

M

COMPANIES FORM No. 395

Particulars of a mortgage or charge

033003113

395

A fee of £13 is payable to Companies House in respect of each register entry for a mortgage or charge.

CHFP025

Pursuant to section 395 of the Companies Act 1985

To the Registrar of Companies
(Address overleaf - Note 6)

For official use

Company number

[118]

4006225

Name of company

Please do not write in this margin

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

*insert full name of Company

* Fostering Solutions Limited (the "Company")

Date of creation of the charge

15th February 2006

Description of the instrument (if any) creating or evidencing the charge (note 2)

A debenture dated 15 February 2006 between the Company (1), Fostering Solutions (Northern) Limited (2) and the Agent (as defined below) (3) (the "Debenture").

Amount secured by the mortgage or charge

All present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Obligor to any Finance Party (as defined below) under each Finance Document (as defined below), except for any obligation which, if it were so included, would result in the Debenture contravening section 151 of the Companies Act 1985 together with costs, charges and expenses incurred by the Agent (as defined below) in connection with the protection or preservation or enforcement of its rights under the Finance Documents or any of them (the "Secured Liabilities").

ON ANY ACC + 10

Names and addresses of the mortgagees or persons entitled to the charge

Anglo Irish Bank Corporation Plc of 10 Old Jewry, London as agent of and security trustee for the other Finance Parties (as defined below) (the "Agent")

Postcode EC2R 8DN

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

Olswang

90 High Holborn
London

WC1V 6XX

020 7064 3060

EZS/EFB/SXL/13280/12/2255020

Time critical reference

For official Use (02/00)

Mortgage Section

Post room



LD3
COMPANIES HOUSE

488
03/03/2006

See Schedule 1 of the Continuation Sheet

Please do not
write in
this margin

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

Particulars as to commission allowance or discount (note 3)

Nil

Signed Olsuag Date 2 March 2006

On behalf of ~~XXXXXX~~ [mortgagee/chargee] †

A fee is payable
to Companies
House in
respect of each
register entry
for a mortgage
or charge.
(See Note 5)

Notes

†delete as
appropriate

- 1 The original instrument (if any) creating or evidencing the charge, together with these prescribed particulars correctly completed must be delivered to the Registrar of Companies within 21 days after the date of creation of the charge (section 395). If the property is situated and the charge was created outside the United Kingdom delivery to the Registrar must be effected within 21 days after the date on which the instrument could in due course of post, and if dispatched with due diligence, have been received in the United Kingdom (section 398). A copy of the instrument creating the charge will be accepted where the property charged is situated and the charge was created outside the United Kingdom (section 398) and in such cases the copy must be verified to be a correct copy either by the company or by the person who has delivered or sent the copy to the Registrar. The verification must be signed by or on behalf of the person giving the verification and where this is given by a body corporate it must be signed by an officer of that body. A verified copy will also be accepted where section 398(4) applies (property situate in Scotland or Northern Ireland) and Form No. 398 is submitted.
- 2 A description of the instrument, eg "Trust Deed", "Debenture", "Mortgage", or "Legal charge", etc, as the case may be, should be given.
- 3 In this section there should be inserted the amount or rate per cent. of the commission, allowance or discount (if any) paid or made either directly or indirectly by the company to any person in consideration of his;
 - (a) subscribing or agreeing to subscribe, whether absolutely or conditionally, or
 - (b) procuring or agreeing to procure subscriptions, whether absolute or conditional,for any of the debentures included in this return. The rate of interest payable under the terms of the debentures should not be entered.
- 4 If any of the spaces in this form provide insufficient space the particulars must be entered on the prescribed continuation sheet.
- 5 A fee of £13 is payable to Companies House in respect of each register entry for a mortgage or charge. Cheques and Postal Orders must be made payable to **Companies House**.
- 6 The address of the Registrar of Companies is: Companies House, Crown Way, Cardiff CF14 3UZ

FOSTERING SOLUTIONS LIMITED

Company Number 4006225

Continuation Sheet: 1 of 18

SCHEDULE 1

Short Particulars of all the Property Mortgaged or Charged

1. Mortgages, Fixed Charges, Floating Charges

1.1 All the Security created under the Debenture:

1.1.1 is created in favour of the Agent;

1.1.2 is created over present and future assets of the Company;

1.1.3 is security for the payment and satisfaction of all the Secured Liabilities;

1.1.4 is created by the Company to the extent of its interest whether joint or several, legal or beneficial; and

1.1.5 is made with full title guarantee in accordance with the Law of Property (Miscellaneous Provisions) Act 1994.

