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legibly, preferably
in black type, or
bold block lettering

*insert full name
of Company

COMPANIES FORM No. 395

Particulars of a mortgage or charge

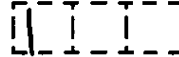
A fee of £13 is payable to Companies House in respect
of each register entry for a mortgage or charge.

Pursuant to section 395 of the Companies Act 1985

To the Registrar of Companies
(Address overleaf - Note 6)

For official use

Company number



1135827

Name of company

* Findel Education Limited (the **Chargor**)

Date of creation of the charge

24 July 2009

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

A security agreement between, amongst others, the Original Chargor and the Security Agent (as defined below) dated 24 July 2009 (the **Deed**).

Amount secured by the mortgage or charge

All present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Obligor to any Finance Party under any Finance Document (the **Secured Liabilities**).

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

Barclays Bank plc as agent and trustee for the Secured Creditors (the **Security Agent**), 5 The North Colonnade, London.

Postcode E14 4BB

Presentor's name address and
reference (if any):

Allen & Overy LLP
40 Bank Street
Canary Wharf
London

E14 5DU

Time critical reference

12018-02159/DPH/SSPW

For official Use (06/2005)

Mortgage S

I Post room

TUESDAY



L2U5HC4J

LD3

04/08/2009

389

COMPANIES HOUSE

Short particulars of all the property mortgaged or charged

Please see the continuation sheet attached.

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write in
this margin

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

Particulars as to commission allowance or discount (note 3)

Nil.

Signed

Allen & Overy LLP

Date

3/8/09

On behalf of ~~XXXXXXXXXXXXXXXXXX~~ [chargee] †

*A fee is payable
to Companies
House in
respect of each
register entry
for a mortgage
or charge.
(See Note 5)*

*† delete as
appropriate*

Notes

- 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.
- 5 A fee of £13 is payable to Companies House in respect of each register entry for a mortgage or charge. Cheques and Postal Orders must be made payable to **Companies House**.
- 6 The address of the Registrar of Companies is: Companies House, Crown Way, Cardiff CF14 3UZ

1. CREATION OF SECURITY

1.1 General

- (a) All the Security:
- (i) is created in favour of the Security Agent;
 - (ii) is security for the payment, discharge and performance of all the Secured Liabilities;
 - (iii) is made with full title guarantee in accordance with the Law of Property (Miscellaneous Provisions) Act 1994; and
 - (iv) is created as a first ranking Security Interest unless the priority of such Security Interest is not first ranking due to the operation of the Intercreditor Agreement in which case it will rank in the priority specified in the Intercreditor Agreement notwithstanding the terms of the Deed.
- (b) If a Chargor assigns an agreement under the Deed and the assignment or charge breaches a term of that agreement because a third party's consent has not been obtained:
- (i) the Chargor must notify the Security Agent immediately;
 - (ii) the assignment or charge will not take effect until that consent is obtained;
 - (iii) unless the Security Agent otherwise requires, the Chargor must, and each other Chargor must ensure that the Chargor will, use all reasonable endeavours to obtain the consent as soon as practicable; and
 - (iv) the Chargor must promptly supply to the Security Agent a copy of the consent obtained by it.
- (c) The Security Agent holds the benefit of the Deed on trust for the Secured Creditors.
- (d) The fact that no or incomplete details of any Security Asset are inserted in Schedule 2 to the Deed (Security Assets) or in the schedule to any Deed of Accession (if any) by which any Chargor became party to the Deed does not affect the validity or enforceability of the Security.

1.2 Notice and acknowledgement

- (a) The Deed constitutes notice to the Security Agent that the Chargors have charged (by way of first fixed charge) in favour of the Security Agent any Security Account maintained with the Security Agent.
- (b) The Security Agent acknowledges the above notice of assignment.

1.3 Land

- (a) Subject to Clause 1.12 (Excluded Assets) and Clause 1.13 (Excluded Property) each Chargor charges:
- (i) by way of a first legal mortgage all Original Property owned by it; and

- (ii) (to the extent that they are not the subject of a mortgage under subparagraph (i) above) by way of first fixed charge all estates or interests in any freehold or leasehold property owned by it and all rights under any licence or other agreement or document which gives that Chargor a right to occupy or use property.

(b) A reference in the Deed to any freehold or leasehold property includes:

- (i) all buildings, erections, fixtures and fittings (including trade fixtures and fittings) and fixed plant and machinery on that property owned by the relevant Chargor; and
- (ii) the benefit of any covenants for title given or entered into by any predecessor in title of the relevant Chargor in respect of that property and any moneys paid or payable in respect of those covenants.

