

21. ASSIGNMENT, APPROVAL AND DISAPPROVAL

- 21.1. You hereby sell to us all Debts existing at the date of this Agreement and all Debts which arise before the termination of this Agreement. We will own all existing Debts upon this Agreement coming into effect and all future Debts upon them coming into existence, without the need for you or us to do anything further.
- 21.2. You must Notify us as soon as each Debt comes into existence and at the same time provide us with supporting evidence:
- a. of the existence and value of each Debt and
 - b. that the Goods have been Delivered and
 - c. that the Supply Contract has been performed. If we have sent you notice of a proposed variation under condition 16 of our General Conditions Module, the delivery of any Notification of Debts to us after your receipt of such notice will be deemed to constitute your acceptance of such variation, whether such Notification occurs within or after 7 days from the date we sent you notice of the proposed variation.
- 21.3. In respect of each Debt sold to us, you agree that:
- a. if we don't become entitled to that Debt absolutely and effectively, you will hold it and the proceeds of it on trust for us absolutely and separate from your own monies; and
 - b. you will hold on trust for us any relief under the VAT Bad Debt Scheme (or similar relief) obtained by you in respect of such Debt.
- 21.4. If we require, you will immediately and at your expense:
- a. execute and deliver to us a formal written transfer of any Debt in the form we require; and/or
 - b. take any other action reasonably necessary to perfect the transfer to (or holding in trust for) us of any Debt and the proceeds of the same.
- 21.5. If at any time we require you to give notice to the Debtor that Debts due have been sold to us, you must endorse such notice in the form we require on every invoice and every credit note and any other document relating to each Debt.
- 21.6. We will classify Notified Debts as either Approved or Disapproved in our absolute discretion. We may Approve, Disapprove or re-Approve a Debt at any time and for any reason in our absolute discretion.
- 21.7. If a Debt is Disapproved, we may, in our absolute discretion, require you at any time to repurchase it from us at the Repurchase Price.
- 21.8. All Repurchase Debts shall remain vested in us until you have paid to us the Repurchase Price in respect of all Repurchase Debts then Outstanding.
- 21.9. Without prejudice to the other conditions of this Module, in calculating the Repurchase Price we may exclude from such calculation any un-cleared Remittance and/or Remittance received by direct debit or credit card in the period of 28 days preceding the notice designating such Debt as a Repurchase Debt.
- 21.10. In the event that any Debt is a Non-Compliant Debt you must Notify it to us

separately from any other Debts and tell us why it is a Non- Compliant Debt.

do that, we will debit all such items to your account later.

22. ACCOUNTS

22.1. We will maintain such accounts as we decide are necessary to accurately record the transactions between us, the value of Debts, the amount of Remittances received by us, payments made by us to you, amounts due or which may become due under the terms of this Agreement and any other items to be debited or credited between you and us. These accounts will include one or more Sales Ledger Accounts, one or more Current Accounts and any other accounts we consider appropriate and will reflect the relevant Approved Currency in which the relevant payment obligations arise.

23.3. We will give credit for Remittances on the later of:

- a. the Collection Date; and
- b. the Working Day on which we identify the relevant Debt to which that Remittance relates.

23.4. If we give credit for a Remittance and later become aware that it has not cleared, we may reverse all and any accounting entries made in respect of that Remittance.

23.5. If we give credit for a Remittance paid by direct debit and the Debtor later claims that either the wrong amount has been debited or that no debit should have been made at all, then we may reverse all and any accounting entries made in respect of that Remittance and return the relevant monies received to the Debtor.

23. PURCHASE PRICE

23.1. Subject to the other provisions of this Agreement, the Purchase Price of a Debt will be the total amount payable by the Debtor in respect of that Debt (including any VAT or similar duty) in the Approved Currency in which that Debt is denominated, less the aggregate of:

- a. the Discount Charge, any Administration Charge and any other charges or fees payable to us in respect of that Debt; and
- b. the amount of any credit note, refund, allowance, discount or other deduction that is allowed or allowable to the Debtor in respect of that Debt.