1.2 The Agent holds the benefit of the Debenture on trust for the Finance Parties.

1.3 To the extent of its interest (whether joint or several, legal or beneficial) the Company charges:

1.3.1 by way of a first legal mortgage all estates or interest in any freehold or leasehold property now owned by it; this includes the real property (if any) specified in Schedule 2 (Real Property) of the Debenture (and as described in schedule 3 of this Form 395); and

1.3.2 (to the extent that they are not the subject of a mortgage under Clause 2.2.1 of the Debenture (as described in paragraph 1.3.1 of this Form 395)) by way of first fixed charge all estates or interest in any freehold or leasehold property now or subsequently owned by it.

1.4 A reference in Subclause 2.2 of the Debenture (as described in paragraph 1.3 and this paragraph 1.4 of this Form 395) to a mortgage or charge of any freehold or leasehold property includes:

1.4.1 all buildings, fixtures, fittings and fixed plant and machinery on that property; and

1.4.2 the benefit of any covenants for title given or entered into by any predecessor in title of the Company in respect of that property or any moneys paid or payable in respect of those covenants.

FOSTERING SOLUTIONS LIMITED

Company Number 4006225

Continuation Sheet: 2 of 18

- 1.5 The Company charges by way of a first fixed charge:
- 1.5.1 its interest in all shares, stocks, debentures, bonds or other securities and investments owned by it or held by any nominee on its behalf;
 - 1.5.2 any right, money or property accruing or offered at any time in relation to it by way of redemption, substitution, exchange, bonus or preference, under option rights or otherwise.
- 1.6 The Company charges by way of a first fixed charge all plant and machinery owned by it and its interest in any plant or machinery in its possession.
- 1.7 The Company charges by way of a first fixed charge all of its rights in respect of any amount standing to the credit of any account (including any Account contemplated by the Facility Agreement or the Debenture) it has with any person and the debt represented by it.
- 1.8 The Company charges by way of a first fixed charge:
- 1.8.1 all of its book and other debts (including without limitation any debts that constitute its operating income);
 - 1.8.2 all other moneys due and owing to it; and
 - 1.8.3 the benefit of all rights, securities or guarantees of any nature enjoyed or held by it in relation to any item under Clause 2.6.1 of the Debenture (as described in paragraph 1.8.1 of this Form 395) or 2.6.2 of the Debenture (as described in paragraph 1.8.2 of this Form 395).
- 1.9 The Company charges by way of first fixed charge, the Intellectual Property Rights for the time being owned, possessed or controlled by it including the Intellectual Property Rights specified in Schedule 6 (Intellectual Property Rights) of the Debenture (and as described in schedule 4 to this Form 395) (if any) and (to the extent that any Intellectual Property Rights are not capable of being charged, whether by lack of any third party consent which is required or otherwise) assigns absolutely (to the extent that any Intellectual Property Rights are capable of being assigned) all of its right, title and interest in the Intellectual Property Rights and any and all damages, compensation, remuneration, profit, rent or income which it may derive from the Intellectual Property Rights or be awarded or entitled in respect of such Intellectual Property Rights.
- 1.10 The Company assigns absolutely, subject to a proviso for re-assignment on redemption, all of its rights under any contract or policy of insurance taken out by it or on its behalf or in which it has an interest and without limitation assigns all its right, title and interest, present and future, in and to the Key Person Insurance Documents and all rights and

FOSTERING SOLUTIONS LIMITED

Company Number 4006225

Continuation Sheet: 3 of 18

remedies in connection with the Key Person Insurance Documents and all proceeds and claims arising from the Key Person Insurance Documents.

