



**155(6)b**

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COMPANIES HOUSE

0249  
19/06/02

The assistance is for the purpose of ~~XXXXXXXXXXXX~~ [reducing or discharging a liability incurred for the purpose of that acquisition].† (note 1)

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

The number and class of the shares acquired or to be acquired is: 1,261,100 ordinary shares of £0.01 each in the capital of this company

The assistance is to be given to: (note 2) Acorndrive Limited (Registered No. 4167362), Orbital House, Park View Road, Berkhamsted, HP4 3EY

The assistance will take the form of:

See Appendix A

The person who [has acquired] ~~XXXXXXXX~~ the shares is:

Acorndrive Limited (Registered No. 4167362), Orbital House, Park View Road, Berkhamsted, HP4 3EY

† delete as appropriate

The principal terms on which the assistance will be given are:

See Appendix B

The amount (if any) by which the net assets of the company which is giving the assistance will be reduced by giving it is £Nil

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 £ nil

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The date on which the assistance is to be given is See Appendix C

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

☒ 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)

(a) ☒ 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

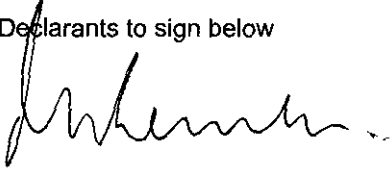
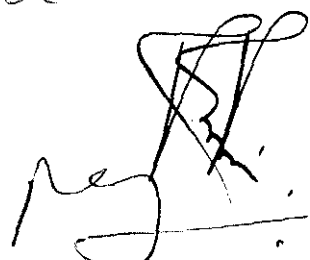
(b) ~~XXXXXX We have formed the opinion that this company will be unable to pay its debts as they fall due during the year immediately following that date. (note 3)~~

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

Royal London House  
22-25 Finsbury Square  
London EC2A 1DX

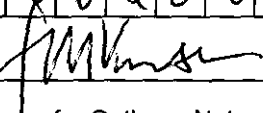
Declarants to sign below

  
Ben Cross  


Day Month Year  
on 

1	1	0	6	2	0	0	2
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before me

  
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.
- 5 The address for companies registered in England and Wales or Wales is:-

The Registrar of Companies  
Companies House  
Crown Way  
Cardiff  
CF14 3UZ

or, for companies registered in Scotland:-

The Registrar of Companies  
Companies House  
37 Castle Terrace  
Edinburgh  
EH1 2EB

**ASQUITH COURT SCHOOLS MANAGEMENT SERVICES LIMITED**  
**(Company Number 3077271)**  
**("the Assisting Company")**

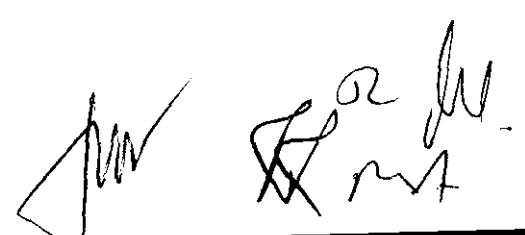
**APPENDICES TO FORM 155(6)(B)**

**ASQUITH COURT HOLDINGS LIMITED (COMPANY NUMBER 2512315)**

**APPENDIX A**

The assistance will take the form of the execution, delivery and performance by the Assisting Company of the following documents to which the Assisting Company is to be a party, as the same may be amended, varied, supplemented or substituted from time to time:

