

Please do not
write in this
margin

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

The assistance is to be given to: (note 2) _____

The assistance will take the form of:

† delete as appropriate

The value of any asset to be transferred to the person assisted is £ NIL

Please do not
write in this
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Please complete
legibly, preferably
in black type, or
bold block lettering

delete either (a) or
(b) as appropriate

The date on which the assistance is to be given is within four weeks of the date
hereof

☒ 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) [If 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)

(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, and 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 12 Red Lion Square, London Declarants to sign below

Day Month Year
on

1	3	0	6	2	0	0	6
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before me A. Crossley

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

Martin McGann
Amanda

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

A. Crossley

PAN ALBION GROUP LIMITED - SCHEDULE FOR FORM 155(6)b:

EUROCOAST LIMITED (for the purposes of this Schedule, the "Company")

The assistance will take the form of:

- (a) an agreement creating a first and only legal charge over those properties owned by the Company as set out in Part 1 of Schedule 4 of the acquisition agreement between Kandahar Academy Limited and Pan Albion Group Limited (the "**Property**") in favour of The Governor and the Company of the Bank of Scotland ("**BoS**") (the "**Charge**");
- (b) an inter-company composite guarantee (the "**Guarantee**") between the Company, Kandahar Academy Limited, Kandahar (Great Malvern) Limited, Kandahar (Caterham) Limited, Kandahar (Caterham) No. 1 Limited, Kandahar (Ipswich) Limited, Kandahar (Nottingham) Limited, Kandahar (Nottingham) Nominee No. 1 Limited, Kandahar (Nottingham) Nominee No. 2 Limited, Kandahar (Nottingham) No. 1 Limited, Kandahar (Salisbury) Limited, Kandahar (Kingston) Limited, Daws Investments Limited and Pan Albion Group Limited or any company which becomes a Principal in terms of the Guarantee (the "**Principals**") and BoS; and
- (c) a debenture creating fixed and floating charges over the whole of the assets and undertaking of the Company in security for all sums due and to become due to BoS (the "**Debenture**").

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

- (a) The Charge

Under the terms of the Charge the Company with full title guarantee charges:

- (i) by way of legal mortgage the Property ;
- (ii) by way of fixed charge all buildings and other structures on, and items fixed to, the Property;
- (iii) by way of fixed charge any goodwill relating to the Property or the business or undertaking conducted at the Property;
- (iv) by way of fixed charge all plant, machinery and other items affixed to and forming part of the Property on or at any time after the date of the Charge;
- (v) by way of assignment the Rental Sums together with the benefit of all rights and remedies of the Borrower relating to them to hold to BoS absolutely subject to redemption upon repayment of the Debt;
- (vi) by way of fixed charge the proceeds of any claim made under any insurance policy relating to any of the property charged under the Charge; and
- (vii) by way of floating charge all unattached plant, machinery, chattels and goods now or at any time after the date of the Charge on or in or used in connection with the Property or the business or undertaking conducted at the Property.

"Debt"

means all sums of money owed and liabilities or obligations to be carried out to BoS at any time and from time to time by the Company whether:

- (a) they arise before or after BoS has demanded that they are repaid or carried out;
- (b) they are owed or to be carried immediately or only after a stated event has occurred;
- (c) the Company owes or is to carry them out on his own or jointly with any other persons;
- (d) the Company owes or is to carry them out on his own account or as guarantor for other persons;

together with interest upon them and expenses relating to them.

“Rental Sums”

means all rents, profits, income, fees and other sums at any time payable by any lessees, underlessees, tenants or licensees of the Property to the Company pursuant to the terms of any agreements for lease, leases, underleases, tenancies or licences to which all or any part of the Property is subject but not any sums payable in respect of services provided to such lessees, underlessees, tenants or licensees or payable in respect of insurance premiums or reasonable professional fees or expenses.

(b) The Guarantee:

1. Under the Guarantee the Company guarantees to BoS the payment or discharge of all or any monies and liabilities which shall from time to time (and whether on or at any time after demand) be due, owing or incurred in whatsoever manner to BoS by the Principals (or any of them) whether actually or contingently, solely or jointly and whether or not BoS shall have been an original party to the relevant transaction, and including interest, discount commission and other lawful charges or expenses which BoS may in the course of its business charge or incur in respect of any of these matters or for keeping any account of any Principal, and so that interest shall be computed and compounded according to the usual BoS rates and practices as well after as before any demand made or decree obtained under the Guarantee, together with:
 - 1.1 (on a full indemnity basis) all costs and expenses (including without limitation legal costs) recoverable by BoS from the Principals;
 - 1.2 (on a full indemnity basis) all costs and expenses (including without limitation legal costs) charged or incurred by BoS in perfecting or in or about the recovery or attempted recovery of money due to BoS under the Guarantee; and
 - 1.3 interest calculated and accruing daily from demand in accordance with the usual BoS rates and practice on 1.1 and 1.2 above.

2. As a separate and independent stipulation all sums of money which may not be recoverable from the Company on the footing of a guarantee whether by reason of any legal limitation, disability or incapacity on or of the Principals or any other fact or circumstance and whether known to BoS or not shall nevertheless be recoverable from the Company as sole or principal debtor and shall be paid by the Company on demand in writing by BoS.

(c) The Debenture:

3. Under the Debenture the Company charges to BoS as a continuing security with full title guarantee for the payment or discharge of the Debenture Secured Liabilities:

- 3.1 by way of legal mortgage all the freehold and leasehold property now vested in it whether or not the title to the property is registered at H.M. Land Registry together with all present and future buildings, fixtures (including trade and tenant's fixtures), plant and machinery which are at any time on the property;

- 3.2 by way of fixed charge:

- 3.2.1 all estates or interests in any freehold or leasehold property belonging to the Company now or at any time after the date of the Debenture (other than any property charged in terms of Clause 2.1.1 of the Debenture) together with all buildings, fixtures (including trade and tenant's fixtures), plant and machinery which are at any time on the property;

- 3.2.2 all present and future interests of the Company in or over land or the proceeds of sale of it and all present and future licences of the Company to enter upon or use land and the benefit of all other agreements relating to land to which it is or may become party or otherwise entitled and all fixtures (including trade and tenant's fixtures) which are at any time on the property charged under the Debenture;

- 3.2.3 all present and future plant and machinery not otherwise charged under Clause 2 of the Debenture and all other present and future chattels of the Company (excluding any of the same for the time being forming part of the Company's stock in trade or work in progress);

- 3.2.4 all present and future stocks, shares and other securities owned (at law or in equity) by the Company and all rights and interests accruing or offered at any time in relation to them;

- 3.2.5 all rights and interests in and claims under all policies of insurance and assurance held or to be held by or insuring to the benefit of the Company and the benefit of all rights and claims to which the Company is now or may be entitled under any contracts;

- 3.2.6 all patents, patent applications, trade marks, trade mark applications, trading names, brand names, service marks, copyrights, rights in the nature of copyright, moral rights, inventions, design rights, registered designs, all trade secrets and know-how, computer rights, programmes, systems, tapes, disks, software, all applications for registration of any of them and other intellectual property rights held or to be held by the Company or in which it may have an interest and the benefit of all present and

future agreements relating to the use of or licensing or exploitation of any such rights (owned by the Company or others) and all present and future fees, royalties or similar income derived from or incidental to any of the foregoing in any part of the world;

- 3.2.7 all the Company's goodwill and uncalled capital for the time being;
- 3.2.8 all present and future book and other debts and monetary claims of the Company whether payable now or in the future and the benefit of all present and future rights and claims of the Company against third parties relating to them and capable of being satisfied by the payment of money (save as charged under sub-clause 2.1.2.5 of the Debenture); and
- 3.2.9 all present and future bank accounts, cash at bank and credit balances of the Company with any bank or other person whatsoever and all rights relating or attaching to them (including the right to interest).
- 3.3 by way of floating charge all the Assets not effectively otherwise charged by Clause 2 of the Debenture, including (without limitation any immovable property of the Company in Scotland and any Assets in Scotland falling within any of the types mentioned in paragraph 3.2.2 above).
- 4. Pursuant to the Debenture, BoS may at any time, by notice to the Company, immediately convert the floating charge created under sub-clause 2.1.3 of the Debenture (see 3.3 above) into a fixed charge over any Assets specified in that notice and the floating charge will, without notice from BoS, automatically be converted with immediate effect into a fixed charge:
 - 4.1 in respect of any Assets which become subject to a fixed charge in favour of any other person;
 - 4.2 in respect of all the Assets charged under sub-clause 2.1.3 of the Debenture if and when the Company ceases to carry on business or to be a going concern; and
 - 4.3 in respect of all Assets on the making of an order for the compulsory winding-up of the Company, on the convening of a meeting for the passing of a resolution for the voluntary winding-up of the Company or on the taking of steps (including without limitation, the making of an application or the giving of any notice) by the Company or any other person for the appointment of an administrator in respect of the Company.
- 5. Pursuant to the Debenture, the Company (at its own cost) will on demand in writing by BoS execute and deliver in such form as BoS may reasonably require:
 - 5.1 a legal mortgage of any freehold or leasehold property of the Company which is not effectively charged by sub-clause 2.1.1 of the Debenture (see 3.1 above) and of any freehold or leasehold property acquired by the Company after the date of the Debenture;
 - 5.2 a standard security or other fixed security over the Company's heritable freehold, leasehold or other property;

- 5.3 a fixed charge or assignment in security of any Asset subject to a floating charge under sub-clause 2.1.3 of the Debenture;
- 5.4 a chattel mortgage over such chattels, plant and machinery as BoS may specify; and
- 5.5 a notice of assignment of its right, title and interest to any of the agreements referred to in sub-clause 2.2 of the Debenture;

and the Company will execute such other deeds, documents, agreements and instruments and will otherwise do and concur in all such other acts or things as BoS may deem necessary for perfecting, preserving or protecting the security created (or intended to be created) by the Debenture or for facilitating the realisation of the Assets or the exercise of any rights of BoS hereunder.

“Assets” shall mean the whole of the property (including uncalled capital) which is or may be from time to time comprised in the property and undertaking of the Company.

“Debenture Secured Liabilities” shall mean all or any monies and liabilities which will for the time being (and whether on or at any time after demand) be due, owing or incurred in whatsoever manner to BoS by the Company, whether actually or contingently, solely or jointly and whether as principal or surety and whether or not BoS shall have been an original party to the relevant transaction and, including interest, discount, commission and other lawful charges or expenses which BoS may in the course of its business charge or incur in respect of any of those matters or for keeping the Company's account, and so that interest shall be computed and compounded according to the usual rates and practices of BoS as well after as before any demand made or decree obtained under the Debenture.

Our Ref: MTH/MT/CD/KAN153

13 June 2006

The Directors
Pan Albion Group Limited
25 Harley Street
London
W1G 9BR

1-4 All Saints' Street
Stamford
Lincolnshire
PE9 2PA

Telephone
(01780) 750888

Facsimile
(01780) 765223

DX 26018 Stamford

E-mail
info@stamford.duntop.co.uk

Dear Sirs

**AUDITOR'S REPORT TO THE DIRECTORS OF PAN ALBION GROUP
LIMITED REGARDING EUROCOAST LIMITED ('THE COMPANY')
PURSUANT TO SECTION 156(4) OF THE COMPANIES ACT 1985**

It is our responsibility to make a report to the holding company of the Company in accordance with Section 156(4) of The Companies Act 1985. Our work has been undertaken so that we might state to the holding company of the Company those matters we are required to state in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone for any other purpose for our work, for this report or for the opinions we have formed.

We have examined the attached statutory declaration of the directors dated 13 June 2006 in connection with the proposal that the Company should give financial assistance for the purchase of the entire issued share capital of its holding company.

BASIS OF OPINION

We have enquired into the state of the Company's affairs in order to review the basis of 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

Duncan & Toplis

Partners

Peter S Townsend FCA
M Tom Hindmarsh BS, Hons, FCA
Rod Mann
Richard J Hardy BS, Hons, FCA
Keith H Johnson FCA
Ian Phillips FCA
Adrian N Reynolds BA FCA
Andy C Sweeney
John E Thornley BA, Hons
Mike Argyle BS, Hons, FCA
John B Chappelle BS, Hons, FCA
Mark H Chatterton BS, Hons, FCA
David AJ Gutton BS, Hons, FCA
M Nicholas Smith FCA, FII
J Duncan Andrews FCA
John MD Morrissey FCA
M Richard Surfleet FCA
Damon Braden MA, Hons, FCA
Michael H Cope MA, Hons, FCA
Mike R Dyson
Tim G Godson BA, Hons, FCA
James E Green FCA
Jeff R Hudson FCA
Christine Nevill BA, Hons, FCA
Keith Phillips FCA
Simon Shaw FCA
Simon N Syddall FCA

Associates

Peter W Barnett BS, FCA
Andrew R Buchanan ACCA
Sandra Clements BS, ACCA
Diane M Johnson BA, Hons, FCA
Kevin D Liffing FCA
Mark A Taylor ACCA, CIMA
Kevin G Williams ACCA

Consultant

John G Hindmarsh FCA, FII