not be capable of being transferred to or obtained by the Purchaser without the necessity for any special arrangement or expense.

2.2 Insurance

2.2.1 All the Assets of an insurable nature are and have at all material times been insured, in amounts representing their full replacement value, against fire and other risks normally insured against by persons carrying on business of the same class as the Business.

2.2.2 The Business and the Assets are and have at all material times been adequately covered against accident, damage, injury, third party loss, loss of profits and other risks normally covered by insurance.

2.2.3 All insurances relating to the Business or the Assets are currently in full force and effect and nothing has been done or omitted to be done which could make any policy of insurance void or voidable.

2.3 Statutory restrictions

2.3.1 The Vendors have not committed or omitted to do any act or thing in relation to the Business which could give rise to any fine or penalty.

2.4 Litigation

2.4.1 The Vendors are not engaged in any litigation or arbitration proceedings, as plaintiff or defendant in relation to the Business; there are no proceedings pending or threatened either by or against the Vendors in relation to the Business; and there are no circumstances likely to give rise to any such litigation or arbitration.

2.5 Business names

2.5.1 The Vendors use no name for any purpose in connection with the Business other than Andrew Harwood & Co.

3. EMPLOYMENT

3.1 Employees

3.1.1 None of the Employees has given or received notice terminating his employment or will be entitled to give notice as a result of the provisions of this Agreement.

4. FINANCIAL SERVICES

4.1 The Vendors are members of FIMBRA and Mr Harwood knows of no act or thing

that would constitute a breach of any of the rules and regulations of FIMBRA and no investigation from FIMBRA is pending against the Vendors.

4.2 The Vendors have not conducted any Investment Business as defined in the Financial Services Act 1986 outside the scope of operations agreed with FIMBRA.

4.3 There are contained in the Disclosures details of all agreements for sharing of commission with third parties which will remain in force after completion.

5. **TRADING**

5.1 **Business and financial position**

5.1.1 Since the Accounts Date:

- (a) the Business has been continued in the ordinary and normal course as regards its nature, extent and manner of carrying it on;
- (b) neither the turnover nor the financial or trading position of the Business has deteriorated;
- (c) the Vendors have not borrowed or raised any money or taken any financial facility in relation to the Business except for the overdraft facilities from its bankers specified in the Disclosures;
- (d) the Vendors have paid the Creditors of the Business in accordance with their respective credit terms and there are no amounts owing by the Vendors which have been due for more than 6 weeks.

5.1.2 So far as Mr Harwood is aware, the trading prospects of the Business have not been adversely affected as a result of any event or circumstance which has arisen since the Accounts Date.

5.1.3 So far as Mr Harwood is aware the Vendors have not done or omitted to do anything since the Accounts Date which might prejudicially affect the Goodwill.

5.2 **Existing suppliers and customers**

5.2.1 So far as Mr Harwood is aware:

- (a) no supplier of the Business has, in the past 3 years, ceased or (as a result of the acquisition of the Business by the Purchaser or for

any other reason) will cease supplying the Business or may substantially reduce its supplies to the Business;

- (b) no customer of the Business has, in the past 3 years, terminated or materially reduced, or will (as a result of the acquisition of the Business by the Purchaser or for any other reason) terminate or materially reduce, its relationship with the Business.

6. **CONTRACTS**

6.1 **Disclosure of Contracts**

6.1.1 The Contracts and the Lease constitute all the contracts and other engagements, whether written or oral, referable to the Business to which the Vendors are now a party, apart from the contracts of employment of the Employees.

6.2 **Nature of Contracts**

6.2.1 None of the Contracts:

- (a) is of an unusual, abnormal or onerous nature;
- (b) is for a fixed term of more than 6 months;
- (c) is of a long term nature (that is to say incapable of performance in accordance with its terms within 6 months after the date on which it was entered into or undertaken);
- (d) will be incapable of termination in accordance with its terms by the Purchaser on 60 days' notice or less;
- (e) is of a loss-making nature (that is to say known to have been likely to result in a loss to the Vendors on completion of performance if the Vendors had not sold the Business);
- (f) will not be capable of being readily fulfilled or performed by the Purchaser on time without undue or unusual expenditure of money or personnel;
- (g) will not involve payment by the Purchaser by reference to fluctuations in the index of retail prices or any other index;
- (h) involves the supply of goods the aggregate sales value of which will

represent in excess of 10 per cent of the anticipated turnover of the Business for the period of 12 months following the Effective Date;

- (i) was entered into in any way otherwise than in the ordinary and normal course of the Business.