1.11 The Company assigns absolutely, subject to a proviso for re-assignment on redemption, all of its rights:

1.11.1 under each Transaction Document (other than a Finance Document) to which the Company is a party;

1.11.2 under each Construction Document to which the Company is a party;

1.11.3 under any agreement relating to the purchase of a Property by the Company; and

1.11.4 under any other agreement to which it is a party except to the extent that it is subject to any fixed security created under any other term of Clause 2.9 of the Debenture (as described in this paragraph 1.11).

1.12 The Company charges by way of first fixed charge:

1.12.1 any right to any refund or surplus it has in any pension fund;

1.12.2 its goodwill;

1.12.3 the benefit of any Authorisation (statutory or otherwise) held in connection with its use of any Security Asset (to the extent such benefit is capable of being charged);

1.12.4 the right to recover and receive compensation which may be payable to it in respect of any Authorisation referred to in Clause 2.10.3 of the Debenture (as described in paragraph 1.12.3 of this Form 395); and

1.12.5 its uncalled capital.

1.13 Each of the charges referred to in Clause 2.2 (Land) of the Debenture (as described in paragraph 1.3 of this Form 395) to Clause 2.10 (Miscellaneous) of the Debenture (as described in paragraph 1.12 of this Form 395) (inclusive) shall be read and construed as, and deemed to be separate charges over each of the items mentioned in each such Clause), so that each item mentioned in each Clause and each item forming any constituent element of the Intellectual Property Rights shall be deemed to be subject to a separate charge. Without limiting the previous sentence, if any such item shall be found to be subject to a floating charge and not to a fixed charge, such finding shall not of itself result in any other such item being deemed to be subject to a floating charge (as opposed to a fixed charge).

FOSTERING SOLUTIONS LIMITED

Company Number 4006225

Continuation Sheet: 4 of 18

- 1.14 The Company charges by way of a first floating charge all its assets not otherwise effectively mortgaged, charged or assigned by way of fixed mortgage, charge or assignment under Clause 2.12 of the Debenture (as described in this paragraph 1.14).
- 1.15 Except as provided in the Debenture, the Agent may by notice to the Company convert the floating charge created by Subclause 2.12 of the Debenture (as described in paragraph 1.15 to 1.18 of this Form 395) into a fixed charge as regards the Company's assets specified in that notice, if:
- 1.15.1 an Event of Default is outstanding; or
- 1.15.2 the Agent considers in good faith those assets to be in jeopardy, whether in danger of being seized or sold under any form of distress, execution or other legal process or otherwise.
- 1.16 The floating charge created by Subclause 2.12 of the Debenture (as described in paragraphs 1.15 to 1.18 of this Form 395) may not be converted into a fixed charge solely by reason of:
- 1.16.1 the obtaining of a moratorium; or
- 1.16.2 anything done with a view to obtaining a moratorium,
- 1.16.3 under the Insolvency Act 2000.
- 1.17 The floating charge created by Subclause 2.12 of the Debenture (as described in paragraphs 1.15 to 1.18 of this Form 395) will automatically convert into a fixed charge over those assets of the Company from time to time subject to a floating charge pursuant to the Debenture (the "**Floating Charge Assets**");
- 1.17.1 if steps are taken to appoint an administrator or to issue a notice of intention to appoint an administrator;
- 1.17.2 if the Company creates or attempts to create any Security over all or any of the Floating Charge Assets; or
- 1.17.3 if any person levies or attempts to levy any distress, execution, sequestration or other process against any of the Floating Charge Assets.
- 1.18 Paragraph 14 of schedule B1 to the Insolvency Act 1986 applies to the floating charge created by Subclause 2.12 of the Debenture (as described in paragraphs 1.15 to 1.18 of this Form 395) which floating charge is accordingly a qualifying floating charge for such purposes.

2. Restrictions on Dealings

FOSTERING SOLUTIONS LIMITED

Company Number 4006225

Continuation Sheet: 5 of 18

- 2.1 Except as expressly allowed in the Facility Agreement, the Company shall not create or permit to subsist any Security on any Security Asset (except for the Security created by the Debenture).
- 2.2 Except as expressly allowed in the Facility Agreement, the Company shall not sell, transfer, licence, lease or otherwise dispose of or agree to sell, transfer, licence, lease or otherwise dispose of any Security Asset, except for the disposal in the ordinary course of trade of any Security Asset subject only to an uncrystallised floating charge created under the Debenture.

