
From: Ranvir Singh
Sent: 17 June 2008 18:09
To: Sonny Schneider; 'George Busfield'; Matthew Cheung
Subject: RE: RAN - THE FINAL COUNTDOWN

GB / RAN - so it pans like this: Ran gives CB 68 shares, Mat gives CB 32 shares (CB now has 100 share and thus 10.27%). Ran sells to RAN 17 shares and Mat sells to RAN 8 shares, subject to sufficient distributable profits, for X and Y respectively 23,450 and 11,550. Ran and Mat pay their tax on said shares, estimated to be, respectively, $((23,450 - 9,600) \times 0.10)$ 1,385 and $((11,550 - 9,600) \times 0.10) = 195$. Ran then gives to GB 22,065 and Mat gives to GB 11,355 (thus GB gets 33,420. Ran and Mat settle their tax liabilities with their accountants as per normal and GB keeps them alive for 7 years. Bob will be our uncle and all is sweat. **IF ONE OF YOU CAN COMMUNICATE ACROSS ALL OF YOU AND THEN CONFIRM ALL ARE IN AGREEMENT I WILL THEN RECHECK THIS WITH THE LAWYER AND THEN THE TAX PEOPLE AND THE COMPLIANCE PEOPLE AND POWER UP. PLEASE REVERT. ALL AGREED AND GOOD TO GO.**

L&C - See above. PLEASE CONFIRM NOTED AND LIST ANY ISSUES IF ANY PERCEIVED. On hold while GB confirms. SNE TO REVERT

FIN - See above. PLEASE CONFIRM NOTED AND LIST ANY ISSUES IF ANY PERCEIVED. On hold while GB confirms. SNE TO REVERT

SNE - Isolate if Julian confirms and then action, else isolate Julian updates and then re-check with Ran / GB et al and then action. SNE TO REVERT. Re awaiting GB confirmations. SNE TO REVERT

RAN / GB - Regarding the 'option' - Ranvir gives CB 87 options to purchase 1 share from him, expiring in 25 years, american style, with a strike of £2,000 per share. PLEASE CONFIRM CONFIRMED BY GB I WILL GET THIS DONE AT RAN EXPENSE. SNE TO REVERT

RAN says - shareholder's agreement (ie – ripping the old one up). I WOULD BE VERY HAPPY TO REMOVE OLD ONE, PRE GB COMING IN IN SOME FORMAT AS PER ABOVE, IN FAVOUR OF A STANDARD SYMMETRICAL ONE IF RAN AGREES. RAN, IN PRINCIPLE, DO YOU AGREE; NICE SIMPLE SYMMETRICAL ONE. IF YES I WILL GET COMP SEC TO FORWARD A DRAFT ETC. PLEASE REVERT . PLEASE REVERT. HAPPY TO RIP OLD ONE UP FOR SIMPLE SYMMETRICAL ONE GOING FWD. THERE ARE SOME THINGS WE NEED TO TUN BY YOU AT RAN BOARD MEETING AT 25TH. SO LETS DO MEETING, DO RUNNING BY AND SUBJECT TO OUTCOME I WILL FORWARD STANDARD ONE FOR REVIEW. SNE TO REVERT. We have spoken about this in the board meeting. I have attached a draft template one that was used x months / years ago for a subsid (I have no idea which one and have not read it recently). I believe it is symmetrical, but please read and we can take a formal meeting to cover it). PLEASE REVIEW ATTACHED. Lets get GB shares done, finalise a div policy and also the funny thing about no tag along if selling x shares etc, then we can finalise this. ON HOLD RS & SNE TO ACTION AS FOLLOWS: RS to finalise CB shares and share option paperwork etc with SNE - All now agreed SNE To forward draft new SA - inclusive of: 1) 80% (i.e. 100% after bonuses) Div policy AND 2) 30% of shareholders shareholding (as at today's date) is exempt from any preemption and tag along rights (i.e. 30% of today's shareholding can be sold / transferred "freely") ON HOLD UNTIL OTHER STUFF IS DONE. ON HOLD. ON HOLD TILL NEXT BM **ON HOLD**

RAN - Post our conversation, I need to rap with others as STA man and revert. But net net you and MB had 4.5 rising to 5 (or 5.5) after a year with 1k per remote office. I noted the problems for RAN (with my RAN hat on) re remote offices and them fiddling and we evolved price X (un defined yet) for all STA clients, remote offices or others). I WILL REVERT. WE SPOKE TODAY AND NET NET I WILL REVERT IDEALLY POST MONDAY WEEK. SNE TO REVERT

OLD BELOW

GB - RAN / GB / MAT - Regarding share's at present - please confirm this is what you want: Ranvir gives to CB 85 shares, Mat gives to CB 40 shares, no consideration is paid and they are a gift. CB takes ownership at zero therefore and if and when CB sells the shares she will have a capital gain on the full amount less any personal capital gain allowances. Simple and easy. Furthermore, CB then sells to the firm 25 shares for a consideration of £35,000. CB thus has, in this tax year, a 35k capital gain to report on her tax return. *Firm then kills 25 spares shares*. Simple and easy. If I can have one confirmation from the three of you, I will then arrange the necessary paperwork, resolutions and transfers etc etc etc. PLEASE CONFIRM . Ran said - confirmed. All, I am confirmed on the share transfers so please make it happen. In terms of the shares bought by RAN for CB I think its better and less confusing for all that they are simply cancelled, keeping 975 in issuance. Thanks Ran . Mat said - confirmed. . I think Ran meant below "RAN from CB" not for CB. THE IDEA WAS THAT ONE OF YOU CONFIRMED HAVING SPOKEN TO EACH OTHER. SO NOW I NEED GEORGE TO CONFIRM. (I have updated killing them). PLEASE REVERT **CONFIRMED BY GB I WILL GET THIS DONE AT RAN EXPENSE. SNE TO REVERT ALL - JULIAN - As company secretary and lawyer to RAN Limited, at RAN Limited expense, can you confirm the following is a) doable, b) legal and c) the most efficient route.** Ranvir (Ran) gives Cynthia Busfield (CB) 85 shares in RAN, Mathew (Mat) gives CB 40 shares in RAN, CB then sells 25 shares to RAN for £35,000 & Firm then destroys 25 shares leaving but 975 shares authorised and issued, CB signs to the shareholders agreement etc (flavour above if required). PLEASE REVIEW AND REVERT. ALL - I have spoken to Julian and it is prudent to arrange this in a slightly different way. Specifically, Ran gives CB 68 shares and Mat gives CB 32 shares (being the original number less the quantity to buy back). Then, Ran sells 17 shares to RAN and Mat sells 8 shares to RAN for an aggregate price of 35k (SUBJECT TO DISTRIBUTABLE PROFITS EXISTING). Ran and Mat then pay any CGT (you get 2 allowances as opposed to 1; disregards any carried forward CGT loss that CB may have, but removes likelihood of HMRC investigation (which is what the problem in the original way is). Ran and Mat then give GB (or CB) the net of CGT 35k payment. Ends up at the same place, Ran and Mat don't care (unless they have other capital sales this tax year - unlikely) so I need GB to confirm. **GB TO CONFIRM ALL - I understand SNE explanation and reasoning for the revised approach (removing HMRC risk etc). - but noting under the agreement made between RS/MC/CB - it is agreed CB to receive original 10% (already paid for) plus 70k gross (in lieu of 5% CB "effectively" receiving and then selling) - with CB (and other RS / MC) responsible for own taxes - as would be the case in any normal transaction (i.e. everyone is responsible for their own tax...) - from a CB perspective this resulted in a minimal / zero tax liability (as CB has significant cgt & income tax losses to offset - which was the reasoning behind the CB approach in the first place) . - therefore, given CB's tax liability under the agreement made is minimal / zero (as per last point) and that CB agreed to the purchasing of 2.5% (of 5%) by RAN Ltd - in order to support RS & MC wishes - it would not be fair to now burden CB with tax costs that are incurred by and the responsibility of the other parties as a result of this (or any other) revised approach and therefore the £35k should be paid gross to CB as agreed (which, as stated, CB would incur minimal / zero costs on) . - However, note - GB provisionally discussed this point with RS last week - where they both agreed that some degree of flexibility may be required. Therefore, in the interest of goodwill / expediation / flexibility etc. CB will agree to incur 50% of the effective CGT liability on the £35k received from the sale - assuming the following calculation (and in any instance CB liability not to exceed £1k - to be set against the £35k revenue generated): Revenue to RS & MC from Share Sale = £35,000 gross CGT allowances = £18,400 (£9200 each per annum) Chargeable gain = £16,600 Effective Tax Rate = 10% (Following CGT revised policy in April 2008 that established a CGT rate of 18% with a reduction to an effective 10% for Entrepreneurs relief - as is applicable in this instance) Tax liability for RS & MC from £35k = £1,600 CB to incur 50% as above = £800 CB to receive = £34,200 NET NET THE FIRM WILL BUY SHARES FOR 35K. IF RAN/MAT PAY THEIR TAX THEY WILL HAVE LESS. IF THEY ARE HAPPY TO GIVE YOU 35 OR SOME OTHER NUMBER, WHETHER THAT IS GROSS OR NET THEN ALL GOOD. BUT NET NET AS PER THE FIRM'S SIDE I TAKE YOUR REPLY AS AN AGREEMENT. NOW RAN / MAT NEED TO AGREE WHAT 'GIFT' THEY GIVE YOU IN RELATION TO THIS 35K. PLEASE TALK TO EACH OTHER AND THEN CONFIRM THAT WE ARE GOOD TO GO relisted above and OFFLIST**

GB SAID - Son, (Julian) . Spoke with RS last week and we agreed that best way to finalise was for me to agree approach / tax principles with you (& Julian) directly (to save third party relay system / extensive toing and froing.....). Hence, please find my response below for you / Julian to confirm tax principles and calculations etc. so I can forward to RS / MC. Many Thanks - drop me a line any queries otherwise await your reply. G
UNDERTSTOOD AND SEE BELOW AND OFFLIST

GB - Where are we with Harry. PLEASE UPDATE. ON ANOTHER MAIL SO OFFLIST