6.2.2 The performance of this Agreement will not relieve any other party to any Contract from its obligations or enable it to determine any of them.

6.3 Defaults under agreements

6.3.1 The Vendors are not nor would they, if the sale of the Business did not take place, with the lapse of time become:

- (a) in default under any of the Contracts or in respect of any other obligations or restrictions binding upon it in relation to the Business nor has it waived any rights or privileges under any of them;
- (b) in default under any provisions existing by reason of membership of any association or body relating to the Business;
- (c) liable in respect of any representation or warranty (whether express or implied) or matter giving rise to a duty of care on the part of the Vendors relating to the Business.

6.3.2 No threat or claim of default under any of the Contracts or any other agreement, instrument or arrangement to which the Vendors are a party relating to the Business or the Assets has been made and is outstanding against the Vendors and there is nothing whereby any of the Contracts or any other such agreement, instrument or arrangement may be terminated or rescinded by any other party or whereby the terms may be worsened as against the Vendors or the Purchaser or whereby the Business or the Assets may be prejudiced as a result of anything done or omitted or permitted to be done by the Vendors.

7. ACCOUNTS

7.1 The Principal Accounts

7.1.1 The Principal Accounts have been prepared in accordance with the historical cost convention.

7.1.2 The Principal Accounts:

- (a) give a true and fair view of the financial position of the Business in all respects;
- (b) are not affected by any extraordinary or non-recurring item;
- (c) fully disclose all the assets and liabilities (including contingent, unquantified or disputed liabilities) of the Business as at their date.

7.2 Books and records

7.2.1 All the books and records of the Vendors which are to be delivered to the Purchaser in accordance with this agreement (including all invoices and other records required for value added tax purposes):

- (a) have been fully, properly and accurately kept and completed;
- (b) do not contain any material inaccuracies or discrepancies of any kind;
- (c) give and reflect a true and fair view of the financial contractual and trading position of the Business and of its plant and machinery, fixed and current assets and liabilities (actual and contingent), debtors and creditors and stock-in-trade and all other matters which would normally be expected to appear in them.

8. PROPERTY

8.1 Use of Property

8.1.1 ^{To the best of Mr Harwood's knowledge} The Vendors are in occupation of the Property for the purposes of the Business.

8.1.2 The Vendors do not use or occupy any property in connection with the Business other than the Property.

8.2 Encumbrances

8.2.1 Save as specifically stated in Part 6 of Schedule 1, the Property is free from

any mortgage, debenture, charge, lien or other encumbrance.

8.2.2 The Property is not subject to any outgoings other than general rates, water charges and insurance premiums, rent and service charges and other payments set out in the Lease.

8.2.3 The Property is not subject to any restrictive covenants, restrictions, stipulations, easements, profits a prendre, wayleaves, licences, grants, reservations or other similar rights vested in third parties other than as may be referred to in the Lease.

8.2.4 Where any such third party rights as are referred to in clause 8.2.3 have been disclosed in the Disclosures, they have been fully observed and performed and any payments in respect of them due and payable have been duly paid.

~~8.3 Town and country planning matters~~

~~8.3.1 To the best of Mr Hearwood's knowledge The use of the Property is the permitted use for the purposes of the Planning Acts without having made enquiry~~

~~8.3.2 Planning permission has been obtained or is deemed to have been granted for the purposes of the Planning Acts with respect to the development of the Property and no permission has been suspended or called in and no application for planning permission is awaiting decision.~~

~~8.3.3 Building regulation consents have been obtained with respect to the development of the Property and any alterations and improvements to them~~

~~8.3.4 To the best of Mr Hearwood's knowledge Compliance is being and has been made in all respects with planning permissions, orders and regulations issued under the Planning Acts and building regulation consents and bye-laws for the time being in force with respect to the Property. without having made enquiry~~