23.2. We will give you credit for the Purchase Price of a Debt promptly and we may do so before we deduct any of the items mentioned in condition 23.1 above. If we

23.6. If we receive a Remittance in a currency other than the relevant Approved Currency, we will convert the amount of that currency at the spot rate of conversion provided by our bank for conversion into the relevant Approved Currency, with all costs and currency exchange losses being for your account.

23.7. Liabilities you may have to us from time to time (whether present, future, contingent or prospective) may be debited to your Current Account. If the amount cannot be immediately ascertained we may make a reasonable estimate thereof.

24. PAYMENTS TO YOU

24.1. Subject to our rights of set off and the other terms of this Agreement, we may pay to

you at your request (made in the manner required by us):

- a. an Advance in respect of an Approved Debt in the Approved Currency in which it is denominated, calculated by applying the Advance Percentage to the Notified Value of that Debt; and
- b. additional sums, over and above any Advance under condition 24.1(a) above (if any); up to a maximum aggregate amount not exceeding the Availability at that time. Any payment we make to a third party at your request shall be treated as a payment to you.

24.2. If a Debt becomes Disapproved, you shall immediately repay to us any Advance made in relation to it and we may debit such amount to your Current Account.

24.3. At no time may the Facility Limit be exceeded without our prior express approval. If you request and we agree to pay to you Advance which we would not ordinarily pay to you (due to it causing the Facility Limit to be exceeded for example), we may charge an Overpayment Fee as described in the Fees and Special Conditions module forming part of this Agreement.

24.4. You will pay to us the Payment Charge set out in the Fees and Special Conditions Module in relation to each payment we make to you.

24.5. Payments to you will be debited to your Current Account on the Working Day that we give instructions to our bank to make that payment to you by the method chosen by you via our website.

charges specified in the Fees and Special Conditions Module as being applicable to our Debt Purchase Services and all other fees (including legal fees), charges and other expenses provided for in this Agreement and/or directly incurred by us in providing our services to you and such other fees as we may agree from time to time, such as following a breach of this Agreement, a change in your business or the risk to us in providing our services to you.

25.2. We will debit the Administration Charges to your Current Account upon the relevant Debts being Notified or thereafter. Where a Minimum Administration Charge applies you shall pay to us any shortfall between the aggregate amount of Administration Charges accrued in the relevant period and the Minimum Administration Charge.

25.3. For each month, or part thereof, beyond the Beyond Reassignment Charge Period, in which a Debt remains Outstanding, you will pay to us a Beyond Reassignment Charge, on the first day of the month, calculated on the amount of that debt outstanding at the beginning of the month.

25.4. For the purpose of calculating the Discount, in establishing the balance on the Current Account a Debt shall be deemed to be Outstanding until its Collection Date or, in respect of a Debt where we believe it is necessary to submit a proof of debt in the Insolvency of the Debtor, such Debt shall be treated as being Outstanding until such proof has been accepted.

25.5. You will pay to us (and you irrevocably agree to indemnify us in respect of) all costs (including our own administrative and other costs), charges, expenses, professional fees (including VAT), losses, claims and/or demands that we may suffer or incur in collecting Debts and/or securing, protecting and/or exercising our rights under this

25. PAYMENTS TO US

25.1. You will pay to us, in the Approved Currency in which they are incurred, the fees and

Agreement. We will charge for our time costs incurred on the basis of our published tariff of such costs in force at the relevant time. Our certificate of the amount of such costs, charges, expenses, professional fees, losses, claims and demands will be conclusive and binding upon you unless it contains a manifest error.

- c. you will not mark or endorse any Remittance other than in our favour; and
- d. you will not bank any Remittance for your own account and you will hold each such Remittance on trust for us pending our receipt of it.

26. COLLECTIONS FROM AND DEALINGS WITH DEBTORS

26.1. We may collect and enforce payment (at your expense) of each Debt for as long as such Debt is owned by us.

26.2. If you are permitted to act as our agent for the purposes of collecting the proceeds of Debts:

- a. you agree to act as our agent for the purpose of administering and collecting Debts for our benefit and at your own expense and in accordance with our instructions and requirements from time to time;
- b. your appointment as our agent may be varied or terminated by us at any time; and
- c. you agree that you shall not hold yourself out as our agent for any other purpose.

26.3. Whether or not you are appointed as our agent:

- a. you will (at your own expense) upon our request assist our collection efforts and you agree that we may conduct legal proceedings in your name and under our control and settle, compromise or adjust any such proceedings on such terms as we consider appropriate;
- b. you will immediately pay into the trust account specified in the Fees and Special Conditions Module or any other bank account nominated by us, any Remittance received by you;

26.4. Any Remittance for or on account of any Debt (including from the estate of a Debtor following the Date of Insolvency of that Debtor), notwithstanding any contrary appropriation by the Debtor, will be appropriated firstly against Credit Approved Debts, secondly against Approved Debts, thirdly against any other Outstanding Debts and fourthly in or towards discharging any liabilities you may have to us. Any remaining balance will be paid to you or any other person entitled to it.

26.5. If a Debtor disputes any Debt, you will:

- a. notify us immediately and use your best endeavours to settle the dispute or to assist us in doing so; and
- b. perform all your continuing obligations to the relevant Debtor under the Supply Contract giving rise to that Debt.

26.6. You will immediately advise us of (separately from any Notification of any Debts) any credit note that you issue in respect of a Debt (including any other allowance or discount given) together with all relevant original or copy documentation we may require. You acknowledge that we may by notice to you require that credit notes will not be issued without our prior written consent. The amount of each credit note, allowance or discount will reduce the Purchase Price of the Debt to which it relates. You will if we require pay to us the amount equal to the amount of any such credit note, allowance or discount.

26.7. If any Goods are returned or refused by a Debtor, or are repossessed by you, you will set those goods aside, mark them with our name as owner and hold them for us as a bailee (and at no cost to us) until either the Goods are resold or otherwise disposed of in accordance with our direction (without us being obliged to procure such sale or disposal) or we are fully reimbursed in relation to that Debt. Following such reimbursement, we will transfer the Debt and title to the Goods back to you.

26.8. Where you have notified a Debt to us but you have not, as at the date of the Notification, Delivered the Goods to the Debtor, we own the Goods (whether finished or unfinished) to which such Notified Debts relate. For this purpose, you transfer to us (on the date that the Debt is sold and assigned to us under condition 21.1 above) all your right, title and interest to such Goods, including where applicable your rights under the relevant contracts between you and any person from whom you have ordered or procured the Goods to which the Debt relates.

26.9. We may enter any of your premises where such returned or repossessed Goods or Goods referred to in conditions 26.7 or 26.8 above are located for the purpose of enforcing, securing or protecting our rights to such Goods.

26.10. We or any person appointed by us may enter any of your premises where unfinished Goods are located and at your expense complete the manufacture of those Goods or fulfil any collateral Supply Contract in order to obtain payment in full of any Debt which you have Notified to us.

26.11. If our records show that a credit balance appears on any account with a Debtor, we may (and you irrevocably authorise us

to) pay that credit balance to the relevant Debtor and debit it to your Current Account.

27. VALUE ADDED TAX

27.1. If the terms of the VAT Bad Debt Scheme would apply to a Debt but for its sale to us, then we may sell such Debt back to you or lodge in your name a proof of debt in the Insolvency of the Debtor and in such circumstances you undertake to:

- a. pay to us forthwith a sum equivalent to the VAT included in such Debt that you may be able to reclaim under the VAT Bad Debt Scheme;
- b. use your best endeavours to recover all VAT that you are entitled to reclaim; and
- c. hold in trust for us any dividend or other sum in relation to such Debt recovered by you.

28. REPRESENTATIONS AND WARRANTIES

28.1. You represent and warrant to us in respect of each Debt that:

- a. the Supply Contract giving rise to that Debt;
 - i is valid, binding and enforceable against the Debtor;
 - ii is governed by English law or other law approved by us in writing and provides for the Debtor's submission to the jurisdiction of the English courts;
 - iii contains no prohibition against the sale or transfer of the Debt by you;
 - iv is not regulated by the Consumer Credit Act 1974 or subordinate legislation;

- v provides for payment in Sterling or any other Approved Currency;
- vi provides for payment terms (unless otherwise agreed by us in writing) that provide for such Debt to be paid by no later than when specified in the Fees and Special Conditions Module;
- vii if it provides for any early settlement discount, such discount is no greater than the permitted early settlement discount specified in the Fees and Special Conditions Module; and
- viii is made upon your Standard Terms in the ordinary course of your business;
- b. you have taken all reasonable steps to ascertain the creditworthiness of the Debtor prior to, and the Debtor is not Insolvent at the time of, the delivery of Goods to the Debtor;
- c. the Debt has not previously been Notified to us;
- d. the Debt has not been sold, transferred, mortgaged, charged or otherwise disposed of or encumbered to any other person, nor has any agreement been made to do so;
- e. no supplier to you or other third party will retain title to all or any part of any Goods or the proceeds of sale of such Goods which are the subject matter of the Debt;
- f. you have performed all obligations required for enforcement of the Debt, including without limitation the delivery of Goods;
- g. the Debtor has no right of set-off, deduction, abatement, defence or counterclaim in respect of the Debt;
- h. the Debtor has an established place of business and is not an Associate;
- i. it is a bona fide Debt and each Notification solely contains bona fide Debts in relation to which the above warranties can be given and be complied with.
- 28.2. The representations and warranties contained in condition 28.1 above will be deemed to be repeated on a daily basis in respect of each Debt until that Debt has been fully and finally unconditionally discharged.
- ## 29. UNDERTAKINGS
- 29.1. You agree that you will:
- a. comply at all times with our requirements made known to you from time to time as to the collection and management of Debts;
- b. keep accurate accounting records regarding Debts separate from all other records and conspicuously noted as belonging to us;
- c. send us within 5 Working Days of our request, information concerning your business and financial affairs including audited financial records, or those of any guarantor, indemnifier or warrantor;
- d. permit or procure the verification of Debts in such manner as we may require;
- e. notify us immediately upon becoming aware of the Insolvency of any Debtor;
- f. notify us immediately upon becoming aware of any matter or circumstance that constitutes (or would, with the passing of time or the giving of notice, constitute) a Termination Event;
- g. keep confidential all information provided by us in relation to the creditworthiness of Debtors or details of, or reasons for, designating any Debt as Approved or Disapproved;

- h. immediately perform your outstanding or continuing obligations under any Supply Contract or any related contract;
 - i. if and when required by us, give notice in the form we require to any one or more Debtors that its Debts have been sold to us; and
 - j. ensure that, in relation to sole trader and unlimited partnership Debtors, your directors, shareholders, employees and/ or Partners, the processing by you or by us of information about them including any transfer of information to us) complies with the requirements of the Data Acts, you have given them notice of the manner in which we may process the information that you provide to us and such information is up to date and is accurate.
- diversion of any of your sales following orders from Debtors to any other party; and
- e. without our prior written consent, alter, or seek to alter, your constitution, composition or legal personality or those who have Control over you.

30. DURATION OF AGREEMENT

This Agreement and the terms of this Module shall continue in effect until terminated in accordance with condition 3 of the Master Services Agreement. In addition to the right to terminate this Agreement under that condition 3, we also may terminate this Agreement immediately under condition 31 below.

29.2. You agree that you will not:

- a. sell, transfer, mortgage, charge or otherwise dispose of or encumber any Debt or the proceeds of such Debt or your rights under this Agreement or any other agreement, or agree or purport to do so, whether by you directly or by division or subsidiary, other than in our favour;
- b. without our prior written consent, rescind, terminate, waive or modify (or purport to rescind, terminate, waive or modify) any of the terms on which you supply Goods and you will not extend the time for payment of any Debt;
- c. without our prior written consent, waive or modify (or purport to waive or modify) any of the terms on which you purchase Goods from your suppliers and, in particular, you will not permit any supplier to retain title to Goods supplied to you;
- d. without prejudice to condition 29.2(a) above, sell, transfer, lease, licence, part with possession or dispose of or grant any interest in or relating to your goodwill including diverting or encouraging the

31. TERMINATION EVENTS

- 31.1. If:
- a. you breach or threaten to breach any of the provisions of this Agreement, any other agreement with us or any of our group companies, or any related guarantee or security;
 - b. any of your representations and warranties are untrue or incorrect in any material respect when they are made or deemed to be repeated under this Agreement;
 - c. any moneys due from you to us are not paid within 5 days after they become due;
 - d. there is a change in the person who Controls you or who owns or is entitled to vote 15% (or more) of your equity or is entitled to appoint 15% (or more) of your directors;
 - e. any of your directors or partners ceases to be a director or partner and is not replaced within 3 months by an individual acceptable to us;

- f. any of our payments to you are not used in the ordinary course of your business or are used for the purposes of bribery or to breach any HM Government sanctions;
- g. you or any Partner of yours or any person who has given us a guarantee, indemnity or warranty of your obligations under this Agreement becomes Insolvent, or dies or terminates or amends (or purports or attempts to terminate or amend) the guarantee, warranty or indemnity, or if required by us to acknowledge any amendment to the terms of this Agreement, fails or refuses to do so;
- h. any person who waived, gave consent, priority or released in our favour its rights to any Debt withdraws such waiver, consent, priority or release or otherwise asserts a claim to any Debt or any proceed thereof;
- i. we consider, in our discretion acting reasonably, that there has been a material adverse change in your business, assets, financial condition or operating performance; and
- j. for a consecutive period of four weeks you fail to deliver any Notifications, then upon or at any time after such occurrence we may terminate this Agreement immediately by giving written notice of termination to you and/or exercise all or any of our other rights under condition 32 below.
- above, or (if we so elect) at any time after a Termination Event has occurred, or upon our immediate termination of this Agreement pursuant to condition 31 above, the following will apply:
- a. You will still be obliged to Notify Debts to us that have not been previously Notified until all of your obligations under this condition 32 are satisfied in full; and
- b. all Outstanding Approved Debts and all subsequently Notified Debts will automatically become Disapproved and we shall be entitled to reduce the Advance Percentage (including to zero) and/or suspend making payments to you until we have received an amount equal to all and any Advances then outstanding together with payment of all fees and charges which have accrued due or which will become due to us; and/or
- c. subject to condition 21.9 above we may, upon demand, require you to forthwith repurchase from us all Outstanding Debts at the Repurchase Price or (at our option) in lieu thereof, pay to us the Current Account balance at that time. Upon unconditional receipt of such sum from you in cleared funds, the ownership of each such Debt will transfer back to you without further act of formality and we will have no further obligations or liabilities in respect of such Debts; and/or
- d. we shall be entitled to debit to your Current Account any additional operating expenses incurred in our collection of the Debts plus our standard hourly tariff (which we publish from time to time) for our time involved.

32. CONSEQUENCES OF TERMINATION OR A TERMINATION EVENT OCCURRING

Termination of this Agreement will not affect the rights or obligations of either you or us in relation to Debts sold to us prior to such termination, nor affect the continued accrual of fees, charges and expenses payable under this Agreement in relation to such Debts.

- 32.1. On the expiry of a notice to terminate this Agreement given under condition 30

- 32.2. If this Agreement comes to an end before the end of the Minimum Period for any reason, you will be obliged pay to us the Early Termination Fee, being an amount equal to the aggregate of:

- a. a charge equal to the monthly average of the Administration Charges payable by you during the six months prior to termination (or the monthly average over the relevant period if this Agreement has run for less than six months) or, if greater, the Minimum Administration Charge; and
- b. a charge equal to the monthly average of the Discount Margin payable by you during the six months prior to termination (or the monthly average over the relevant period if this Agreement has run for less than six months) for each month or part of a month during the period from the date of termination to the earliest date on which you would have been entitled to terminate this Agreement by giving written notice pursuant to condition 30 above.
- e. converting any sum due to us under this Agreement or any related guarantee, warranty, indemnity or security, or any order or judgment concerning any of them, into another currency; or
- f. any claim made on us by any Debtor in relation to a Debt or Associated Right; or
- g. your failure to comply with, and any of our requirements in respect of, the Data Acts.

33. INDEMNITY

33.1. Without prejudice to any other indemnities contained in this Agreement or in any related guarantee, indemnity or security, you irrevocably agree to indemnify us against any cost, loss or expense that we may suffer or incur in respect of:

- a. any breach of the warranties or obligations of any person under this Agreement or any related guarantee, indemnity or security; or
- b. any stamp, documentary, registration or similar duty or tax (including any penalty for late payment) imposed on or paid in respect of this Agreement or any related guarantee, indemnity or security; or
- c. acting on instructions appearing to come from you and given by telephone, facsimile or other electronic means, regardless of the capacity of the person actually giving those instructions; or
- d. collecting any cheque or negotiable instrument payable to you or endorsed in your favour; or

34. INFORMATION

34.1. You irrevocably:

- a. confirm that you shall permit us (and/or our authorised agents) at all reasonable times at your expense
- i. to inspect, verify, check, remove and take copies of all or any of your records and documents relating to any transaction giving rise to a Debt or relating to your financial position (including for the purpose of our doing so removing any computer or media upon which such information is stored, for a reasonable time),
- ii. to collect any of the Goods, records and documents included in the Associated Rights,
- iii. to have all access codes to any third party software where any information relating to your Debts is stored and if necessary to interrogate such systems either on your premises or at ours and
- b. for any of these purposes to have access to the place or places where the Goods, records and documents are stored; and
- c. authorise us to share fees with any agent of yours for introduction of business to us.

35. COMPLAINTS

- 35.1. We are a member of the industry association “UK Finance” and we operate our business in compliance with their standards. If you have cause to complain about our debt purchase services, you will find details of UK Finance’s standards and our complaints procedures in the materials provided to you at the start of our relationship, further copies of which are available on request.

36. DEFINITIONS AND INTERPRETATION

- 36.1. In this Agreement, the terms and expressions set out below have the meanings respectively shown against them, unless otherwise stated:

“**Administration Charge**” means the fee specified as such in the Fees and Special Conditions Module, or such other amount as may be agreed in writing between us, and subject in any case to the Minimum Administration Charge.

“**Administrator**” means any person who is appointed to manage your affairs, business and property under Schedule B1 of the Insolvency Act.

“**Advance**” means a payment made by us (in our absolute discretion) to you on account of the Purchase Price of any Approved Debt (before the Collection Date) in the Approved Currency in which that Approved Debt is denominated.

“**Advance Percentage**” means the percentage of the Purchase Price of an Approved Debt set out in the Fees and Special Conditions Module forming part of this Agreement, as may be varied by us from time to time in our absolute discretion.

“**Approved**” means, in relation to a Notified Debt or part thereof, that we have not categorised as Disapproved, and “**Approve**” and

“**Approval**” is to be interpreted accordingly.

“**Approved Currency**” means any currency stated as such in the Fees and Special Conditions Module forming part of this Agreement and any other currency agreed between you and us in writing from time to time.

“**Associated Rights**” means, in relation to a Debt, all rights ancillary to the Debt, including without limitation:

- a. the benefit of the contract giving rise to the Debt, including any Remittance received towards discharge of a Debt;
 - b. rights of retention of title, lien, recovery of possession and other remedies given by law to an unpaid vendor of goods;
 - c. any Goods the subject of a Supply Contract that shall not have been Delivered, or in respect of services, fully performed, either before or after the Debts have been Notified to us;
 - d. Goods which any Debtor rejects or returns, attempt to reject or return, indicate an intention to reject or return or which shall be otherwise returned to you (or us);
 - e. the benefit of all guarantees, warranties, indemnities, securities and policies of insurance held by or available to you in relation to the Debts owed to you by a Debtor;
 - f. all ledgers and records (including computerised records) evidencing the amount owed and the relevant contract; and
 - g. all your rights under contracts of supply between you and your suppliers in relation to goods supplied or to be supplied by you in fulfilment of your delivery obligations to a Debtor.
- “**Availability**” means at any time the lesser of:
- h. the amount determined by applying the Advance Percentage to the balance at that

time standing to the credit of your Sales Ledger Account after deducting the value of the Disapproved Debts and any debit balance on your Current Account and any Reserve; and

- i. the amount equal to the Facility Limit plus any credit balance and minus any debit balance on your Current Account at that time.

“Base Rate” means, for the relevant Approved Currency (or for Sterling if no such rate is published for the relevant Approved Currency), during any given calendar month, the Bank of England Base Rate as at 9.00am on the first day of that month, subject to the Minimum Base Rate.

“Beyond Reassignment Charge” means the charge specified as such in the Fees and Special Conditions Module forming part of this Agreement or such other amount as may be agreed in writing between us.

“Beyond Reassignment Charge Period” means in relation to an Outstanding Debt, the period specified as such in the Fees and Special Conditions Module forming part of this Agreement.

“Client Account” means a combination of all accounts maintained by us for recording transactions between you and us (whether or not such accounts shall have been combined).

“Collection Date” means the date on which value is given to us in respect of a payment in respect of a Debt, in the bank account specified by us for the purpose of receiving such payment (or, if later, the date on which we identify that payment as being in respect of that Debt).

“Concentration Percentage” means the percentage of all Outstanding Debts set out in the Fees and Special Conditions Module forming part of this Agreement (if any) which any Debt when aggregated with all other Outstanding Debts owed by the same Debtor must not exceed in order to be Approved.

“Credit Approved Debt” means an Approved Debt that in aggregate with all other Outstanding Approved Debts of that Debtor is within a Credit Protection Limit and the Standard Terms of which include a reservation of title (ROT) clause.

“Credit Limit” means the amount, for the time being, established and thereafter varied by us in our absolute discretion in relation to any single Debtor for the purpose of determining the extent to which the Debts of such Debtor at any time comprise Approved Debts.

“Credit Protection” means, where the Fees and Special Conditions Module forming part of this Agreement indicates that we shall provide this service subject to payment of the Credit Protection Fee, our agreement in respect of a Credit Approved Debt that we shall credit the Purchase Price thereof (calculated for these purposes excluding any VAT forming part of such Credit Approved Debt) to your Current Account (subject to the terms of this Agreement) upon the Insolvency or Prolonged Non-Payment of the Debtor.

“Credit Protection Limit” means the monetary limit, if any, which we may establish on application to us by you and which we may vary in our discretion, in relation to any Debtor for the purpose of determining, in accordance with the Credit Protection Module forming part of this Agreement (if any), the extent to which we may give you credit for the relevant Protected Amount of a Credit Approved Debt.

“Current Account” means the account or accounts maintained by us in your name in relation to each Approved Currency into which we credit all or any payments received by us in respect of Debts or Associated Rights denominated in such currency, all or any payments made in that currency in or towards the Repurchase Price of any Debts denominated in that currency and to which

we debit all or any payments made to you by us in that currency and all fees, expenses and other sums payable by you to us under this Agreement in that currency.

“Debt” means any book debt, account receivable or any monetary obligation of any nature, together with its Associated Rights, that is due or may become due to you by a Debtor of yours (including under a Supply Contract) or which is represented by you to us to be so, including VAT and/or any other applicable tax or duty and interest for late payment, and/or other late payment charges where applicable and, where the context so permits, any part thereof.

“Debtor” means any person incurring or which is purported by you to us to have incurred an obligation or liability to you for a Debt.

“Delivered” means, in relation to Goods that they have been despatched to, or delivered to, or to the order of, the Debtor, or in the case of services, means performed in full.

“Disapproved” means any Debt due from a Debtor which is either the UK government or a UK governmental entity and any other Debt which we have decided to categorise as such.

“Discount” means the charge calculated daily by applying the rate per annum specified as the Discount Rate in the Fees and Special Conditions Module forming part of this Agreement to the balance standing to the debit of the relevant Current Account (to which will be added any accrued Discount or other charges then accrued but not yet applied to that Current Account) as at the close of business each day.

“Discount Rate” means the rate equal to the Discount Margin above the Base Rate.

“Facility Limit” means the limit specified in the Fees and Special Conditions Module forming part of this Agreement (or such other limit as we may from time to time notify to you in writing), which the debit balance for

the time being on your Current Account must not exceed.

“Goods” means goods, merchandise, produce, services, hiring or services with materials supplied that are the subject of a Supply Contract.

“Minimum Base Rate” means the rate specified as such in the Fees and Special Conditions Module forming part of this Agreement.

“Minimum Period” means the period set out as such in the Fees and Special Conditions Module forming part of this Agreement.

“Minimum Administration Charge” means the amount specified as such in the Fees and Special Conditions Module forming part of this Agreement.

“Minimum Retention” means the amount described as such in and calculated in accordance with the Fees and Special Conditions Module forming part of this Agreement (if any).

“Net Value” means, in relation to a Credit Approved Debt, the Notified Value of that Debt after there has been deducted:

- j. the amount or value of any applicable VAT or other sales or similar tax thereon; and
- k. any contractual discount, rebate, allowance, set-off, credit or counterclaim or goods refused, rejected or returned by the Debtor, any part of such Debt representing a retention, the value of any services provided for which no application for payment has been raised or certified, the amount of any post maturity interest accrued on balances unpaid.

“Non-Compliant Debt” means any Debt that does not fully comply with all and any of the representations in conditions 28.1 and 28.2 above.

“Notice Period” means the period set out in the Fees and Special Conditions Module forming part of this Agreement.

“**Notification**” means a notification delivered by you to us, in such form and with such details as we may require, of the existence of Debts within the class or classes described in the Fees and Special Conditions Module forming part of this Agreement and/or such other Debts as we may specify from time to time.

“**Notified**” means in relation to a Debt, its inclusion in a Notification (and “Notify” shall be construed accordingly).

“**Notified Value**” means the amount or value of a Notified Debt as shown in a Notification.

“**Outstanding**” means, in relation to a Debt, that the relevant Debtor has not discharged in full all its obligations in respect of such Debt.

“**Prolonged Non-Payment**” means a Debtor failing to pay a contractually due Credit Approved Debt that is the subject of a court judgement awarded in your favour for the amount owing or a Debtor failing to pay a Credit Approved Debt that is contractually due to you within the Prolonged Non-Payment Period stated in the Fees and Special Conditions Module forming part of this Agreement.

“**Protected Amount**” means the amount calculated by applying the Protected Percentage to the Net Value of the relevant Credit Approved Debt after there has been deducted from such Net Value:-

- l. any amount in excess of the relevant Credit Protection Limit; and
- m. the Minimum Retention (or any remaining part thereof where the Minimum Retention is either a minimum threshold per Credit Approved Debt or an annual aggregate threshold in relation to all Credit Approved Debts).

“**Protected Percentage**” means the percentage specified as such in the Fees and Special Conditions Module forming part of this Agreement or such percentage that

we may otherwise notify to you from time to time.

“**Purchase Price**” means the amount payable by us to you for each Debt, calculated in accordance with condition 23.1 of this module.

“**Remittance**” means any cash, cheque, instrument, letter of credit, draft, order, bill of exchange, promissory note, electronic payment or any other instrument or method of payment whatsoever, received by us, you or any agent of yours in respect of a Debt.

“**Repurchase Debt**” means any Debt which we require you to repurchase from us.

“**Repurchase Price**” means, in relation to a Repurchase Debt, the Notified Value of that Debt or (as the case may be) such part of it as remains Outstanding or such other sum as we may determine not exceeding the Notified value of such Debt.

“**Reserve**” means such amount that we determine in our absolute discretion by which Availability should be reduced to make allowance for any liability you may have to us then or in the future.

“**Sales Ledger Account**” means an account maintained by us in your name for the purpose of recording the monetary value of Notified Debts.

“**Set-Up Fee**” means the fee referred to as such in the Fees and Special Conditions Module.

“**Standard Terms**” means your standard terms and conditions of business in the form previously approved by us.

“**Supply Contract**” means any contract between you and any Debtor for the sale of Goods.

“**Termination Event**” means any of the events listed in condition 31 above.

“**VAT Bad Debt Scheme**” means the procedures established by H M Customs and Excise to enable suppliers of Goods to

DEBT PURCHASE

reclaim the VAT element of bad and doubtful debts.