1.4 Investments

(a) Subject to Clause 1.12 (Excluded Assets) each Chargor charges by way of a first legal mortgage:

- (i) all shares in any member of the Group owned by it or held by any nominee on its behalf; and
- (ii) all other shares, stocks, debentures, bonds, warrants, coupons or other securities and investments (including all cash equivalents) owned by it or held by any nominee on its behalf.

(b) A reference in the Deed to any share, stock, debenture, bond, warrant, coupon or other security or investment includes:

- (i) any dividend, interest or other distribution paid or payable;
- (ii) any right, money or property accruing or offered at any time by way of redemption, substitution, exchange, bonus or preference, under option rights or otherwise;
- (iii) any right against any clearance system; and
- (iv) any right under any custodian or other agreement,

in relation to that share, stock, debenture, bond, warrant, coupon or other security or investment.

1.5 Plant and machinery

Subject to Clause 1.12 (Excluded Assets) each Chargor charges by way of a first fixed charge all plant and machinery owned by it and its interest in any plant and machinery in its possession.

1.6 Credit balances

Subject to Clause 1.12 (Excluded Assets) each Chargor charges by way of a first fixed charge all of its rights in respect of any amount standing to the credit of any Restricted Account and the debt represented by that account.

1.7 Insurances

(a) Subject to Clause 1.12 (Excluded Assets) each Chargor assigns absolutely, subject to a proviso for re-assignment on redemption, all of its rights in respect of any contract or policy of insurance (the **Insurance**) taken out by it or on its behalf or in which it has an interest.

- (b) To the extent that they are not effectively assigned under paragraph (a) above and subject to Clause 1.12 (Excluded Assets), each Chargor charges by way of first fixed charge all amounts and rights described in paragraph (a) above.
- (c) Subject to Clause 1.12 (Excluded Assets) each Chargor charges by way of first fixed charge all amounts payable to it under or in connection with each of its other Insurances and all of its rights in connection with those amounts.
- (d) A reference in this Subclause to any amounts excludes all amounts received or receivable under or in connection with any third party liability Insurance and required to settle a liability of an Obligor to a third party.

1.8 Other contracts

- (a) Subject to Clause 1.12 (Excluded Assets) each Chargor assigns absolutely, subject to a proviso for re-assignment on redemption, all of its rights in respect of:
 - (i) its relevant contracts;
 - (ii) any letter of credit issued in its favour, and
 - (iii) any bill of exchange or other negotiable instrument held by it.
- (b) To the extent that any right described in paragraph (a) above is not assignable or capable of assignment and subject to Clause 1.12 (Excluded Assets), the assignment of that right purported to be effected by paragraph (a) shall operate as an assignment of any damages, compensation, remuneration, profit, rent or income which that Chargor may derive from that right or be awarded or entitled to in respect of that right.
- (c) To the extent that they do not fall within any other Subclause of this Clause and are not effectively assigned under paragraph (a) or (b) above and subject to Clause 1.12 (Excluded Assets), each Chargor charges by way of first fixed charge all of its rights under each agreement and document to which it is a party.

1.9 Intellectual property

Subject to Clause 1.12 (Excluded Assets) each Chargor charges by way of a first fixed charge all of its rights in respect of:

- (a) any patent, trade mark, service mark, design, business name, copyright, database right, design right, moral right, invention, confidential information, knowhow or other intellectual property right, which may now or in the future subsist;
- (b) any domain names specified opposite that Chargor in Part 5 of Schedule 2 to the Deed, so far as this is permitted by the terms of the relevant contract(s) between the Chargor and the registrar of that domain name; and
- (c) any interest (including by way of licence) in any of the above (which may now or in the future subsist),

in each case, whether registered or not and including all applications for the same.

1.10 Miscellaneous

Subject to Clause 1.12 (Excluded Assets) each Chargor charges by way of a first fixed charge:

- (a) any beneficial interest, claim or entitlement it has to any assets of any pension fund;
- (b) its goodwill;
- (c) the benefit of any authorisation (statutory or otherwise) held in connection with its business or the use of any Security Asset;
- (d) the right to recover and receive compensation which may be payable to it in respect of any authorisation referred to in paragraph (c) above; and
- (e) its uncalled capital.

