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COMPANIES FORM No. 155(6)a

Declaration in relation to assistance for the acquisition of shares

155(6)a

CHFP025

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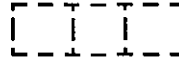
Pursuant to section 155(6) of the Companies Act 1985

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

To the Registrar of Companies
(Address overleaf - Note 5)

For official use

Company number



03016902

Note

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

Name of company

* Yorkshire Care Group Limited

* insert full name of company

~~We~~ David Duncan of 46, The Piper Building, Peterborough Road, London SW6 3EF; and

Ø insert name(s) and address(es) of all the directors

Michael Parsons of 13 The Belvedere, Chelsea Harbour, London SW10 0XA

† 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) that of a recognised bank, licensed institution, within the meaning of the Banking Act 1973~~

~~(b) that of a person authorised under section 3 or 4 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 holding company~~

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

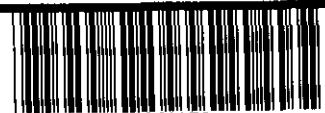
The number and class of the shares acquired or to be acquired is: 1,575,000 ordinary shares
of £1 each

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

Berwin Leighton Paisner
Adelaide House, London
Bridge, London, EC4R 9HA

REF:GOB/22346.2/3031864
DX 92 LONDON/CHANCERY LANE

For official Use
General Section



A29
COMPANIES HOUSE

0248
11/11/04

COMPANIES HOUSE

0545
30/10/04

The assistance is to be given to: (note 2) Barchester Healthcare Homes Limited
(registered number 2849519) and Barchester Healthcare Limited (registered
number 2792285), both of Suite 201, The Chambers, Chelsea Harbour, London SW10
0XF

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:

Please see the attached Schedule.

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

† delete as
appropriate

Barchester Healthcare Homes Limited

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

Please see the attached Schedule.

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

The date on which the assistance is to be given is within 8 weeks

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

~~X~~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) ~~X~~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 K&S 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 ~~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

Declarants to sign below

on

Day	Month	Year
11	11	1994

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.

Mr. Spence
Mr. Runcorn

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
37 Castle Terrace
Edinburgh
EH1 2EB

SCHEDULE TO FORM 155(6)(a)

Yorkshire Care Group Limited (the Company)
Company Number 3016902

Words and expressions used in this Schedule shall, unless otherwise defined in this Schedule, have the meaning ascribed to them in the credit agreement dated October 2004 and made between, amongst others, Barchester Healthcare Limited as Borrower and certain subsidiaries of Barchester Healthcare Limited as original guarantors, the Agent and the Original Lenders (as those terms are defined therein) (**the Credit Agreement**)

References to clauses and defined terms are to be construed as references to Clauses and definitions in the Credit Agreement unless otherwise defined.

(1)

The Form of Financial Assistance

The assistance will take the form of:

1. the execution, delivery and performance of a guarantee as the same may be amended, varied, supplemented or substituted from time to time (the **Guarantee**) by the Company in favour of each Beneficiary under the Credit Agreement pursuant to which the Company guarantees that it shall on demand pay all moneys at any time due or owing by the Borrower to each Beneficiary pursuant to the terms of any of the Guarantee Documents; and
2. the execution and delivery of a debenture by the Company in favour of The Royal Bank of Scotland plc as Security Trustee on behalf of the Beneficiaries (the **Debenture**) to which the Company grants fixed and floating charges over all of its properties, assets and undertakings in favour of the Security Trustee as continuing security for the obligations and liabilities of the Company to the Beneficiaries under or pursuant to any of the Guarantee Documents, including the Debenture;
3. the execution of an upstream intra-group loan facility agreement granted by the Company and other members of the group of companies of which it is a member in favour of certain companies representing its holding companies (the **Upstream Loan Agreement**);
4. indemnity provisions under the Finance Documents; and
5. various representations, warranties and undertakings under the Finance Documents.

and by the performance of any other acts or the execution of any other documents ancillary or otherwise relating to the Guarantee, Debenture and Upstream Loan Agreement.

The Principal Terms of the Financial Assistance

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

1. Under the terms of the Guarantee:

- (a) Each Guarantor irrevocably and unconditionally jointly and severally (to the extent the relevant payment has not been made by the Borrower or the relevant obligation has not been performed by the Borrower):
- (i) guarantees to each Beneficiary punctual performance by the Borrower of all the Borrower's obligations under the Guarantee Documents;
 - (ii) undertakes with each Beneficiary that whenever the Borrower does not pay any amount when due under or in connection with any Guarantee Document, that Guarantor shall immediately on demand pay that amount as if it were the principal obligor; and
 - (iii) indemnifies each Beneficiary immediately on demand against any cost, loss or liability suffered by that Beneficiary 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 Beneficiary would otherwise have been entitled to recover.
- (b) The guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by any Charging Group Company under the Guarantee Documents, regardless of any intermediate payment or discharge in whole or in part.
- (c) If any payment by a Charging Group Company or any discharge given by a Finance Party (whether in respect of the obligations of any Charging Group Company or any security for those obligations or otherwise) is avoided or reduced as a result of insolvency or any similar event:
- (i) the liability of each Charging Group Company shall continue as if the payment, discharge, avoidance or reduction had not occurred; and
 - (ii) each Finance Party shall be entitled to recover the value or amount of that security or payment from each Charging Group Company, as if the payment, discharge, avoidance or reduction had not occurred.
- (d) The obligations of each Guarantor under the Guarantee will not be affected by an act, omission, matter or thing which would reduce, release or prejudice any of its obligations under the Guarantee (whether or not known to it or any Beneficiary), including:
- (i) any time, waiver or consent granted to, or composition with, any Charging Group Company or other person;
 - (ii) the release of any other Charging Group Company or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;
 - (iii) 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 Charging Group Company 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;

- (iv) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of a Charging Group Company or any other person;
 - (v) any amendment (however fundamental) or replacement of a Guarantee Document or any other document or security;
 - (vi) any unenforceability, illegality or invalidity of any obligation of any person under any Guarantee Document or any other document or security; or
 - (vii) any insolvency or similar proceedings.
- (kk) Each Guarantor waives any right it may have of first requiring any Beneficiary (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 the Guarantee. This waiver applies irrespective of any law or any provision of a Guarantee Document to the contrary.
- (ll) Until all amounts which may be or become payable by the Charging Group Companies under or in connection with the Guarantee Documents have been irrevocably paid in full, each Beneficiary (or any trustee or agent on its behalf) may:
- (i) refrain from applying or enforcing any other moneys, security or rights held or received by that Beneficiary (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
 - (ii) hold in an interest-bearing suspense account any moneys received from any Guarantor or on account of any Guarantor's liability under the Guarantee;

2. Under the terms of the Debenture (terms in this Clause shall have the same meaning ascribed to them in the Debenture unless otherwise defined):

The Company, with full title guarantee, as continuing security for the payment of all the Secured Obligations (as defined in the Debenture), charges in favour of the Security Trustee (as security trustee and agent for the Beneficiaries):

- (a) by way of legal mortgage all estates or interests in the Legally Mortgaged Property;

- (b) by way of fixed charge all estates or interests in any freehold, leasehold and other immovable property now or at any time during the continuance of this security belonging to the Company (other than the Legally Mortgaged Property) and the proceeds of sale thereof and all buildings and trade and other fixtures from time to time on any such property belonging to or charged to the Company;
- (c) by way of fixed charge all its title, rights and interests in all plant, machinery, vehicles, computers and office and other equipment legally and beneficially owned by the Company both present and future;
- (d) by way of fixed charge all book debts and other debts now and from time to time due or owing to the Company (the **Debts**) and all moneys which the Company receives in respect thereof together with all rights relating thereto including any security and remedies therefor;
- (e) by way of fixed charge all balances standing to the credit of any current, deposit or other account of the Company (the **Bank Accounts**) with the Security Trustee or any other Beneficiary or with other bankers, financial institutions or similar third parties (the **Credit Balances**);
- (f) by way of fixed charge all stocks, shares, debentures, bonds, notes and loan capital of:
 - (i) any Subsidiary; and
 - (ii) any other body corporate;

and all rights to subscribe for, redeem, convert other securities into or otherwise acquire any of the same which may now or hereafter belong to the Company, together with all dividends, interest and other income and all other rights of whatsoever kind deriving from or incidental to any of the foregoing;
- (g) by way of fixed charge the goodwill of the Company and its uncalled capital now or at any time hereafter in existence;
- (h) by way of fixed charge all copyrights, patents, patent applications, licences, trade marks, tradenames, know-how and inventions or other rights of every kind deriving therefrom now or at any time hereafter belonging to the Company and all fees, royalties and other rights of every kind deriving from such copyrights, patents, trade marks, tradenames, know-how and inventions;
- (i) by way of assignment by way of security all of the Company's rights, title and interest now or in the future in:
 - (i) the rights under the appointment of any managing agent of the Legally Mortgaged Property;
 - (ii) the benefit of all covenants, agreements, Tenancy Agreements (as defined in the Debenture), undertakings, security or obligations entered into or to be entered into by the Company and of all other guarantees, indemnities, licences, deeds, rent deposit agreements, or

other deeds or documents supplemental or collateral in respect of any of the aforesaid;

- (iii) the benefit of all rights and claims to which the Company is now or may hereafter become entitled in relation to the Legally Mortgaged Property (including those against all persons who now or may at any time be in occupation of the Legally Mortgaged Property under any Tenancy Agreement or licence or otherwise and all guarantors and sureties for the obligations of such persons);
- (iv) the benefit of all guarantees, warranties and representations given or made now or hereafter by and any rights or remedies against all or any of the designers, builders, contractors, professional advisers, sub-contractors, manufacturers, suppliers and installers of any fixtures in relation to the Legally Mortgaged Property;
- (v) the Company's interest in every insurance policy and all benefits in respect of them effected in respect of the Charged Property (as defined in the Debenture);
- (vi) the benefit of all other agreements, contracts, deeds, undertakings, guarantees, warranties or other documents entered into by or given to the Company at the time of or after the date of the Debenture in respect of the Charged Property (as defined in the Debenture) and all documents now in existence at the time of or after the date of the Debenture necessary to enable the Security Trustee to perfect the same and all the proceeds of any payment of any claims, awards or judgments paid or payable to the Company under or in respect of the Charged Property (including but without limitation all liquidated and ascertained damages payable to the Company under the Charged Property) and all the rights or remedies of the Company now or hereafter in existence arising under the Charged Property;
- (vii) all Hedging Agreements (as defined in the Debenture) including without limitation and all proceeds paid or payable thereunder;
- (viii) the benefit of all Acquisition Agreements and Project Documents entered into by the Company at any time now or after the date of this Debenture;
- (ix) all payments, repayments and refunds of VAT due or owing by HM Customs and Excise to the Company;
- (j) by way of floating charge the whole of the Company's undertaking and all its property, assets and rights, whatsoever and wheresoever, present and future, other than any property or assets from time to time or for the time being effectively mortgaged, assigned or charged to the Security Trustee by way of fixed charge by the Debenture (hereinafter collectively referred to as the **Floating Charge Property**).

- (k) To the extent that any right, title or interest described in paragraph 2 (i) above is not assignable or capable of assignment, the assignment purported to be effected by paragraph 2(i) shall operate as:
- (i) in the case of insurances, an assignment of any and all proceeds of insurances received by the Company; and
 - (ii) in the case of the other Assigned Assets (as defined in the Debenture) , as assignment of any and all damages, compensation, remuneration, profit, rent, income or other benefit which the Company may derive or be awarded or entitled to in respect of the relevant Assigned Assets
- in each case as continuing security for the payment, discharge and performance of the Secured Obligations (as defined in the Debenture).

3. Under the terms of the Upstream Loan Agreement:

The Company together with other members of its group will make available to Barchester Healthcare Homes Limited, Barchester Healthcare Limited and other companies in the Group an upstream loan facility up to an amount as agreed from time to time between the parties to be used by the Borrower under the Finance Documents to make payments when due to (among others) the Finance Parties but on the basis that the Company will only be obliged to make advances under the Upstream Loan Agreement if, inter alia, it has the cash resources and the Company is not in liquidation or administration or the subject of a creditor's voluntary winding up order.



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DX 149280 Bristol 29

Private and confidential

The Directors
Yorkshire Care Group Limited
c/o Barchester Healthcare Limited
Suite 201
The Chambers
Chelsea Harbour
London, SW10 OXF

Contact **Dan Burgess**
0117 905 4000
Ext 4407

19 October 2004

Dear Sirs

**Auditors' report to the directors of Yorkshire Care Group Limited (the "Company")
pursuant to Section 156(4) of the Companies Act 1985**

We have examined the attached statutory declaration of the directors dated 19 October 2004 in connection with the proposal that the Company should give financial assistance for the purchase of its ordinary shares. We have enquired into the state of the Company's affairs in order to review the bases for the statutory declaration.

This report is made solely to the Company's directors as a body in accordance with section 156(4) of the Companies Act 1985. Our work has been undertaken so that we as the Company's auditors might state to the Company's directors those matters we are required to state to them in a report under section 156(4) of that Act and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's directors as a body for our work under section 156(4) of that Act or for this report.



KPMG LLP

*Auditors' report to the directors of Yorkshire Care Group
Limited (the "Company") pursuant to Section 156(4) of
the Companies Act 1985
19 October 2004*

We have enquired into the state of the Company's affairs in order to review the bases for the statutory declaration.

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

KPMG LLP

KPMG LLP