~~8.3.5 Compliance is being made and has been made with all agreements under the Town and Country Planning Act 1971 s52 or under the Highways Act 1980 s38 made with respect to the Property.~~

~~8.3.6 The Property is not listed as being of special historic or architectural~~

~~importance or is located in a conservation area.~~

8.3.7 All development charges, monetary claims and liabilities under the Planning Acts or any other legislation have been discharged and no ~~liability, contingent or otherwise, is outstanding.~~

8.4 Statutory obligations

8.4.1 To the best of ~~the Vendors'~~ ^{Mr Harwood's} knowledge information and belief compliance has been made with all applicable statutory and bye-law requirements with respect to the Property and in particular (but without limitation) with requirements as to fire precautions and under the Public Health Acts, the Housing Acts, the Highway Acts, the Offices, Shops and Railway Premises Act 1963, the Factory Acts and the London Building Acts.

8.4.2 ^{To the best of Mr Harwood's knowledge} There is no outstanding and unobserved or unperformed obligation with respect to the Property necessary to comply with the requirements (whether formal or informal) of any competent authority exercising statutory or delegated powers.

~~8.5 Adverse orders~~

~~8.5.1 There are no compulsory purchase notices, orders or resolutions affecting the Property nor, to the best of the Vendors' knowledge, information and belief, are there any circumstances likely to lead to any being made.~~

~~8.5.2 There are no closing, demolition or clearance orders, enforcement notices or stop notices affecting the Property nor, to the best of the Vendors' knowledge information or belief, are there any circumstances likely to lead to any being made.~~

8.6 Condition of the Properties

8.6.1 ^{To the best of Mr Harwood's knowledge} The building and other structures on the Property are in good and substantial repair and fit for the purpose for which they are presently used.

8.6.2 There are no disputes with any adjoining or neighbouring owner with respect to boundary walls and fences or with respect to any easement right or means of access to the Property.

8.6.3 The principal means of access to the Property are over roads which have

been taken over by the local or other highway authority and which are maintainable at public expense and no means of access to the Property is shared with any other party nor subject to rights of determination by any other party.

8.6.4 The Property enjoys the main services of water, drainage, electricity and gas.

8.6.5 The Property is located in an area or subject to circumstances particularly susceptible to flooding.

8.6.6 So far as the Vendors are aware no building or structure on the Property has been affected by structural damage or electrical defects or by timber infestation or disease.

8.6.7 There are no rights of common or common rights appurtenant to or over the Property.

8.6.8 The Property is not located in a coal mining area.]

8.7 Leasehold Matters

8.7.1 The Vendors have paid the rent and observed and materially performed the covenants on the part of the tenant and the conditions contained in the Lease and the last demand (or receipt for rent if issued) was unqualified.

8.7.2 All licences, consents and approvals required from the landlords and any superior landlords under the Lease have been obtained and the covenants on the part of the tenant contained in the licences, consents and approvals have been duly performed and observed.

8.7.3 There are no rent reviews under the Leases currently in progress.

8.7.4 There is not outstanding and unobserved or unperformed any obligation necessary to comply with any notice or other requirement given by the landlord under any of the Lease.

8.7.5 There is no obligation to reinstate any of the Leasehold Properties by removing or dismantling any alteration made to them by the Vendors or any predecessor in title to the Vendors.

8.7.6 In the case of leases granted for more than 21

currently payable under the Lease and copies of all correspondence relating to any current rent review negotiations attached thereto

years and less than 40 years, the Lease is either registered at HM Land Registry or not registered because the reversion to it was not registered at the time of grant.

§.7.7

9. EMPLOYMENT

9.1 Employees

9.1.1 None of the Employees has given or received notice terminating his employment or will be entitled to give notice as a result of the provisions of this Agreement.

9.2 Terms of Employment

9.2.1 Full particulars of the terms and conditions of employment of all the Employees, including without limitation profit sharing or commission or discretionary bonus arrangements, are set out in the Disclosures.