3. Further Assurance

- 3.1 The Company will, at its own expense, take whatever action the Agent or a Receiver may require for:
 - 3.1.1 creating, perfecting or protecting any security intended to be created by the Debenture; or
 - 3.1.2 facilitating the realisation of any Security Asset, or the exercise of any right, power or discretion exercisable, by the Agent or any Receiver or any of its delegates or sub-delegates in respect of any Security Asset.
- 3.2 This includes:
 - 3.2.1 the execution of any transfer, conveyance, assignment or assurance of any property, whether to the Agent or to its nominee; or
 - 3.2.2 the giving of any notice, order or direction and the making of any registration,which, in any such case, the Agent may think expedient.

4. Power of Attorney

- 4.1 The Company, by way of security, irrevocably and severally appoints the Agent, each Receiver and any of its delegates or sub-delegates to be its attorney to take any action which the Company is obliged to take under the Debenture. The Company ratifies and confirms whatever any attorney does or purports to do under its appointment under Clause 18 of the Debenture (as described in this paragraph 4.1).

5. Covenant to Pay

The Company will pay or discharge the Secured Liabilities in the manner provided for in the Finance Documents.

FOSTERING SOLUTIONS LIMITED

Company Number 4006225

Continuation Sheet: 6 of 18

SCHEDULE 2

Definitions

"Accession Letter"	a document substantially in the form set out in Schedule 6 (Form of Accession Letter) of the Facility Agreement;
"Account"	a General Account, the Deposit Account or the Surplus Deposit Account;
"Acquisition Agreement"	an Existing Acquisition Agreement or an Additional Acquisition Agreement;
"Acquisition Disclosure Letter"	an Existing Acquisition Disclosure Letter or an Additional Acquisition Disclosure Letter;
"Acquisition Document"	an Acquisition Agreement or an Acquisition Disclosure Letter;
"Additional Acquisition Agreement"	a share sale and purchase agreement entered or to be entered into by the Borrower in connection with the acquisition of the shares in an Additional Guarantor with the prior consent of the Agent;
"Additional Acquisition Disclosure Letter"	a disclosure letter pursuant to an Additional Acquisition Agreement;
"Additional Guarantor"	means Belmont Company, the Company, Fostering Solutions Northern Limited or any other Subsidiary of the Borrower which, in each case, becomes an Additional Guarantor in accordance with Clause 26 (Changes to the Obligors) of the Facility Agreement;
"Additional Property"	any property (other than an Existing Property) owned or acquired by a Guarantor and, in respect of which, the Agent has received in form and substance satisfactory to the Agent, all of the documents and other evidence listed in Part III of Schedule 2 (Additional Property Conditions Precedent) of the Facility Agreement;

FOSTERING SOLUTIONS LIMITED

Company Number 4006225

Continuation Sheet: 7 of 18

"Arranger"	Anglo Irish Bank Corporation Plc;
"Authorisation"	an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration;
"Bank Indemnity"	the indemnity provided by the Original Lender in favour of AIB Group (UK) plc in respect of the guarantee obligations of AIB Group (UK) plc under the loan stock instrument dated 18 March 2005 of the Borrower constituting £1,000,000 zero coupon guaranteed loan notes 2006;
"Belmont Company"	Belmont School Limited (registered in England with registered number 03292207) or Waterloo Lodge School Ltd. (registered in England with registered number 03921801);
"Borrower"	Acorn Care and Education Limited (registered in England with registered number 05019430);
"Commitment"	Facility A Commitment or Facility B Commitment;
"Construction Document"	any contract or agreement entered into by the Company in relation to any construction, development, capital expenditure project or other similar or related service or contract;
"Counterparty"	Anglo Irish Bank Corporation Plc;
"Deposit Account"	the account designated as such under the terms of the Facility Agreement;
"Existing Acquisition Agreement"	each of: (a) the share purchase and sale agreement dated 17 December 2004 between the Borrower and Dr A.J. Smith and Mrs A.R. Smith in connection with the acquisition of the shares in Knossington Grange School Limited;

