

Declaration in relation to assistance for the acquisition of shares

155(6)a

Please do not
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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

03941902

Name of company

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

* ROTHCARE ESTATES LIMITED (the "Company")

* insert full name
of company

XyWeø See Annexure 1

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

† delete as appropriate

~~XXXXXXXXXXXX~~ [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

[illegible]

(c) something other than the above\$

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

~~XXXXXX~~ [company's holding company] CASTLE CARE HOLDINGS LIMITED (CRN: 02178870)
of The Manor House, High Street, Rothwell, Kettering, Northamptonshire NN14 6BQ ~~XXXXXX~~

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

The number and class of the shares acquired or to be acquired is: 280,976 Ordinary A shares of £1 each and 92,194 Ordinary B shares of £1 each

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

DLA LLP
3 Noble Street
London
EC2V 7EE

DX: 33866 Finsbury Square
Ref: ME/79202/120000

For official Use
General Section



A22	*APPF6XCIN	0254
COMPANIES HOUSE		03/08/04
<small>(FBIHQ) (FBI) (NY) (LA) (CHICAGO) (SAN FRANCISCO) (SEATTLE) (PORTLAND)</small>		
A13	*AHBNYX1I*	0702
COMPANIES HOUSE		23/07/04
A06	*AGHHJHOX*	0598
COMPANIES HOUSE		10/07/04

The assistance is to be given to: (note 2) CASTLECARE GROUP LIMITED (CRN: 05094462) of

Fountain Precinct, Balm Green, Sheffield, South Yorkshire S1 1RZ (the "Purchaser")

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

The assistance will take the form of:

See Annexure 2

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

[†] delete as
appropriate

The Purchaser

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

See Annexure 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 £ NIL

The date on which the assistance is to be given is Within eight weeks of the date hereof

Please do not
write in this
margin

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

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

☒ 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 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

3 NOBLE STREET, LONDON

Declarants to sign below

on

Day	Month	Year
06	07	2004

before me

Osman Phaleel

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

[Signature]
[Signature]

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

**Form 155(6)a relating to
ROTHCARE ESTATES LIMITED
(the "Company")
(registered number: 03941902)**

ANNEXURE 1

David John Ayers of 55 Victoria Road, Deal, Kent CT14 7AY

Catherine Dixon Dalton of 65 Connolly Drive, Rothwell, Northants NN14 6TN

David Roy Savage of 6 Hanover Close, Barton Seagrave, Kettering, Northampton NN15 6GH

x 3

Handwritten signatures and initials, including a large 'D' and 'S'.

**Form 155(6)a relating to
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ANNEXURE 2

1. The following terms shall have the following meanings in this statutory declaration:

"Acquisition" means the sale by the shareholders of the Parent and the purchase by the Purchaser of the entire issued share capital of the Parent;

"Bank" means Barclays Bank PLC;

"Facility Agreement" means a facility agreement proposed to be entered into on or about the date hereof between (1) the Purchaser and (2) the Bank pursuant to which the Bank would make sterling term loans of up to £8,000,000 and a capex loan of up to £2,500,000 available to the Purchaser;

"Indebtedness" includes any obligation for the payment of or repayment owed to the Bank of money in any currency, whether present or future, actual or contingent, joint or several, whether incurred as principal or surety or in any way whatever, whether or not the Bank was a party to the original transaction, and including principal, interest, commission, fees and other charges;

"Land" includes all 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 the Land (including trade and tenant's fixtures);

"Parent" means Castlecare Holdings Limited (CRN: 02178870);

"Purchaser" means Castlecare Group Limited (CRN: 05094462); and

"Securities" means, in relation to the Company, all stocks, shares, debentures, debenture stock, loan stock, bonds and securities issued by any company or person and all other investments (whether or not marketable) now or in the future owned by the Company (whether at law or in equity), 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.



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References to any document or agreement in this Statutory Declaration include that document or agreement as amended, varied, novated, restated, supplemented or replaced from time to time.

References to any person in this Statutory Declaration include that person's successors in title, transferees, assigns and replacements.

2. The financial assistance takes the form of the execution and delivery by the Company of the following documents, as amended from time to time:

2.1 a deed of guarantee and debenture to be executed by, amongst others, the Company in favour of the Bank ("**Debenture**") containing, *inter alia*:

2.1.1 fixed and floating charges over the assets and undertaking of the Company in favour of the Bank as security for all Indebtedness, including without limitation, that arising under the Facility Agreement; and

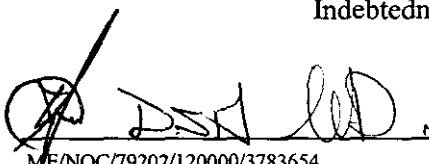
2.1.2 a corporate guarantee to be granted by, amongst others, (1) the Company and (2) the Purchaser to the Bank, which includes, *inter alia*, a guarantee and indemnity to be given by the Company to the Bank in respect of all monies and liabilities now or in the future due, owing or incurred to the Bank by any or all of Castlecare Holdings Limited, the Purchaser, Castle Homes Care Limited, Castle Homes Limited, Castlecare Cymru Limited, the Company and Education Action Limited, including, without limitation those under the Facility Agreement and which would permit the Bank at any time to transfer all or any sums standing to the credit of any accounts the Company and/or the Subsidiary holds with the Bank in or towards satisfaction of all or any of, *inter alia*, the Purchaser's or the Company's liabilities to the Bank.

Monies provided the Bank under the Facility Agreement will be used by the Purchaser to assist it in funding the Acquisition.

The Debenture also contains a power of attorney appointing the Bank and any receiver appointed by the Bank pursuant to the Debenture as the attorney of the Company to execute and deliver and otherwise perfect any agreement, assurance, deed, instrument or document; and

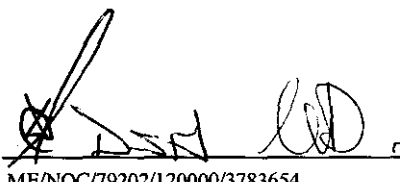
**Form 155(6)a relating to
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(the "Company")
(registered number: 03941902)**

- 2.2 an intra-group loan agreement to be entered into between, *inter alios*, the Company and the Purchaser, pursuant to which the Company agrees to provide loan facilities to the Purchaser to enable the Purchaser to comply with its obligations under the Facility Agreement and to discharge obligations and liabilities in connection with the Acquisition ("**Intra-Group Loan Agreement**");
- 2.3 an intercreditor agreement to be entered into between, amongst others, (1) the Purchaser, (2) the Company, (3) the Bank, (4) the Investors (as defined in the Intercreditor Agreement) and (5) the Loan Stock Holders (as defined in the Intercreditor Agreement) pursuant to which the parties thereto agree to certain ranking and priority arrangements in respect of sums due and owing from (amongst others) the Company and the Purchaser to (amongst others) the Bank, the Investors and the Loan Stock Holders ("**Intercreditor Agreement**");
- 2.4 a legal charge ("**Legal Charge**") to be entered into between (1) the Company and (2) the Bank, pursuant to which the Company, *inter alia*, charges with full title guarantee by way of legal mortgage, the Mortgaged Property (as defined in the Legal Charge) in favour of the Bank as security for the payment or discharge of all monies and liabilities which the Company covenants to pay or discharge under the Legal Charge; and
- 2.5 a CAS 2000 master agreement, CAS 2000 cross-guarantee, overdraft facility letter and CAS 2000 variation agreement (together the "**CAS Agreements**") to be entered into between, amongst others, (1) the Company and (2) the Bank, pursuant to which the Company (amongst others), *inter alia*:
- 2.5.1 agrees certain netting and set-off provisions over certain accounts (the "**Affected Accounts**") in favour of the Bank;
- 2.5.2 gives certain negative pledges in respect of the Affected Accounts; and
- 2.5.3 gives an irrevocable guarantee and indemnity to the Bank in respect of the payment to the Bank by each and every other Participant (as such term is defined in the CAS Agreements and includes the Company, each other Group company and any person which accedes to the CAS Agreements) of all Indebtedness (as such term is defined in the CAS Agreements) now or in the



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future due or owing to the Bank by such other Participants, and includes a right of set-off in favour of the Bank.

A handwritten signature in black ink, appearing to be 'E. D. S. M. L. D.', is written over a horizontal line.


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ANNEXURE 3

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

1. The Debenture

- 1.1 The Company with full title guarantee charges to the Bank pursuant to the Debenture as a continuing security for the payment or discharge of all Indebtedness:
- 1.1.1 all freehold and leasehold Land in England and Wales now vested in the Company and not registered at HM Land Registry;
 - 1.1.2 all freehold and leasehold Land in England and Wales now vested in the Company and registered at HM Land Registry;
 - 1.1.3 all other Land which is now, or in future becomes, the Company's property;
 - 1.1.4 all interests and rights in or relating to Land or the proceeds of sale of Land now or in the future belonging to the Company;
 - 1.1.5 all plant and machinery now or in the future attached to any Land and all rights and interests the Company has under all present and future agreements relating to this plant and machinery;
 - 1.1.6 all rental and other income and all debts and claims which are due or owing to the Company now or in the future under or in connection with any lease, agreement or licence relating to Land;
 - 1.1.7 all the Company's Securities;
 - 1.1.8 all insurance and assurance contracts and policies now or in the future held by or otherwise benefiting the Company and all the Company's rights and interests in these contracts and policies (including the benefit of all claims arising and all money payable under them);
 - 1.1.9 all the Company's goodwill and uncalled share capital for the time being;



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- 1.1.10 all the Company's Intellectual Property (as defined therein), present and future, including any Intellectual Property to which the Company is not absolutely entitled or to which the Company is entitled together with others;
 - 1.1.11 the benefit of all agreements and licences now or in the future entered into or enjoyed by the Company relating to the use or exploitation of any Intellectual Property in any part of the world;
 - 1.1.12 all trade secrets, confidential information and knowhow owned or enjoyed by the Company now or in the future in any part of the world;
 - 1.1.13 all book and other debts now or in the future owing to the Company;
 - 1.1.14 all present and future rights and claims the Company has against third parties, capable of being satisfied by the payment of money;
 - 1.1.15 the benefit of all instruments, guarantees, charges, pledges and other rights now or in the future available to the Company as security;
 - 1.1.16 all the Company's Assets (as defined in the Debenture) which are not effectively charged by the fixed charges detailed above;
 - 1.1.17 without exception, all the Company's Assets insofar as they are situated for the time being in Scotland.
- 1.2 The security created under the Debenture shall as regards the Assets (as defined therein) described in sub-paragraphs 1.1.1 to 1.1.15 (inclusive) above be fixed charges (and as regards all those parts of the Assets described in 1.1.1 now vested in the Company shall constitute a charge by way of legal mortgage thereon) and as regards the Assets described in sub-paragraphs 1.1.16 and 1.1.17 above shall be a floating charge.
- 1.3 The security constituted under the Debenture shall extend to all beneficial interests of the Company in the Assets and to any proceeds of sale or other realisation thereof or of any part thereof.



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- 1.4 The Company (as principal debtor) guarantees that it will on the Bank's demand in writing pay or discharge all Indebtedness now or in the future due, owing or incurred (before or after that demand) by any party to the Debenture.

2. The Intra-Group Loan Agreement

Pursuant to the Intra-Group Loan Agreement made between, amongst others, the Company and the Purchaser, the Company (amongst others) agrees to provide loan facilities to the Purchaser to enable the Purchaser to comply with its obligations under the Facility Agreement and to discharge obligations and liabilities in connection with the Acquisition.

3. The Intercreditor Agreement

Pursuant to the Intercreditor Agreement the parties thereto agree to certain ranking and priority arrangements in respect of sums due and owing from (amongst others) the Company and the Purchaser to (amongst others) the Investors and the Loan Stock Holders.

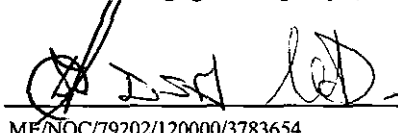
4. The CAS Agreements

Pursuant to the CAS Agreements, the Company (amongst others), *inter alia*:

- 4.1 agrees certain netting and set-off provisions over the Affected Accounts in favour of the Bank;
- 4.2 gives certain negative pledges in respect of the Affected Accounts; and
- 4.3 gives an irrevocable guarantee and indemnity to the Bank in respect of the payment to the Bank by each and every other Participant (as such term is defined in the CAS Agreements and includes the Company, each other Group company and any person which accedes to the CAS Agreements) of all Indebtedness (as such term is defined in the CAS Agreements) now or in the future due or owing to the Bank by such other Participants, and includes a right of set-off in favour of the Bank.

5. The Legal Charge

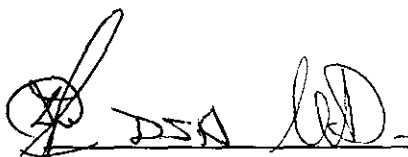
Pursuant to the Legal Charge to be entered into between (1) the Company and (2) the Bank, the Company, *inter alia*, charges with full title guarantee by way of legal mortgage, the Mortgaged Property (as defined in the Legal Charge) in favour of the Bank as security for the



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payment or discharge of all monies and liabilities which the Company covenants to pay or discharge under the Legal Charge. The Legal Charge also contains a power of attorney appointing the Bank and any receiver appointed by the Bank pursuant to the Legal Charge as the attorney of the Company for the Company and in the Company's name and on its behalf and as its act and deed or otherwise to sign, seal, deliver and otherwise perfect any deed, assurance, agreement, instrument or act which may be required or may be deemed proper for any of the purposes listed.

In entering into the various documents referred to above the Company is entering into obligations and assuming liabilities and giving security in connection with the Acquisition and may in the future be called upon pursuant to any of the documents referred to in this statutory declaration to discharge obligations and/or liabilities arising in connection with the Acquisition.

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**INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF
ROTHCARE ESTATES LIMITED ("the Company") PURSUANT TO
SECTION 156(4) OF THE COMPANIES ACT 1985**

We have examined the attached statutory declaration of the directors dated 6 July 2004 in connection with the proposal that the company should give financial assistance for the purchase of the entire issued share capital of the Company's holding company, Castlecare Holdings Limited.

This report is made solely to the directors of the Company for the purpose of section 156(4) of the Companies Act 1985. Our work has been undertaken so that we might state to the directors of the Company those matters that we are required to state to them in an auditors' report under that section 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, for our work, for this report, or for the opinions that we have formed.

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 is unreasonable in all the circumstances.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Manchester

Date: 6 JULY 2004