9.2.2 there are no schemes in operation by or in relation to the Vendors whereunder any of the Employees is entitled to a commission or remuneration of any other sort calculated by reference to the whole or part of the turnover, profits or sales of the Business.

9.2.3 Since the Accounts Date no change has been made in the rate of remuneration, emoluments, pension benefits or other terms of employment of any of the Employees.

9.2.4 No negotiations for any increase in the remuneration or benefits of any of the Employees are current or likely within a period of 6 months after the Effective Date.

9.3 Industrial Disputes and Agreements

9.3.1 None of the Employees is involved in any industrial dispute and to the best of Mr Harwood's knowledge information and belief there are no circumstances which may result in any industrial dispute involving any Employees and none of the provisions of this Agreement, including the identity of the Purchaser, may lead to any industrial dispute.

9.3.2 The Vendors have not entered into any recognition agreement with a trade

union nor has it done any act which might be construed as recognition.

SCHEDULE 5

Vendors Protection Provisions

- 1.1 Notwithstanding anything to the contrary contained in clause 12 of this agreement the Warranties shall be qualified by the provisions of this clause and in the event of any inconsistency between the provisions of this clause and the provisions of clause 12 the provisions of this clause shall prevail.
- 1.2 Mr Harwood shall not be liable in respect of any claim under the Warranties to the extent that the matter or matters giving rise to such claim are fairly disclosed in the Disclosures.
- 1.3 The liability of Mr Harwood in respect of any breach of the Warranties shall be limited as follows:
 - 1.3.1 The aggregate maximum liability of Mr Harwood in respect of all and any claims under the Warranties shall in no event exceed the greater of:
 - 1.3.1.1 the value of the Assets set out in Schedule 3 [plus the value of the Creditors [and the Liabilities] or
 - 1.3.1.2 the sum of £120,000.
 - 1.3.2 Mr Harwood shall not be liable in respect of any claim under the Warranties where the amount of such claim does not exceed £1,000.
 - 1.3.3 Mr Harwood shall not be liable in respect of all and any claims made by the Purchaser under the Warranties unless and until the aggregate cumulative liability of Mr Harwood in respect of all and any such claims exceeds £5,000 in which event Mr Harwood shall be liable for the entire amount of such liability.
- 1.4 Mr Harwood shall not be liable in respect of any claim under the Warranties unless they shall have been made before the expiry of 2 years from Completion.
- 1.5 No claim under the Warranties shall be deemed to have been made unless notice of such claim was made in writing to Mr Harwood specifying in reasonable detail the event of default to which the claim relates and the nature of the breach and the amount claimed.
- 1.6 Any claim in respect of which notice shall have been given in accordance with clause 1.5 above shall be deemed to have been irrevocably withdrawn and lapsed (not having been previously satisfied settled or withdrawn) if proceedings in respect of such claim have not

been issued and served on Mr Harwood not later than the expiry of the period of 12 months after the date of such notice.

SCHEDULE 6

The Employees

Name

JUDY WONG

Date of birth: 30/12/55

Commenced work: 10/2/92

Salary: £9,126 per annum plus £600 pension contribution

MIRIAM SIMON

Date of birth: 1/6/49

Commenced work: 1/5/90

Salary: £11,700 per annum plus £600 pension contribution.

SCHEDULE 7

The Fixed Assets

EQUIPMENT

- 2 Computers with keyboards (TIKO and Tandon)
- 1 Laser Printer (Mannesmann)
- 1 Videotex terminal
- 1 Printer (Origo/Exchange)
- 1 Keyboard
- 1 Photocopier (Sharp SF-7750)

FURNITURE

- 2 Arm chairs (grey tweed, aluminium legs)
- 4 Arm chairs (blue upholstery)
- 4 Red swivel desk chairs
- 5 Grey swivel desk chairs
- 5 Desks
- 1 Computer worktop stand (with wheels)
- 3 Two door metal filing cabinets
- 3 Plywood 4-drawer filing cabinets (for suspension files)
- 3 Plywood 3-drawer filing cabinets (for suspension files)
- 2 Metal 4-drawer filing cabinets (for suspension files)
- 1 Metal 3-drawer filing cabinet (suspension files)
- 3 Metal filing cabinets (9 small drawers)
- 1 Metal filing cabinet (15 small drawers)
- 1 Teak side board with glass cabinet
- 3 Coffee tables
- 1 Wooden bookshelf (stand alone)
- 1 Stand to hold brochures (aluminium and plastic)
- 1 Plastic stand alone shelves (small)
- 1 Coat stand