1.11 Floating charge

- (a) Subject to Clauses 1.12 (Excluded Assets) and 1.13 (Excluded Property) each Chargor charges by way of a first floating charge all of its assets whatsoever and wheresoever not otherwise effectively mortgaged, charged or assigned under the Deed.
- (b) Except as provided below, the Security Agent may by notice to a Chargor convert the floating charge created by that Chargor under the Deed into a fixed charge as regards any of that Chargor's assets specified in that notice, if:
 - (i) an Event of Default is outstanding;
 - (ii) the Security Agent reasonably considers those assets to be in danger of being seized or sold under any form of distress, attachment, execution or other legal process or to be otherwise in jeopardy; or
 - (iii) that Chargor fails to comply, or takes or threatens to take any action which, in the reasonable opinion of the Security Agent, is likely to result in it failing to comply with its obligations under paragraph (a) of Clause 2 (Restrictions on Dealings).
- (c) The floating charge created under the Deed may not be converted into a fixed charge solely by reason of:
 - (i) the obtaining of a moratorium; or
 - (ii) anything done with a view to obtaining a moratorium,under section 1A to the Insolvency Act 1986.
- (d) The floating charge created under the Deed will (in addition to the circumstances in which the same will occur under general law) automatically convert into a fixed charge over all of each Chargor's assets:
 - (i) if an administrator is appointed in respect of any Chargor or the Security Agent receives notice of an intention to appoint an administrator in respect of any Chargor; or
 - (ii) on the convening of any meeting of the members of that Chargor to consider a resolution to wind that Chargor up (or not to wind that Chargor up).

- (e) The floating charge created under the Deed is a **qualifying floating charge** for the purpose of paragraph 14 of Schedule B1 to the Insolvency Act 1986.
- (f) The giving by the Security Agent of a notice under paragraph (b) above in relation to any asset of a Chargor will not be construed as a waiver or abandonment of the Security Agent's rights to give any other notice in respect of any other asset or of any other right of any other Secured Creditor under the Deed or any other Secured Document.

1.12 Excluded Assets

The Security created under this Clause 1 (Creation of Security) shall not extend to the Excluded Assets.

1.13 Excluded Property

Where the terms of any lease or underlease to which all or any part of a Chargor's leasehold property require either a third party's consent to the creation of a Security Interest in respect of that leasehold property or satisfaction of some other condition prior to the creation of such Security Interest, nothing in the Deed shall create or be deemed to create any Security Interest over that leasehold property until such time as such consent has been obtained or such condition satisfied.

2. RESTRICTIONS ON DEALINGS

No Chargor may:

- (a) create or allow to exist any Security Interest on any of its assets; or
- (b) either in a single transaction or in a series of transactions and whether related or not and whether voluntarily or involuntarily dispose of all or any part of its assets,

unless permitted under any of the New RCF Facilities Agreements.

3. POWER OF ATTORNEY

Each Chargor, by way of security, irrevocably and severally appoints the Security Agent, each Receiver and each of their respective delegates and sub-delegates to be its attorney to take any action which that Chargor is obliged to take under the Deed. Each Chargor ratifies and confirms whatever any attorney does or purports to do under its appointment under this Clause.

In this Form 395:

Account Bank means a bank reasonably acceptable to the Security Agent with whom a Security Account is maintained.

Additional Chargor means a member of the Group which becomes a Chargor by executing a Deed of Accession.

Agreement means any of the Existing Facility Agreement, the New Super Senior Credit Agreement, the New Revolving Credit Agreement and the Ancillary Facility Agreements.

AL Facility means each ancillary facility entered into by an Obligor, details of which are set out in the Intercreditor Agreement.

Ancillary Facility Agreement means any of the ancillary facility agreements entered into by a member of the Group and listed in schedule 2 of the Intercreditor Agreement.

Chargor means an Original Chargor and any Additional Chargor.

Deed of Accession means a deed substantially in the form of Schedule 6 to the Deed (Form of Deed of Accession) with those amendments which the Security Agent may approve (acting reasonably).

Education Trustees means Frank Taylor, Peter Brooks and Ivan Bolton as sole trustees of the Findel Education Pension Scheme.

Event of Default has the meaning given to that term in any of the Agreements (as appropriate).

Excluded Assets means the assets of Express Gifts Limited over which it has created Security Interests in favour of Regency Assets Limited pursuant to the receivables participation agreement between, inter alios, (a) Express Gifts Limited (b) Regency Assets Limited and (c) the Parent, originally dated 26 March 2001 as amended and restated on 23 March 2006.