- (a) a facility agreement (the "**Facility Agreement**") to be entered into between Acorndrive Limited, Acorndrive Limited and the other companies listed in Part 1 of Schedule 1 thereto (as Original Borrowers), Chestnutbay Limited and the other companies listed in Part 2 of Schedule 1 thereto, *inter alia* the Assisting Company, (as Original Guarantors), The Governor and Company of the Bank of Scotland (as Arranger, Original Lender, Agent, Issuing Bank, Security Agent and LNG Bank), in relation to a £37 million term loan facility and a £6 million revolving credit facility;
- (b) a debenture (the "**Debenture**") to be granted by Chestnutbay Limited and certain of its Subsidiaries, *inter alia* the Assisting Company, (as Chargors) in favour of The Governor and Company of the Bank of Scotland (as Security Agent);
- (c) a subordination deed (the "**Subordination Deed**") pursuant to which Chestnutbay Limited and certain of its Subsidiaries including the Assisting Company will acknowledge the priorities of security and contractual arrangements made between *inter alia* the Finance Parties and the Investors (each as defined therein); and
- (d) an inter-company loan agreement (the "**Inter-Company Loan Agreement**") to be entered into by Acorndrive Limited, Acorndrift Limited, Asquith Court Holdings Limited and each Target Subsidiary, including the Assisting Company in terms of which Acorndrift Limited, Asquith Court Holdings Limited and the Target Subsidiaries, including the Assisting Company will make available to Acorndrive Limited a revolving credit facility under which sufficient sums will be lent to Acorndrive Limited to repay and discharge all monies owing and all obligations outstanding by Acorndrive Limited to the Finance Parties.

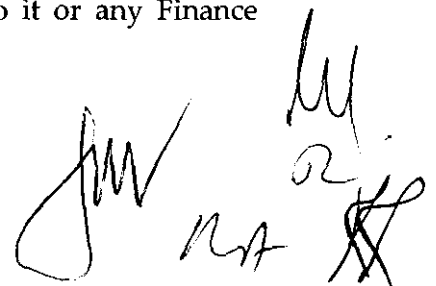


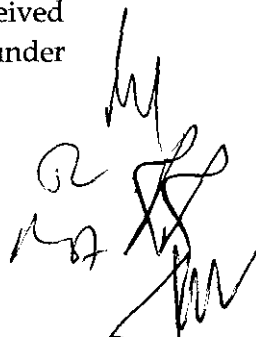
## APPENDIX B

The principal terms on which the assistance will be given are:

### 1. Facility Agreement

- 1.1. Under the terms of the Facility Agreement, the Assisting Company irrevocably and unconditionally jointly and severally:
  - (a) guarantees to each Finance Party punctual performance by each Borrower of all that Borrower's obligations under the Finance Documents;
  - (b) undertakes with each Finance Party that whenever a Borrower does not pay any amount when due under or in connection with any Finance Document, that the Assisting Company shall immediately on demand pay that amount as if it was the principal obligor; and
  - (c) undertakes to indemnify each Finance Party immediately on demand against any cost, loss of liability suffered by that Finance Party if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal. The amount of the cost, loss or liability shall be equal to the amount which that Finance Party would otherwise have been entitled to recover.
- 1.2. The guarantee detailed in Clause 1.1 above is a continuing guarantee and will extend to the ultimate balance of sums payable by any Obligor under the Finance Documents regardless of any intermediate payment or discharge in whole or in part.
- 1.3. If any payment by an Obligor or any discharge given by a Finance Party (whether in respect of the obligations of any Obligor or any security for those obligations or otherwise) is avoided or reduced as a result of insolvency or any similar event:
  - (a) the liability of each Obligor shall continue as if the payment, discharge, avoidance or reduction had not occurred; and
  - (b) each Finance Party shall be entitled to recover the value or amount of that security or payment from each Obligor, as if the payment, discharge, avoidance or reduction had not occurred.
- 1.4. The obligations of each Guarantor under Clause 20 of the Facility Agreement will not be affected by any act, omission, matter or thing which, but for this Clause, would reduce, release or prejudice any of its obligations under Clause 20 of the Facility Agreement (whether or not known to it or any Finance Party) including:

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- (a) any time, waiver or consent granted to, or composition with, any Obligor or other person;
  - (b) the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;
  - (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Obligor or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
  - (d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of an Obligor or any other person;
  - (e) any amendment (however fundamental) or replacement of a Finance Document or any other document or security;
  - (f) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or security; or
  - (g) any insolvency or similar proceedings.
- 1.5. Each Guarantor waives any right it may have of first requiring any Finance Party (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from that Guarantor under Clause 20 of the Facility Agreement. This waiver applies irrespective of any law, regulation or any provision of a Finance Document to the contrary.
- 1.6. Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full, each Finance Party (or any trustee or agent on its behalf) may:
- (a) refrain from applying or enforcing any other moneys, security or rights held or received by that Finance Party (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and no Guarantor shall be entitled to the benefit of the same; and
  - (b) hold in an interest-bearing suspense account any moneys received from any Guarantor or on account for any Guarantor's liability under Clause 20 of the Facility Agreement.
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1.7. Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full and unless the Agent otherwise directs, no Guarantor will exercise any rights which it may have by reason of performance by it of its obligations under the Finance Documents:

- (a) to be indemnified by an Obligor;
- (b) to claim any contribution from any other guarantor of any Obligor's obligations under the Finance Documents; and/or
- (c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Finance Parties under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents any Finance Party.

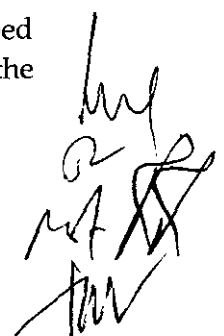
1.8. The guarantee detailed in Clause 1.1 above is in addition to and is not in any way prejudiced by any other guarantee or security now or subsequently held by any Finance Party.

## 2. Debenture

2.1 Under the terms of the Debenture, the Assisting Company covenants that it will on demand in writing made to it by the Security Agent pay or discharge to the Security Agent all money and liabilities now or in the future due, owing or incurred to each Beneficiary by such Assisting Company, under or pursuant to the Finance Documents whether on or after such demand, whether actually or contingently, whether solely or jointly with any other person, whether as principal or surety and whether or not the relevant Beneficiary was an original party to the relevant transaction, including all interest, commission, fees, charges, costs and expenses which each Beneficiary may in the course of its business charge or incur in respect of any member of the Group or its affairs and so that interest shall be computed and compounded in accordance with the Finance Documents (after as well as before any demand or judgment). The making of one demand under the Debenture does not preclude the Security Agent from making any further demands.

2.2 Under the terms of the Debenture, the Assisting Company with full title guarantee charges to the Security Agent with the payment or discharge of all Secured Sums:

- (a) by way of first legal mortgage, all freehold and leasehold Land in England and Wales now vested in such Assisting Company and registered at HM Land Registry, including the Land described opposite its name in Schedule 2 (*Freehold and Leasehold Land*) of the Debenture;



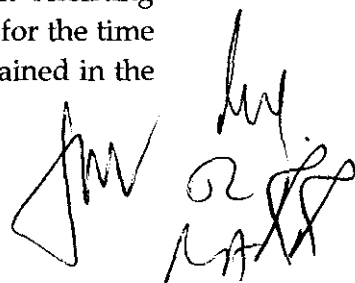
- (b) by way of first legal mortgage, all other freehold and leasehold Land in England and Wales now vested in such Assisting Company and not registered at HM Land Registry, including the Land described opposite its name in Schedule 2 (*Freehold and Leasehold Land*) of the Debenture;
- (c) by way of first fixed charge, all land in the future becoming the property of such Assisting Company;
- (d) by way of first charge, all interests in land or the proceeds of sale of Land now or in the future belonging to such Assisting Company which have not already been charged under the preceding provisions of Clause 3.1 of the Debenture and all licences now or in the future held by such Assisting Company to enter upon, use or exploit Land and the benefit of all options, easements, agreements for lease and other agreements relating to the acquisition, use, exploitation or disposal of Land to which such Assisting Company is or may in the future become entitled;
- (e) by way of first fixed charge, all plant and machinery of such Chargor now or in the future attached to any Land which, or an interest in which, is charged under the preceding provisions of Clause 3.1 of the Debenture and all rights and interests of such Assisting Company under all present and future agreements for the purchase, maintenance or use of plant and machinery so attached;
- (f) by way of first fixed charge, all rental and other income and all debts and claims now or in the future due or owing to such Assisting Company under or in connection with any lease, agreement or licence relating to Land;
- (g) by way of first fixed charge, all Securities belonging to such Assisting Company;
- (h) by way of first fixed charge, all contracts and policies of insurance and assurance now or in the future held by or otherwise benefiting such Assisting Company and all rights and interests of such Assisting Company in every such contract and policy (including the benefit of all claims arising and all money payable under such contracts and policies);
- (i) by way of first fixed charge, all the goodwill and uncalled capital for the time being of such Assisting Company;
- (j) (i) by way of first fixed charge all Intellectual Property belonging to such Assisting Company now or in the future, in any part of the world (including the Trade Marks and any Intellectual

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Property to which such Assisting Company is not absolutely entitled) or to which it is entitled together with others);

- (ii) by way of first fixed charge all the benefit of agreements and licences now or in the future entered into or enjoyed by such Assisting Company relating to the use or exploitation of any Intellectual Property in any part of the world; and
- (iii) by way of first fixed charge all trade secrets, confidential information and know how owned or enjoyed by such Assisting Company now or in the future in any part of the world;
- (k) by way of first fixed charge, all book and other debts now or in the future owing to such Assisting Company and all rights and claims of such Assisting Company against third parties, present and future, capable of being satisfied by the payment of money (except rights and claims effectively charged under the preceding provisions of Clause 3.1 of the Debenture);
- (l) by way of first fixed charge, the benefit of all negotiable instruments, guarantees, bonds, debentures, legal or equitable charges and all other security, reservation of proprietary rights, rights of tracing, unpaid vendor's liens and all other rights and remedies now or in the future available to such Assisting Company as security for any Receivable or for the performance by any third party of any obligation now or in the future owed to such Assisting Company;
- (m) by way of first fixed charge, all money at any time standing to the credit of any Collection Account relating to such Assisting Company, including the proceeds of all its Receivables, which proceeds shall, for the avoidance of doubt, on payment into such Collection Account cease to be subject to the charges contained in the preceding provisions of Clause 3.1 of the Debenture but shall be subject to the fixed charge contained in Clause 3.1 paragraph (m) of the Debenture;
- (n) by way of first fixed charge, all money at any time standing to the credit of any Realisation Account;
- (o) by way of first fixed charge all money at any time standing to the credit of any other bank account (other than the DKW Cash Collateral Account) relating to such Assisting Company;
- (p) by way of floating charge:
  - (i) all Assets now or in the future owned by such Assisting Company except to the extent that such Assets are for the time being effectively charged by any fixed charge contained in the



preceding provisions of Clause 3.1 of the Debenture, including any Assets comprised within a charge which is reconverted under Clause 3.6 of the Debenture; and

- (ii) without exception all Assets insofar as they are for the time being situated in Scotland;

but in each case so that such Assisting Company shall not create any mortgage or any fixed or floating charge or other security over any Floating Charge Asset (whether having priority over, or ranking *pari passu* with or subject to, the floating charge) or take any other step referred to in Clause 6.1(a) (*Negative Pledge and Other Restrictions*) of the Debenture with respect to any Floating Charge Asset and such shall not, without the prior written consent of the Security Agent, sell, transfer, part with or dispose of any Floating Charge Asset except by way of sale in the ordinary course of its business.

2.3 Under the terms of the Debenture, the Assisting Company with full title guarantee hereby assigns (insofar as they are capable of being assigned by way of security) in favour of the Security Agent but subject to the right of such Assisting Company to redeem such assignment upon the full payment or discharge of all Secured Sums:

- (a) all claims of such Assisting Company against all persons who are now or in the future the lessees, sub-lessees or licensees of its Land and all guarantors and sureties for the obligations of such persons;
- (b) the benefit of all guarantees, warranties and representations given or made to such Assisting Company by, and any rights or remedies against, all or any of the manufacturers, suppliers or installers of any fixtures now or in the future attached to such Land;
- (c) the benefit of all rights and claims to which such Assisting Company is now or in the future entitled under any agreements for lease, agreements for sale, contracts, options or undertakings relating to any estate, right or interest in or over such Land;
- (d) all rights and claims to which such Assisting Company is now or in the future entitled against any builder, contractor or professional adviser engaged in relation to such Land or property development or works, including, without limitation, under any collateral warranty or similar agreement;
- (e) the benefit of all rights and claims to which such Assisting Company is now or in the future entitled under or in respect of any joint venture, partnership or similar arrangement or agreement;
- (f) the Acquisition Agreement Claims of such Assisting Company; and

- (g) the Asquith Acquisition Agreement Claims of such Assisting Company.

**3. Subordination Deed**

In terms of the Subordination Deed, Chestnutbay Limited and certain of its Subsidiaries (including the Assisting Company) will acknowledge the priorities of security and contractual arrangements made between, *inter alia*, the Finance Parties and the Investors.

**4. Inter-Company Loan Agreement**

In terms of the Inter-Company Loan Agreement, Acorndrift Limited, Asquith Court Holdings Limited and the Target Subsidiaries (including the Assisting Company) will make available to Acorndrive Limited a revolving credit facility of £165 million to repay and discharge all monies owing and all obligations outstanding by Acorndrive Limited under the Finance Documents.

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## APPENDIX C

The assistance shall be provided on the date hereof or within 8 weeks of the date hereof.

OR  
Phy.  
R  
JW

## APPENDIX D - DEFINITIONS

Defined Term	Meaning
Accession Letter	a document in the Agreed Terms, which shall be substantially in the form set out in Schedule 7 ( <i>Form of Accession Letter</i> ) of the Facilities Agreement);
Acquisition	the acquisition of Downsend Parent Company Limited by Asquith Court Schools Limited on the terms of the Acquisition Agreements;
Acquisition Agreements	the Sale and Purchase Agreement and any related agreements, or other agreements referred to in the Sale and Purchase Agreement;
Acquisition Agreement Claims	all the Chargors' rights, title and interest and benefit in and to, and any sums payable to the Chargors pursuant to, all representations, warranties, undertakings and indemnities to, agreements with and security to be provided in favour of the Chargors, and any rights of abatement or set-off, and all other rights of recovery under or pursuant to the Acquisition Agreements;
Additional Guarantor	a company which becomes an Additional Guarantor in accordance with Clause 28 ( <i>Change to the Obligors</i> ) of the Facilities Agreement;
Agent	The Governor and Company of the Bank of Scotland as agent for the other Finance Parties;
Agreed Terms	the form of a document initialled on behalf of the Agent and Acomdrive Limited, or if no such form has been agreed, in such form as the Agent may reasonably require;
Ancillary Borrower	any Borrower designated as a borrower in respect of any Ancillary Facility in accordance with Clause 6.1 ( <i>Establishment of Ancillary Facilities</i> ) of the Facilities Agreement;
Ancillary Document	each facility letter or other document from an Ancillary Lender to any Ancillary Borrower from time to time relating to or evidencing the

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	operation of any Ancillary Facilities;
Ancillary Facilities	any ancillary facilities provided pursuant to, and in accordance with, Clause 6 ( <i>Ancillary Facilities</i> ) of the Facilities Agreement;
Ancillary Lender	any Lender which provides Ancillary Facilities pursuant to Clause 6 ( <i>Ancillary Facilities</i> ) of the Facilities Agreement;
Arranger	The Governor and Company of the Bank of Scotland in its capacity as arranger of the Facilities;
Asquith Acquisition Agreements	the Asquith Sale and Purchase Agreement and any related agreements, or other agreements referred to in the Asquith Sale and Purchase Agreement;
Asquith Acquisition Agreement Claims	all the Assisting Company's rights, title and interest and benefit in and to, any sums payable to the Assisting Company pursuant to all representations, warranties, undertaking and indemnities to, agreements with and security to be provided in favour of the Assisting Company and any rights of abatements or set off and all other rights of recovery under or pursuant to the Asquith Acquisition Agreements;
Asquith Sale and Purchase Agreement	the sale and purchase agreement dated 10 May 2001 in relation to the acquisition of Asquith Court Holdings Limited between Acorndrive Limited and the Asquith Vendors;
Asquith Vendors	the Investment Vendors and the Management Vendor (as those terms are defined in the Asquith Sale and Purchase Agreement);
Assets	in relation to a Chargor, all its undertaking, property, assets, rights and revenues whatever, present or future, wherever situated in the world and includes each or any of them;
Beneficiary	any Senior Finance Party and any Hedging Bank (each as defined in the Debenture);
Borrowers	Chestnutbay Limited, Acorndrive Limited, Acorndrift Limited unless Chestnutbay Limited or Acorndrift Limited have ceased to be Borrowers in accordance with Clause 27 ( <i>Changes to the</i>

*Handwritten signatures and initials:*  
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 R.R.  
 R.R.

*Obligors*) of the Facilities Agreement);

Chargor	any company named in Schedule 1 ( <i>The Chargers</i> ) of the Debenture and includes (with effect from its execution and delivery of an agreement under which it accedes to the Debenture or of a Debenture in terms similar to the Debenture) any company which subsequently adopts the obligations of a Chargor;
Collection Account	has the meaning given to it by Clause 5.1 ( <i>Collection of Receivables</i> ) of the Debenture;
Completion	completion of the Acquisition;
Completion Date	the date of Completion;
DKW Guarantee	the cash collateralised guarantee dated 10 May 2001 (as amended by a deed of variation dated 25 March 2002) of the principal amount of the LNG Notes given by Dresdner Bank AG, London Branch;
DKW Cash Collateral Account	the account with Dresdner Bank, AG London Branch "DKW Acorndrive Limited Cash Collateral Account" bearing number 153369, and over which Acorndrive Limited has granted a first fixed charge in favour of Dresdner Bank AG London Branch as cash collateral for the DKW Guarantee;
Facilities	the Term Facilities and the Revolving Facilities and "Facility" shall be construed accordingly;
Fee Letter	any letter dated on or about the date of this Agreement or subsequently entered into between Acorndrive Limited and the Agent, the Arranger and/or Issuing Bank and countersigned by Acorndrive Limited setting out any of the fees referred to in Clause 14 ( <i>Fees</i> ) of the Facilities Agreement;
Finance Document	the Facilities Agreement, any Fee Letter, any Accession Letter and Resignation Letter, any Security Document, any Hedging Document, the Subordination Deed, any Transfer Certificate or undertaking delivered pursuant to Clause 27 ( <i>Changes to the Lenders</i> ) of the Debenture, any Ancillary Document and any other document

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	designated as such by the Agent and Acorndrive Limited;
Finance Party	the Agent, the Security Agent, the Issuing Bank, the Arranger, a Lender, the Hedging Bank, the LNG Bank or an Ancillary Lender;
Floating Charge Assets	insofar only as concerns the floating charge created by Clause 3.1(q) ( <i>Charging Clause</i> ) of the Debenture, Assets for the time being comprised within such floating charge;
Group	the Parent, Acorndrive Limited and their respective Subsidiaries for the time being (and including the Target Group on and after the Completion Date);
Guarantor	an Original Guarantor or an Additional Guarantor, unless it has ceased to be a Guarantor in accordance with Clause 28 ( <i>Changes to the Obligors</i> ) of the Facilities Agreement);
Hedging Bank	has the meaning given to that term in the Subordination Deed;
Hedging Document	has the meaning given to it in the Subordination Deed;
Intellectual Property	patents (including supplementary protection certificates), utility models, trade marks (including service marks and the Trade Marks) and rights in passing off, copyright and rights in the nature of copyright, database rights, design rights, registered design rights and all other intellectual property rights and, in each case, any extensions and renewals of and any applications for such rights;
Investors	all persons who have subscribed for equity share capital of Chestnutbay Limited and the persons who subsequently acquire such shares under the articles of association;
Issuing Bank	The Governor and Company of the Bank of Scotland as issuing bank in respect of Obligations;
Land	includes freehold and leasehold land and (outside England and Wales) immovable property and in



each case all buildings and structures upon and all things affixed to Land (including trade and tenant's fixtures);

Lender

- (a) any Original Lender;
- (b) any bank or financial institution, trust, fund or other entity which has become a Party in accordance with Clause 27 (*Changes to the Lenders*) of the Facilities Agreement); and
- (c) where the context permits or requires, the LNG Bank;

which, in each case, has not ceased to be a Party in accordance with the terms of the Facilities Agreement;

LNG Bank

The Governor and Company of the Bank of Scotland in its capacity as provider of the Loan Note Guarantee;

LNG Instrument

the instrument dated 10 May 2001, in the Agreed Terms, entered into by Acorndrive Limited constituting the LNG Notes and all amendments, supplements and restatements of such instrument;

LNG Notes

the guaranteed unsecured loan notes 2006 in the principal amount of £7,715,870 constituted by the LNG Instrument issued by Acorndrive Limited to the Noteholders in accordance with the LNG Instrument;

LNG Security Account

an interest bearing Sterling deposit account of Acorndrive Limited with the LNG Bank designated "Manager on account of Acorndrive Limited" with sort code 12-01-03 and account number 00729793, or at the option of the LNG Bank such other account at such other financial institution as it may reasonably nominate and which is subject to a charge in favour of the Security Agent (for the benefit of the LNG Bank) under the Security Documents;

Loan Note Guarantee

each loan note guarantee in the Agreed Terms to be issued by the LNG Bank to the Noteholders in respect of the principal amount of the LNG Notes;

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Noteholders	the noteholders from time to time of the LNG Notes;
Obligation	any letter of credit, guarantee, bond, indemnity, documentary or other credit or any instrument of surety or payment issued or to be issued by the Issuing Bank under a Revolving Facility in accordance with the terms of the Facilities Agreement;
Obligor	a Borrower, a Guarantor or a Chargor;
Original Chargor	a company listed under the heading "Original Chargor" in the first column of Schedule 2 ( <i>The Original Security Documents</i> ) of the Facilities Agreement);
Original Guarantor	a company listed in Part 2 of Schedule 1 ( <i>The Original Parties</i> ) of the Facilities Agreement;
Original Lender	a financial institution listed in Part 3 and/or Part 4 of Schedule 1 ( <i>The Original Parties</i> ) of the Facilities Agreement;
Original Security Document	a security document listed under the heading "Security Document" in the second column of Schedule 2 ( <i>The Original Security Documents</i> ) of the Facilities Agreement;
Parent	Chestnutbay Limited, a limited liability company incorporated in England and Wales under the Companies Act 1985 with registered number 4134749;
Party	a party to the Facilities Agreement;
Receivables	in relation to a Chargor, all sums of money receivable by such Chargor now or in the future, consisting of or payable under or derived from any of its Assets;
Resignation Letter	a letter substantially in the form set out in Schedule 8 ( <i>Form of Resignation Letter</i> ) of the Facilities Agreement;
Revolving A Facility	the revolving credit facility made available as described in Clause 2.1(d) ( <i>The Facilities</i> ) of the Facilities Agreement;

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Revolving B Facility	the revolving credit facility made available as described in Clause 2.1(e) ( <i>The Facilities</i> ) of the Facilities Agreement;
Revolving Facilities	the Revolving A Facility and the Revolving B Facility made available as described in Clause 2 ( <i>The Facilities</i> ) of the Facilities Agreement and, where the context admits or requires, any Ancillary Facility;
Sale and Purchase Agreement	the agreement, in the Agreed Terms, for the Acquisition between Asquith Court Schools Limited and the Vendors;
Secured Sums	all money and liabilities covenanted to be paid or discharged by the Chargors to the Beneficiaries under Clause 2.1 ( <i>Covenant to Pay</i> ) of the Debenture;
Securities	in relation to a Chargor, all stocks, shares, debentures and loan stocks issued by any company or person and all other investments (whether or not marketable) now or in the future owned at law or in equity by such Chargor, including all interests in investment funds and all rights and benefits arising and all money payable in respect of any of them, whether by way of conversion, redemption, bonus, option dividend, interest or otherwise, and including all Securities owned by such Chargor in any other member of the Group;
Security	includes any mortgage, charge, pledge, lien, hypothecation, assignment or deposit by way of security or any other agreement or arrangement having the effect of providing or giving security or preferential ranking to a creditor (including set off, title retention arrangements which do not arise in the ordinary course of trade, defeasance or reciprocal fee arrangements);
Security Agent	The Governor and Company of the Bank of Scotland as security agent and trustee for the Finance Parties;
Security Documents	the Original Security Documents and any substituted, supplemental or additional security entered into by any member of the Group in

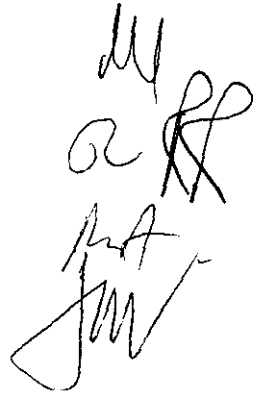
	favour of the Security Agent from time to time;
Senior Finance Party	the Agent, the Security Agent, the Issuing Bank, the LNG Bank, the Arranger, a Lender or an Ancillary Lender;
Subordination Deed	the subordination deed, in the Agreed Terms, pursuant to which Chestnutbay Limited and certain of its Subsidiaries acknowledge the priorities of security and contractual arrangements made between <i>inter alia</i> the Finance Parties and the Investors;
Subsidiary	a subsidiary undertaking within the meaning of section 258 of the Companies Act 1985;
Target	Downsend Parent Company Limited, a limited liability company incorporated in England and Wales with registered number 3231069;
Target Group	the Target and its Subsidiaries for the time being;
Target Subsidiaries	the Assisting Company, Asquith Court Schools Limited, London Montessori Centre Limited, Gatehouse Nursery Services (Surrey) Limited and GNS Property Services Limited;
Term A Facility	the term loan facility made available under this Agreement as described in Clause 2.1(a) ( <i>The Facilities</i> ) of the Facilities Agreement;
Term B Facility	the term loan facility made available under this Agreement as described in Clause 2.1(b) ( <i>The Facilities</i> ) of the Facilities Agreement;
Term C Facility	the term loan facility made available as described in Clause 2.1(c) ( <i>The Facilities</i> ) of the Facilities Agreement;
Term Facilities	the Term A Facility, the Term B Facility and the Term C Facility made available under this Agreement as described in Clause 2 ( <i>The Facilities</i> ) of the Facilities Agreement;
Trade Marks	the trade marks and trade mark applications listed in Schedule 5 ( <i>The Trade Marks</i> ) of the Debenture;
Transfer Certificate	a certificate substantially in one of the forms set out in Schedule 6 ( <i>Form of Transfer Certificates</i> ) of

dy  
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the Facilities Agreement the then current Loan Market Association recommended form of transfer certificate or any other form agreed between the Agent and Acorndrive Limited;

Vendors

Christopher Linford and Others;

Handwritten signatures and initials in the right margin. From top to bottom: 'M', 'a', 'RP', 'PA', and a large signature 'JW' with a checkmark.

**PricewaterhouseCoopers**  
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London SE1 9QL  
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Facsimile +44 (0) 20 7822 4652

The Directors  
Asquith Court Holdings Limited  
Orbital House  
Park View Road  
Berkhamsted  
Hertfordshire HP4 3EY

11 June 2002

Dear Sirs

**Auditors' report to the directors of Asquith Court Holdings Limited pursuant to Section 156(4) of the Companies Act 1985**

We have examined the attached statutory declaration of the directors of Asquith Court Holdings Limited ('the Company') dated 11 June 2002 in connection with the proposal that the Company's subsidiary undertaking, Asquith Court Schools Management Services Limited, should give financial assistance for the purchase of 1,261,100 ordinary shares of £0.01 each in the share capital of the Company.

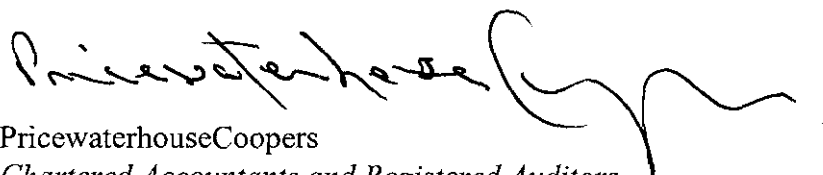
**Basis of opinion**

We have enquired into the state of the Company's affairs in order 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 their declaration as to any of the matters mentioned in Section 156(2) of the Companies Act 1985 is unreasonable in all the circumstances.

Yours faithfully



PricewaterhouseCoopers  
*Chartered Accountants and Registered Auditors*