In the storage room and not in use:

Approximately 4 desks (in bad condition)

Broken desk chairs

6 chairs in acceptable condition (wooden frame and plastic seat)

SCHEDULE 8

The Liabilities

~~Details from A. Harwood~~

THE OBLIGATIONS OF THE VENDORS / BUSINESS
TO CONTRIBUTE TO THE FIMBRA / PIA COMPENSATION
FUND



SIGNED by ANDREW OSSIE
HARDWOOD in the presence of:-

[Signature]
J. North
31 Southampton Row
London W1B 5HJ

A Harwood

SIGNED by SYLVIA HARWOOD
in the presence of:-

[Signature]
JUDY WONG
25 CLARE CLOSE
ELSTREE HERTS
ADMINISTRATOR

Sylvia H. Harwood

SIGNED by
for and on behalf of SOULWORLD
LIMITED in the presence of:-

A Harwood

15/10/94/2

Dated

19

APPENDIX 1

to an

Agreement dated 17th October 1994

between

A.O. HARWOOD and S. HARWOOD

relating to the

sale of the business of

ANDREW HARWOOD & CO.

C O N T R A C T S

RAYNER, DE WOLFE

S O L I C I T O R S

31 Southampton Row, London WC1B 5HJ
Tel: 071-405 1212 Fax: 071-405 1191

Nigel Pollock
ABBEY LIFE
16-18 New Bridge Street
London
EC4V 6LA

Alan Sadick
ALAN SADICK & CO
3 Promenade
Edgwarebury Lane
Edgware
Middx

Alan Worth
ALAN WORTH & CO
332A Bath Road
Slough
Berkshire
SL1 6JA

John Reid
ALBANY LIFE (NS)
Ground Floor
31 Old Burlington Street
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W1X 1LB

Craig Jack
ALLIED DUNBAR ASSURANCE PLC
Suite 8, Awberry Court
The Croxley Centre
Watford
Herts WD1 8YJ (NS)

Sally Yeung
AMED
21 Catherine Street
London
WC2B 5JS

ARTESIAN

R Breen
ARTESIAN
60 Webbs Road
London
SW11 6SE

Vanessa Carver
AXA EQUITY & LAW
The Belfry
Colonial Way
Watford
Herts WD2 4WH (NS)

BARBARA SHAPIRO
3 Cannons Close
Edgware
Middx HA8 7QR

BARCLAYS DE ZOETE WEDD

BARING FUND MANAGERS LIMITED
155 Bishopsgate
London
EC2M 3XY

BRI ASSET MANAGEMENT PLC

John Nunn
BRIAN FISH & PARTNERS
The Mill House
Boundary Road
Loudwater
High Wycombe, Bucks

Brian R Lever
BRIAN R LEVER & CO
4 Golders Close
Hale Lane
Edgware
Middx HA8 9QD

Brian Lever
BRIAN R LEVER & CO
4 Golders Close
Hale Lane
Edgware
Middx HA8 9QD

BRITISH COUNCIL
10 Spring Gardens
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Mr R D Mills
CANADA LIFE
Canada Life Place
Potters Bar
Hertfordshire
EN6 5BA

CAPITAL FOR COMPANIES

CAPITAL VENTURES
Rutherford Way
Cheltenham
Gloucestershire GL51 9TR

CARE

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Richard Wong
CHAPMAN WONG
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Mill Street
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SE1 2BA

David Roads
CHARTWELL INSURANCE
292 Hale Lane
EDGWARE
Middx HA8 8NP

CHARTWELL TRANSFER

same
CHRISTINE SERRELL

Neil Dainton
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Herts WD1 1DA

CLOSE BROTHERS LIMITED (BESSA)
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69 Eccleston Square
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Hildenborough
Tonbridge Kent

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London EC2R 7DR

FOREIGN AND COLONIAL INVESTMENT TRU

FRAMLINGTON UNIT MANAGEMENT LTD
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Harlow
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GENERALI
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Robert Lipman
GORDON BERMAN & CO
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Finchley
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Paul Maurice
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HTR JAPANESE SMALLER COMPANIES TRUS

HYPO FOREIGN & COLONIAL

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Lynton Stock
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Ron Shelley
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STEPHEN RAYNER

Tony Williams
SUN LIFE
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Stanmore
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SYMONS & CO
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Middx HA8

TERRACE HILL CAPITAL

THE BUSINESS EXCHANGE
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London
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THORNTON UNIT MANAGERS LIMITED
Swan House
33 Queen Street
London
EC4R 1AX

David Field FCA
VICKERS FIELD & CO
Hyde House
The Hyde
Edgware Road
London NW9 6LH

Dated

19

APPENDIX 2

to an

Agreement dated 17th October 1994

between

A.O. HARWOOD and S. HARWOOD

relating to the

sale of the business of

ANDREW HARWOOD & CO.

COPY

ASSIGNMENT OF LEASE

RAYNER, DE WOLFE

SOLICITORS

31 Southampton Row, London WC1B 5HJ

Tel: 071-405 1212

Fax: 071-405 1191

COPIES ONLY

PRESENTED
17 NOV 1994 199
16165/9412

THIS ASSIGNMENT is made the _____ day of _____
BETWEEN ANDREW HARWOOD of 290a Hale Lane Edgware Middlesex (hereinafter referred to as
"the Assignor") of the one part and SOULWORLD LIMITED whose registered office is situate at 31
Southampton Row London WC1B 5HJ (hereinafter referred to as "the Assignee") of the other part

WHEREAS:

- (1) By a lease ("the Lease") dated the 8th day of June 1982 and made between Doreen Conway of the one part and Provident Financial Group Plc of the other part ALL THOSE premises known as First Floor Offices at 290A Hale Lane Edgware Middlesex as the same premises are more particularly described within the Lease were demised for a term of 15 years from the 8th day of June 1982 to the said Provident Financial Group Plc upon the terms conditions covenants and stipulations therein described at the rents thereby reserved.
- (2) By divers mesne assurances acts in law and events the premises demised by the Lease became and are now vested in the Assignor for the residue of the term thereby granted subject to the rent there by reserved and to the covenant agreements and conditions therein contained
- (3) In consideration of the covenant on the part of the Assignee hereinafter contained the Assignor has agreed with the Assignee for the assignment to it of the premises comprised within the Lease for the residue of the term granted thereby subject to the rent thereby reserved and to the covenants agreements and conditions therein contained

NOW THIS DEED made in pursuance of the said agreement WITNESSES as follows:-

- (a) that the Vendor as beneficial owner HEREBY ASSIGNS unto the Assignee ALL AND SINGULAR the premises comprised in and demised by the Lease TO HOLD unto the Assignee for all the residue now unexpired of the said term granted by the Lease SUBJECT henceforth to the payment of the rent thereby reserved and to the covenants agreements and conditions therein contained and on the part of the lessee to be observed and performed BUT so that the Assignor shall not under the covenants for title hereby implied be deemed to covenant that the lease has not become voidable by reason of the covenants or any of them contained in the Lease for repair and decoration of the premises not having been performed or that such covenants or any of them have been performed to the date hereof

(b) the Assignee hereby covenants with the Assignor to pay the rents reserved by the Lease and perform and observe the covenants on the part of the lessee therein contained or referred to and to indemnify the Assignor and his estates and effects from and against all actions claims and demands in respect thereof arising from the date hereof

IT IS HEREBY CERTIFIED that the transaction hereby effected does not form part of a larger transaction or a series of transactions in respect of which the amount or value or aggregate amount or value of the consideration exceeds £60,000

IN WITNESS whereof the parties hereto have executed these presents as a Deed the day and year first before written

Signed as a Deed by the said
ANDREW HARWOOD in the
presence of:-

The Common Seal of SOULWORLD
LIMITED was hereunto affixed in
the presence of:-