FOSTERING SOLUTIONS LIMITED

Company Number 4006225

Continuation Sheet: 8 of 18

(b) the share purchase and sale agreement dated 18 March 2005 between the Borrower and Jane Lloyd, Georgina Revell, Miranda Ridgen, Viktoria Lloyd-Barlow, Robert Lloyd, David Lloyd and Laura Lloyd in connection with the acquisition of the shares in Heath Farm Limited;

(c) the share purchase and sale agreement dated 28 July 2005 between the Borrower and Charles Edmundson and Gary Holliday in connection with the acquisition of the shares in Crookhey Hall Limited; or

(d) the share purchase and sale agreement dated 20 October 2005 between the Borrower and Kenneth and Sandra Anstese in connection with the acquisition of the shares in Bramfield School House Limited;

"Existing Acquisition Disclosure Letter"

each of:

(a) the disclosure letter dated 17 December 2004 between the Borrower and Dr A.J. Smith and Mrs A.R. Smith in connection with the acquisition of the shares in Knossington Grange School Limited;

(b) the disclosure letter dated 18 March 2005 between the Borrower and Jane Lloyd, Georgina Revell, Miranda Ridgen, Viktoria Lloyd-Barlow, Robert Lloyd, David Lloyd and Laura Lloyd in connection with the acquisition of the shares in Heath Farm Limited;

(c) the disclosure letter dated 28 July 2005 between the Borrower and Charles Edmundson and Gary Holliday in connection with the acquisition of the shares in Crookhey Hall Limited; or

(d) the disclosure letter dated 12 October 2005 between the Borrower and Kenneth

FOSTERING SOLUTIONS LIMITED

Company Number 4006225

Continuation Sheet: 9 of 18

and Sandra Anstese in connection with the acquisition of the shares in Bramfield School House Limited;

"Existing Property"

each property listed against the Company and Fostering Solutions (Northern) Limited (as described in schedule 3 to this Form 395), each as described in the Debenture, where the context so requires, includes any buildings on such property;

"Event of Default"

any event or circumstance specified as such in Clause 24 (Events of Default) of the Facility Agreement;

"Facility Agreement"

the £50,000,000 facility agreement dated 14 February 2006 between (among others) the Original Obligors and the Agent;

"Facility A"

the term loan facility made available under the Facility Agreement as described in Clause 2.1 (The Facilities) of the Facility Agreement;

"Facility A Commitment"

(a) in relation to the Original Lender, the amount set opposite its name under the heading "Facility A Commitment" in Part II of Schedule 1 (The Original Lender) of the Facility Agreement and the amount of any other Facility A Commitment transferred to it under the Facility Agreement; and

(b) in relation to any other Lender, the amount of any Facility A Commitment transferred to it under the Facility Agreement,

to the extent not cancelled, reduced or transferred by it under the Facility Agreement;

"Facility A Loan"

any loan made or to be made under Facility A or the principal amount outstanding for the time being of such loans;

FOSTERING SOLUTIONS LIMITED

Company Number 4006225

Continuation Sheet: 10 of 18

"Facility B"

the capex loan facility made available under the Facility Agreement as described in Clause 2.2 (The Facilities) of the Facility Agreement;

"Facility B Commitment"

(a) in relation to the Original Lender, the amount set opposite its name under the heading "Facility B Commitment" in Part II of Schedule 1 (The Original Lender) of the Facility Agreement and the amount of any other Facility B Commitment transferred to it under the Facility Agreement; and

(b) in relation to any other Lender, the amount of any Facility B Commitment transferred to it under the Facility Agreement,

to the extent not cancelled, reduced or transferred by it under the Facility Agreement;

"Facility B Loan"

any loan made or to be made under Facility B or the principal amount outstanding for the time being of such loans;

"Fee Letter"

the letter dated on or about the date of the Facility Agreement between the Arranger and the Borrower (or the Agent and the Borrower) setting out any of the fees referred to in Clause 11 (Fees) of the Facility Agreement;

"Finance Document"

the Facility Agreement, a Security Document, the Subordination Agreement, the Fee Letter, any Accession Letter, the Bank Indemnity, the Hedging Arrangements and any other document designated as such by the Agent and the Borrower;

"Finance Party"

the Agent, the Arranger, the Counterparty or a Lender (together the **"Finance Parties"**);

FOSTERING SOLUTIONS LIMITED

Company Number 4006225

Continuation Sheet: 11 of 18

"General Account"	each account designated as such under the terms of the Facility Agreement;
"Guarantor"	an Original Guarantor or an Additional Guarantor;
"Hedging Arrangement"	any interest hedging arrangement entered into by the Borrower in connection with interest payable under the Facility Agreement;
"Individual Shareholder"	Ms Janet MacLean, Mr Andrew Short and each member of the Senior Management (other than Mr David Johnson) or any other person which becomes a shareholder of the Borrower with the prior written consent of the Majority Lenders;
"Intellectual Property Rights"	all patents (including applications (and any goodwill associated with such applications), improvements, prolongations, extensions and rights to apply for them in any part of the world), designs (whether registered or unregistered), copyrights and rights in the nature of copyright, design rights, trade marks and service marks (whether registered or unregistered), utility models (in each case for their full period and all extensions and renewals of them), trade names, business names, domain names and brand names, know-how, formulae, confidential information, trade secrets, computer software programs and systems and any similar rights existing in any country (including the benefit of any licences or consents relating to any of the above) and all fees, royalties or other rights derived from them or incidental to them in any part of the world;
"Investment Document"	the Shareholders' Agreement, the Investor Loan Note Instrument or the Investor Loan Notes;

FOSTERING SOLUTIONS LIMITED

Company Number 4006225

Continuation Sheet: 12 of 18

"Investor Loan Notes"

(a) £400,000 unsecured subordinated 15% loan notes 2011;

(b) £5,415,384 unsecured subordinated 15% loan notes 2011;

(c) £1,000,000 unsecured subordinated 15% loan notes 2006;

(d) £168,421 unsecured subordinated 15% loan notes 2011;

(e) £4,000,000 unsecured subordinated 15% loan notes 2011;

(f) any transferred notes in relation to (a) above;

"Investor Loan Note Instrument"

each of the Instruments dated 18 March 2005 creating the Investor Loan Notes referred to in paragraphs (a), (b) and (c) of the definition of "Investor Loan Notes" above and each of the instruments dated 28 July 2005 creating the Investor Loan Notes referred to in paragraphs (d) and (e) of the definition of "Investor Loan Notes";

"Key Person Insurance Document"

a key person life assurance policy (in form and substance reasonably satisfactory to the Agent and with such insurer as the Agent may reasonably approve) taken out and maintained by the Borrower in respect of each of Mr Stephen Page and Mr David Johnson (and any substitute or replacement policies entered into relating to the same);

"Lender"

(a) any Original Lender; and

(b) any bank, financial institution, trust, fund or other entity which has become a Party in accordance with Clause 25 (Changes to the Lenders) of the Facility Agreement;

FOSTERING SOLUTIONS LIMITED

Company Number 4006225

Continuation Sheet: 13 of 18

	which in each case has not ceased to be a Party in accordance with the terms of the Facility Agreement;
"Loan"	a Facility A Loan or a Facility B Loan;
"Majority Lenders"	(a) if there are no Loans then outstanding, a Lender or Lenders whose Commitments aggregate more than $66\frac{2}{3}\%$ of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated more than $66\frac{2}{3}\%$ of the Total Commitments immediately prior to the reduction); or (b) at any other time, a Lender or Lenders whose participations in the Loans then outstanding aggregate more than $66\frac{2}{3}\%$ of all the Loans then outstanding;
"Mortgaged Property"	means all freehold or leasehold property included in the definition of Security Assets;
"Obligor"	means an Original Obligor or an Additional Guarantor;
"Original Obligor"	means the Borrower and each of the companies identified at Schedule 5 of this Form 395;
"Original Lender"	means Anglo Irish Bank plc;
"Party"	a party to the Facility Agreement;
"Property"	an Existing Property or an Additional Property;
"Receiver"	an administrative receiver, receiver and manager or a receiver, in each case, appointed under the Debenture;
"Security"	a mortgage, charge, assignment, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect;

FOSTERING SOLUTIONS LIMITED

Company Number 4006225

Continuation Sheet: 14 of 18

"Security Assets"	all the assets of the Company which are the subject of any Security created or constituted by the Debenture;
"Security Document"	(a) the Debenture; (b) any other debenture entered into by an Obligor in favour of the Finance Parties; or (c) any other document designated as such by the Agent and the Borrower;
"Security Period"	the period beginning on the date of the Debenture and ending on the date on which all the Secured Liabilities have been unconditionally and irrevocably paid and discharged in full;
"Senior Management"	each of Mr Kevin McNeany, Mr Stephen Page and Mr David Johnson;
"Service Contract"	a service contract of each member of Senior Management in form and substance acceptable to the Agent;
"Shareholders' Agreement"	an investment agreement relating to Acorn Care & Education Limited dated 18 March 2005 between (1) the Borrower, (2) the Managers (as defined therein), (3-8) The Phoenix Funds (as defined therein), (9) Phoenix Equity Partners Limited, and (10) Phoenix Equity Nominees Limited;
"Subordinated Creditor"	Phoenix Equity Nominees Limited or an Individual Shareholder;
"Subordination Agreement"	a subordination agreement entered or to be entered into by the Subordinated Creditors in favour of the Agent in form and substance satisfactory to the Agent;
"Subsidiary"	(a) a subsidiary within the meaning of section 736 of the Companies Act 1985; and

FOSTERING SOLUTIONS LIMITED

Company Number 4006225

Continuation Sheet: 15 of 18

(b) unless the context otherwise requires, a subsidiary undertaking within the meaning of section 258 of the Companies Act 1985;

"Surplus Deposit Account"

the account designated as such under the terms of the Facility Agreement;

"Total Commitments"

the aggregate at any given time of the Total Facility A Commitments and the Total Facility B Commitments;

"Total Facility A Commitments"

the aggregate of the Facility A Commitments being £44,000,000 as at the date of the Facility Agreement;

"Total Facility B Commitments"

the aggregate of the Facility B Commitments being £6,000,000 as at the date of the Facility Agreement; and

"Transaction Document"

(a) a Finance Document;

(b) an Acquisition Document;

(c) an Investment Document;

(d) a Service Contract; or

(e) any other document designated as such by the Agent and the Borrower.

FOSTERING SOLUTIONS LIMITED

Company Number 4006225

Continuation Sheet: 16 of 18

SCHEDULE 3

Real Property

None.

FOSTERING SOLUTIONS LIMITED

Company Number 4006225

Continuation Sheet: 17 of 18

SCHEDULE 4

Intellectual Property Rights

None.

FOSTERING SOLUTIONS LIMITED**Company Number 4006225****Continuation Sheet: 18 of 18****SCHEDULE 5****Original Obligors**

Original Obligor	Registered Number	Registered Address
Knossington Grange School Limited	1313496	The Lodge Knossington Oakham Rutland LE15 8LY
Heath Farm Limited	2582284	The Lodge Knossington Oakham Rutland LE15 8LY
Heath Farm Fostering Agency Limited	05470925	The Lodge Knossington Oakham Rutland LE15 8LY
Heath Farm Family Services Limited	02634737	The Lodge Knossington Oakham Rutland LE15 8LY
Crookhey Hall Limited	02729238	The Lodge Knossington Oakham Rutland LE15 8LY
Bramfield House School Limited	05527671	The Lodge Knossington Oakham Rutland LE15 8LY

FILE COPY



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

Pursuant to section 401(2) of the Companies Act 1985

COMPANY No. 04006225

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A DEBENTURE DATED THE 15th FEBRUARY 2006 AND CREATED BY FOSTERING SOLUTIONS LIMITED FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM EACH OBLIGOR TO ANY FINANCE PARTY ON ANY ACCOUNT WHATSOEVER UNDER THE TERMS OF THE AFOREMENTIONED INSTRUMENT CREATING OR EVIDENCING THE CHARGE WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 3rd MARCH 2006.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 7th MARCH 2006.

p. 4



Companies House

— for the record —



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES