BAKER TILLY

Commonwealth House 1 New Oxford Street London WC1A 1PF Tel: 01-404 5541 Telex: 21594 Fax: 01-405 2836

SDL/cel

11 June 1990

Ms. S. Bratby Circles 113 Roman Road London E2 OHU

Dear Ms. Bratby,

Thank you for your telephone call of 3 p.m. today requesting our assistance with the development of your merger proposals.

In normal circumstances, with an enquiry of this nature, we would arrange for a face-to-face meeting in order to secure additional data from which to prepare a detailed proposal. However, in the circumstances I have prepared an outline proposal for consideration at your meeting tomorrow. Should you wish to take the matter forward the proposal will require development.

Please find detailed below:

- our likely approach;
- our credentials;
- an indication of our professional fees.

APPROACH

- To independently review both organisations' current activities re:
 - managements' objectives and strategy;
 - products;
 - pricing;
 - distribution;
 - promotion;
 - procedures and controls;
 - financing;
 - and organisation.

(This will require interviews with management and influencing bodies).

- To develop and agree with management of both operations the manner in which the merger would operate. Specific consideration would be given to:
 - strategy and objectives;
 - merged operations' financial structure;
 - products;
 - distribution;
 - pricing;
 - management control;
 - organisation structure and effectiveness

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Directors: Alan J. Sutton FCA (Chairman) Richard H. Spooner BA ACA (Managing) Robin D. Barber FCA Paul Sennett BA Ian C.W. Bond FCA Robert J. Empson BSc David G. Hughes Stephen R. Jandrell BA MIPM Clive Parritt FCA Laurence J. Pyzer BSc FCA John Samuel ACA Charles E.M. Tucker MA FCA

