



CHA 116

COMPANIES FORM No. 155(6)a

**Declaration in relation to
assistance for the acquisition
of shares.****155(6)a**Please do not
write in this
margin

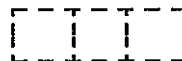
Pursuant to section 155(6) of the Companies Act 1985

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

To the Registrar of Companies

For official use

Company number



2003672

Note
Please read the notes
on page 3 before
completing this form

Name of company

* QUALITY CARE HOMES LIMITED

*Insert full name
of company

I/We† GRAHAM NICHOLAS ELLIOTT of 9 BOWMAN'S CLOSE, STEYNING, WEST SUSSEX

BN44 3SR, JAMES PAUL FLAHERTY of 28 HARLEY HOUSE, MARYLEBONE, LONDON

NW1 5HF, BARBARA-ANN MAXWELL of 17 CRIEFF ROAD, LONDON SW18 2EB,

CHRISTOPHER ROOT of 29 SELWYN AVENUE, RICHMOND, SURREY TW9 2HB,

PHILIP SCOTT of 2 OAKWOOD AVENUE, CARRYDUFF, BELFAST, NORTHERN

IRELAND BT8 8SW, JAMES GLYNN WEST of ORCHARD HOUSE, EASTLING,

FAVERSHAM, KENT ME13 0AZ and GRAEME WILLIS of 13 ROCKMOUNT CLOSE,

SAINTFIELD, BALLYNAHINCH, COUNTY DOWN, NORTHERN IRELAND BT24 7AW

§Delete as
appropriate

I, the sole director [all the directors]§ of the above company do solemnly and sincerely declare that:

The business of the company is:

†Delete whichever
is inappropriate(a) ~~that of a recognised bank (licensed institution) within the meaning of the Banking Act 1979†~~(b) ~~that of a person authorised under section 300† of the Insurance Companies Act 1982 to carry on insurance business in the United Kingdom†~~

(c) something other than the above†

The company is proposing to give financial assistance in connection with the acquisition of shares in the

[company] ~~[company's holding company]~~The assistance is for the purpose of ~~[that acquisition]~~ [reducing or discharging a liability incurred for the purpose of that acquisition].§

The number and class of the shares acquired or to be acquired is: 13,766,926

ORDINARY SHARES OF 10 PENCE EACH

Presentor's name, address and
reference (if any):Simmons & Simmons
21 Wilson Street
London
EC2M 2TX

For official use

General Section

Post room

KLO *KQT94210* 2269
COMPANIES HOUSE 02/01/98DX: 12 London
5/U51164/RJA D5-250304

The assistance is to be given to: (note 2) SEE ANNEX 1

Please do not
write in this
margin

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

The assistance will take the form of:

SEE ANNEX 2

The person who [has acquired] ~~[will acquire]~~* the shares is:

*Delete as
appropriate

PRINCIPAL HEALTHCARE PLC WHOSE REGISTERED OFFICE IS AT 145 CANNON STREET,
LONDON EC4N 5BP

The principal terms on which assistance will be given are:

SEE ANNEX 3

The amount of cash to be transferred to the person assisted is £ NIL

The value of any asset to be transferred to the person assisted is £ SEE ANNEX 4

The date on which the assistance is to be given is R.S. a date within the period of eight weeks commencing
on 22 December 1997, being the date of this Declaration

Please do not
write in this
margin

The date on which the assistance is to be given is

a date within the period of eight weeks commencing
on 22 December 1997, being the date of this Declaration ^{RB}

19

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

^{RB} X/We have formed the opinion, as regards this company's initial situation immediately following the date on which the assistance is proposed to be given, that there will be no ground on which it could then be found to be unable to pay its debts. (note 3)

^{RB} (a) X/We have formed the opinion that this company will be able to pay its debts as they fall due during the year immediately following that date]* (note 3)

*Delete either (a) or
(b) as appropriate

^{RB} (b) ~~[It is intended to commence the winding up of this company within 12 months of the date, and X/We have formed the opinion that this company will be able to pay its debts in full within 12 months of the commencement of the winding up]* (note 3)~~

^{RB} And X/we make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1835.

Declared at 145 Cannon St London

Declarants to sign below

the 22nd day of DECEMBER

One thousand nine hundred and 97

before me Ruairi R. Smith

A Commissioner for Oaths or Notary Public or Justice of the Peace or a Solicitor having the powers conferred on a Commissioner for Oaths.

NOTES

- 1 For the meaning of "a person incurring a liability" and "reducing or discharging a liability" see section 152(3) of the Companies Act 1985.
- 2 Insert full name(s) and address(es) of the person(s) to whom assistance is to be given; if a recipient is a company the registered office address should be shown
- 3 Contingent and prospective liabilities of the company are to be taken into account - see section 156(3) of the Companies Act 1985.
- 4 The auditors report required by section 156(4) of the Companies Act 1985 must be annexed to this form.

No. 2003672

QUALITY CARE HOMES LIMITED

Annex 1 to Form 155(6)a

The assistance (if any) is to be given to:

1. Principal Healthcare Finance Limited a public company incorporated in Jersey, Channel Islands whose registered office is at Cater Allen House, Commercial Street, St Helier, Jersey JE2 3RU ("Principal") and/or
2. Principal Healthcare PLC (a wholly-owned subsidiary of Principal Healthcare Finance Limited) a public company incorporated in England and Wales under registered number 3326678 whose registered office is at 145 Cannon Street, London EC4N 5BP ("Principal UK") and/or
3. Evedale Care Home Limited a company incorporated in England and Wales under registered number 3424776 whose registered office is at 69 Eccleston Square, London SW1V 1PJ ("Evedale") and/or
4. Downing Healthcare Protected VCT plc a public company incorporated in England and Wales under registered number 3307917 whose registered office is at 69 Eccleston Square, London SW1V 1PJ ("Downing").

No. 2003672

QUALITY CARE HOMES LIMITED

Annex 2 to Form 155(6)a

The assistance, if any, will take the form of:

The assistance, if any, given pursuant to the agreements a brief description of which, and of the parties to which, is set out below.

The parties referred to in such agreements are:

The above company, namely QUALITY CARE HOMES LIMITED (the "Company") whose registered office is at 145 Cannon Street, London EC4N 5BP, and

EVEDALE CARE HOME LIMITED whose registered office is as stated in Annex 1 to the Form 155(6)a to which this is an Annex.

The Agreements referred to above are -

1. An Agreement (the "Property Sale Agreement") to be made between the Company (1) and Evedale (2).
2. An Agreement (the "Business Sale Agreement") to be made between the Company (1) and Evedale (2).

QUALITY CARE HOMES LIMITED

Annex 3 to Form 155(6)a

The principal terms on which assistance, if any, will be given are:

The principal terms are contained in the agreements referred to in Annex 2 ("Annex 2") to the form 155(6)a to which this is an Annex and are summarised as set out below. Words and expressions defined in Annex 1 to the form 155(6)a to which this is an Annex and in Annex 2 and used in this Annex have the same meanings in this Annex.

1. Pursuant to the Property Sale Agreement, the Company will sell to Evedale the property (the "Home") known as Evedale Nursing Home, Occupation Road off Burns Road, Coventry, CV2 4AB, which is registered at H M Land Registry under Title Number WM 620783. The consideration for such sale will be £1,460,000 of which £1,050,000 will be paid in cash on completion of the sale and £410,000 (the "Deferred Consideration") will be paid on the first working day seven months after completion.
2. Pursuant to the Business Sale Agreement, the Company will sell to Evedale the business (the "Business") carried on by it at the Home of operating there a mental nursing and residential care home. The consideration for such sale will be £101,003 payable in cash on completion.

The financial assistance which will, or which may, be given by the Company as a consequence of entering into the above agreements arises because under the Property Sale Agreement

- (i) the consideration receivable by the Company for the sale of the Home is or may be less than its market value; and
- (ii) part of the consideration so receivable by the Company, namely, the Deferred Consideration, will not be paid at completion of that agreement, at which time obligations of the Company are to be fulfilled.

The agreement by the Company to sell the Home for a consideration which is or may be less than its market value and to receive the Deferred Consideration at a date subsequent to completion of the Property Sale Agreement and the Business Sale Agreement may accordingly entail the giving indirectly of financial assistance by the Company by reason of such undervalue and of the fact that the Company will have fulfilled its obligations to transfer the Home and the Business at a time when Evedale's obligation to make payment of the price for the Home will not wholly have been fulfilled.

The Directors of the Company are of the opinion that any such financial assistance as is referred to in sub-paragraph (i) above will reduce the Company's net assets by £172,056 and such assistance will be provided out of distributable profits.

The Directors of the Company have concluded that it is not appropriate to make any provision in the accounts of the Company with respect to the risk that Evedale will not make payment of the Deferred Consideration referred to in sub-paragraph (ii) above and are accordingly of the opinion that any financial assistance given by the Company as referred to above will not reduce the Company's net assets.

No. 2003672

QUALITY CARE HOMES LIMITED

Annex 4 to Form 155(6)a

The aggregate value of the Home and the Business to be transferred to Evedale, one of the persons named in Annex 1 to the Form 155(6)a to which this is an Annex, pursuant to the Property Sale Agreement and the Business Sale Agreement is £1,561,003.

Words and expressions defined in Annexes 1, 2 and 3 to the Form 155(6)a to which this is an Annex and used in this Annex have the same meanings in this Annex.

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To the Registrar of Companies

For official use

Company number

[] [] [] []

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FAVERSHAM, KENT ME13 0AZ and GRAEME WILLIS of 13 ROCKMOUNT CLOSE,

SAINTFIELD, BALLYNAHINCH, COUNTY DOWN, NORTHERN IRELAND BT24 7AW

Delete as
appropriate

[The sole director] [all the directors]§ of the above company do solemnly and sincerely declare that:

The business of the company is:

Delete whichever
is inappropriate~~(a) XXXX of XXX licensed bank XXXX within the meaning of the Banking Act 1987~~~~(b) XXXX of XXX person authorised under section XXXX of the Insurance Companies Act 1982 to carry on insurance business in the United Kingdom~~

(c) something other than the above†

The company is proposing to give financial assistance in connection with the acquisition of shares in the

[company] ~~[company's holding company]~~ _____The assistance is for the purpose of ~~[the acquisition]~~ [reducing or discharging a liability incurred for the purpose of that acquisition].§The number and class of the shares acquired or to be acquired is: 13,766,926
ORDINARY SHARES OF 10 PENCE EACHPresenter's name, address and
reference (if any):Simmons & Simmons
21 Wilson Street
London
EC2M 2TX

For official use

General Section

Post room

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in black type, or
bold block lettering

Delete either (a) or
(b) as appropriate

~~On~~ We have formed the opinion, as regards the company's initial situation immediately following the date on which the assistance is proposed to be given, that there will be no ground on which it could then be found to be unable to pay its debts. (note 3)

(a) ~~We~~ We have formed the opinion that the company will be able to pay its debts as they fall due during the year immediately following that date ~~†~~ (note 3)

(b) ~~It is intended to commence the winding-up of the company within 12 months of that date, and we have formed the opinion that the company will be able to pay its debts in full within 12 months of the commencement of the winding-up.~~ ~~†~~ (note 3)

And we make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1835.

Declared at 578 Morgan Durlingon
in the County of Durham

the 22nd day of December 1997

One thousand nine hundred and ninety seven

before me [Signature]

A Commissioner for Oaths or Notary Public or Justice of the Peace or a Solicitor having the powers conferred on a Commissioner for Oaths.

DAVID PEYERLEY BEDFORD
Solicitor

Declarants to sign below

[Signature]

NOTES

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REPORT TO THE DIRECTORS OF QUALITY CARE HOMES LIMITED

We have examined the attached statutory declaration of the directors dated *22 December 1997* in connection with the proposed financial assistance to be given by Quality Care Homes Limited in connection with the sale of the Evedale property.

Basis of opinion

We have enquired into the state of affairs of the company so far as necessary for us to review the bases for the statutory declaration.

Opinion

We are not aware of anything to indicate that the opinion expressed by the directors in the attached declaration as to any of the matters mentioned in section 156 (2) of the Companies Act 1985 is unreasonable in all the circumstances.

Ernst & Young

Ernst & Young

22 December 1997