Existing Facility Agreement means the £250,000,000 revolving credit facility agreement dated 3 September 2007 and made between, among others, the Parent and Barclays Bank PLC as facility agent and Security Agent as amended pursuant to a supplemental agreement dated on or about the date of the Deed.

Finance Document means:

- (a) each document documenting an AL Facility;
- (b) each New RCF Facilities Agreement;
- (c) the Existing Facility Agreement;
- (d) a Security Document; or
- (e) any other document designated as a Finance Document in any of the documents referred to in paragraphs (a) to (d) above.

Finance Party means a Lender, the Security Agent or any other person designated as a Finance Party in any Finance Document.

Findel Education Pension Scheme means the pension scheme known as the Findel Education Pension Scheme which is governed by a trust deed dated 5 April 1993 and the rules adopted under that trust deed, in each case as subsequently amended.

Findel Group Pension Fund means the pension scheme known as the Findel Group Pension Fund which is governed by a trust deed dated 11 February 1998 and the rules adopted under that trust deed, in each case as subsequently amended.

Galt Group Employees Pension Scheme means the pension scheme known as the Galt Group Employees Pension Scheme which is governed by a trust deed dated 26 April 1989 and the rules adopted under that trust deed, in each case as subsequently amended.

Galt Trustees means John Bolton, Sue Evans and Ivan Bolton as sole trustees of the Galt Group Employees Pension Scheme.

Group means the Parent and each of its Subsidiaries.

Group Trustee means Findel (Pensions) Limited as sole trustees of the Findel Group Pension Fund.

Intercreditor Agreement means the intercreditor agreement dated on or about the date of the Deed and made between, among others, the Parent, the Security Agent, the Original Facility Agent, the New Super Senior Facility Agent, the New Revolving Facility Agent, the Pension Trustees and the Lenders (as defined therein).

Lenders means those parties named in Schedule 2 to this Form 395 as Lenders.

Mandatory Prepayment Account has the meaning given to that term in any of the New RCF Facilities Agreements.

New RCF Facilities Agreement means the New Revolving Credit Agreement, New Super Senior Credit Agreement and the Existing Facility Agreement.

New Revolving Credit Agreement means the £77,300,000 revolving credit facility agreement dated on or about the date of the Deed between, among others, the Parent and Barclays Bank PLC as facility agent and Security Agent.

New Revolving Facility Agent means Barclays Bank PLC as facility agent for the lenders under the New Revolving Credit Agreement.

New Revolving Lenders means each of the banks, trusts, funds, financial institutions and other persons party to the New Revolving Credit Agreement as a lender or to whom any rights and/or obligations are from time to time novated, transferred or assigned by any lender under the New Revolving Credit Agreement.

New Super Senior Credit Agreement means the £37,700,000 revolving credit facility agreement dated on or about the date of the Deed and made between, among others, the Parent and Barclays Bank PLC as facility agent and Security Agent.

New Super Senior Facility Agent means Barclays Bank PLC as facility agent for the lenders under the New Super Senior Credit Agreement.

New Super Senior Lenders means each of the banks, trusts, funds, financial institutions and other persons party to the New Super Senior Credit Agreement as a lender or to whom any rights and/or obligations are from time to time novated, transferred or assigned by any lender under the New Super Senior Credit Agreement.

Obligor means each "Obligor" as defined in any of the Agreements.

Original Chargor means the companies listed in Schedule 1 to this Form 395 as original chargors.

Original Facility Agent means Barclays Bank PLC as facility agent for the lenders under the Existing Facility Agreement.

Original Property means any freehold or leasehold property specified in Part 1 of Schedule 2 to this Form 395 (Security Assets).

P&T Trustees means Ian Horsfield, Alan Waite and SBJ Professional Trustees Limited as sole trustees of the Philip & Tacey Retirement Benefits Plan (1974).

Parent means Findel PLC (registered number 549034) with its registered office at Burley House Bradford Road, Burley In Wharfedale, Ilkley, West Yorkshire, LS29 7DZ.

Pension Document means, in relation to a Pension Scheme, any trust deed or rules governing that Pension Scheme.

Pension Scheme means the Findel Group Pension Fund, the Findel Education Pension Scheme, the Galt Group Employees Pension Scheme or the Philip & Tacey Retirement Benefits Plan (1974).

Pension Trustees means the Group Trustees, the Education Trustees, the Galt Trustees or the P&T Trustees.

Philip & Tacey Retirement Benefits Plan (1974) means the pension scheme known as the Philip & Tacey Retirement Benefits Plan (1974) which is governed by a trust deed dated 3 June 1994 and the rules adopted under that trust deed, in each case as subsequently amended

Placing Proceeds Account has the meaning given to that term in any of the New RCF Facilities Agreements.

PS Debt means all amounts (excluding prospective or contingent amounts) payable or owing by any Obligor to any Pension Trustees or arising under statute or in connection with any documentation entered into in connection with any Pension Scheme.

Receiver means an administrative receiver, a receiver and manager or a receiver, in each case, appointed under the Deed.

Restricted Account means the Mandatory Prepayment Account and the Placing Proceeds Account and includes:

- (a) if there is a change of Account Bank, any account into which all or part of a credit balance from a Restricted Account is transferred; and
- (b) any account which is a successor to a Restricted Account on any re-numbering or re-designation of accounts and any account into which all or part of a balance from a Restricted Account is transferred for investment or administrative purposes.

Secured Creditor means a Finance Party or a Pension Trustee.

Secured Document means a Finance Document or a Pension Document.

Security means any security or guarantee created, granted or purported to be created or granted under the Deed.

Security Agreement means each security agreement entered into by an Obligor and the Security Agent.

Security Account means in relation to any Chargor:

- (a) its blocked accounts; and
- (b) any other account which it purports to charge under the Deed.

Security Assets means all assets of each Chargor the subject of the Security.

Security Document means:

- (c) each Security Agreement (other than any Webb Security Document); and
- (d) any document under which a guarantee is given.

Security Interest means any mortgage, pledge, lien, charge, assignment, hypothecation or security interest or any other agreement or arrangement having a similar effect.

Subsidiary means a subsidiary within the meaning of section 1159 of the Companies Act 2006.

SCHEDULE 1
THE CHARGORS

CHARGORS	JURISDICTION OF INCORPORATION	REGISTRATION NUMBER
Findel PLC	England	549034
Express Gifts Limited	England	718151
Findel Education Limited	England	1135827
Nottingham Rehab Limited	England	1948041
I Want One of Those.com Limited	England	5933617
Kitbag Limited	England	5933624
Kleeneze Limited	England	5801085
Letterbox Mail Order Limited	England	2294353
Confetti Network Limited	England	3640609
Findel Direct Limited	England	3231932
The Cotswold Company Limited	England	3235153
NRS Mobility Care Limited	England	5705293
2Care4 Limited	England	3806485
Findel Wholesale Limited	England	3854820
Care Cards Limited	England	736905
Findel Education (2002) Limited	England	65938
Findel Gifts Limited	England	898551
Findel Stationery Limited	England	3854826
Fine Art Developments (Supplies) Limited	England	766067
Heron Educational Limited	England	2182323
Kitbag.com Limited	England	3521925
Kitbag Sports Limited	England	3725039

Living and Learning Limited	England	4827438
NES Arnold Limited	England	2379680
Nottingham Group Limited	England	3486461
Philip Harris Limited	England	3019437
Unilab Holdings Limited	England	622682
Unilab Limited	England	2462085
Findel Education Group Limited	England	2445588
Kleeneze Ireland Limited	Republic of Ireland	IR215390
Fine Art Developments (Far East) Limited	Hong Kong	104780

SCHEDULE 2

LENDERS

Allied Irish Banks p.l.c.

Bank of Scotland PLC

Barclays Bank PLC

HSBC Bank plc

Lloyds TSB Bank plc

National Australia Bank Limited

The Royal Bank of Scotland plc (acting as agent for National Westminster Bank plc)

Clydesdale Bank PLC



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

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

**COMPANY NO. 1135827
CHARGE NO. 1**

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES
HEREBY CERTIFIES THAT A SECURITY AGREEMENT DATED 24
JULY 2009 AND CREATED BY FINDEL EDUCATION LIMITED
FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM
EACH OBLIGOR TO ANY SECURED CREDITOR ON ANY
ACCOUNT WHATSOEVER UNDER THE TERMS OF THE
AFOREMENTIONED INSTRUMENT CREATING OR EVIDENCING
THE CHARGE WAS REGISTERED PURSUANT TO CHAPTER 1
PART XII OF THE COMPANIES ACT 1985 ON THE 4 AUGUST
2009

GIVEN AT COMPANIES HOUSE, CARDIFF THE 10 AUGUST 2009



Companies House
— for the record —



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES