



**Registration of a Charge**

Company name: **CHEDDAR VALLEY BUSINESS SERVICES LTD**

Company number: **04605838**



X5GJBBNS

Received for Electronic Filing: **29/09/2016**

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**Details of Charge**

Date of creation: **27/09/2016**

Charge code: **0460 5838 0003**

Persons entitled: **HITACHI CAPITAL (UK) PLC**

Brief description: **DEBENTURE**

**Contains fixed charge(s).**

**Contains floating charge(s) (floating charge covers all the property or undertaking of the company).**

**Contains negative pledge.**

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**Authentication of Form**

This form was authorised by: **a person with an interest in the registration of the charge.**

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**Authentication of Instrument**

Certification statement: **I CERTIFY THAT THE ELECTRONIC COPY INSTRUMENT  
DELIVERED AS PART OF THIS APPLICATION FOR REGISTRATION  
IS A CORRECT COPY OF THE ORIGINAL INSTRUMENT.**

Certified by: **TILLY PENNY**



## **CERTIFICATE OF THE REGISTRATION OF A CHARGE**

Company number: 4605838

Charge code: 0460 5838 0003

The Registrar of Companies for England and Wales hereby certifies that a charge dated 27th September 2016 and created by CHEDDAR VALLEY BUSINESS SERVICES LTD was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 29th September 2016 .

Given at Companies House, Cardiff on 30th September 2016

The above information was communicated by electronic means and authenticated  
by the Registrar of Companies under section 1115 of the Companies Act 2006



**Companies House**



THE OFFICIAL SEAL OF THE  
REGISTRAR OF COMPANIES

THIS DEBENTURE is dated

27/09/2016

**PARTIES**

- (1) **CHEDDAR VALLEY BUSINESS SERVICES LTD** incorporated and registered in England with company number 04605838 whose registered office is at 12 Suprema Business Park, Edington Bridgewater, TA7 9LF (Client); and
- (2) **HITACHI CAPITAL (UK) PLC** whose registered office is at Hitachi Capital House, Thorpe Road, Staines-upon-Thames, Surrey, TW18 3HP (Hitachi).

**BACKGROUND**

- (A) Hitachi has agreed pursuant to the Debt Purchase Agreement to provide the Client with finance facilities on a secured basis.
- (B) This debenture provides security which the Client has agreed to give Hitachi for the finance facilities under the Debt Purchase Agreement.

**AGREED TERMS**

**1. DEFINITIONS AND INTERPRETATION**

**1.1 Definitions**

The definitions and rules of interpretation in this clause apply in this debenture.

**Administrator:** an administrator appointed to manage the affairs, business and property of the Client pursuant to paragraph 15 of Schedule 6.

**Assigned Agreements:** the agreements referred to in Schedule 1, the rights under which are assigned pursuant to clause 3.1(d).

**Business Day:** a day (other than a Saturday or Sunday) on which banks are open for general business in London.

**Charged Property:** all the assets, property and undertaking for the time being subject to the security interests created by this debenture (and references to the Charged Property shall include references to any part of it).

**Costs:** all costs, charges, expenses and liabilities of any kind including, without limitation, costs and damages in connection with litigation, professional fees, disbursements and any value added tax charged on the same.

**Debt Purchase Agreement:** the Debt Purchase Agreement dated 27/09/16 between the Client and Hitachi for the provision of the finance facilities secured by this debenture, as the same may be amended, varied, added to or replaced from time to time.

**Debts:** shall have the same meaning as Debt in the Debt Purchase Agreement (including, for the avoidance of doubt, the Associated Rights, as defined in the Debt Purchase Agreement).

**Default Rate:** means 5 percentage points over the base lending rate (subject to a minimum base lending rate of 3%) of National Westminster Bank Plc. or such other bank as Hitachi may nominate from time to time.

**Designated Account:** any account nominated by Hitachi as a designated account for the purposes of this debenture.

**Encumbrance:** any mortgage, charge (whether fixed or floating, legal or equitable), pledge, lien, assignment by way of security or other security interest securing any obligation of any person, or any other agreement or arrangement having a similar effect.

**Environment:** all of the air, water and land, including (without limitation) the air within buildings and other natural or man-made structures above or below ground, ground and surface water and surface and sub-surface soil.

**Environmental Law:** all applicable statutes, treaties, regulations, directives or similar measures relating to the pollution or protection of the Environment that affects the Charged Property.

**Equipment:** all present and future equipment, plant, machinery, tools, vehicles, furniture, fittings, installations and apparatus and other tangible moveable property for the time being owned by the Client, including any part of it and all spare parts, replacements, modifications and additions.

**Excluded Property:** any leasehold property held by the Client under a lease which precludes, either absolutely or conditionally (including requiring the consent of any third party), the Client from creating any charge over its leasehold interest in that property.

**Financial Collateral:** shall have the meaning given to that expression in the Financial Collateral Regulations.

**Financial Collateral Regulations:** the Financial Collateral Arrangements (No. 2) Regulations 2003 (SI 2003/3226).

**Insurance Policies:** the insurance policies referred to in clause 3.1(c).

**Intellectual Property:** the Client's present and future patents, trade marks, service marks, trade names, designs, copyrights, inventions, topographical or similar rights, confidential information and know-how and any interest in any of these rights, whether or not registered, including all applications and rights to apply for registration and all fees, royalties and other rights derived from, or incidental to, these rights.

**Investments:** all present and future stocks, shares, loan capital, securities, bonds and investments (whether or not marketable) for the time being owned (at law or in equity) by the Client, including all rights accruing or incidental to those investments from time to time.

**Non-vesting Debts:** means any Debts which, for any reason, fail to fully and effectively vest in Hitachi pursuant to the Debt Purchase Agreement.

**Other Debts:** all sums due and owing or accruing due and owing to the Client whether or not on account of its trading both present and future except:

- (a) Non-Vesting Debts; and
- (b) any Debts whilst they remain absolutely and effectively vested in or held on trust for Hitachi under the Debt Purchase Agreement and whether such vesting results from a legal or equitable assignment.

**Properties:** all freehold and leasehold properties (whether registered or unregistered) and all commonhold properties, now or in the future (and from time to time) owned by the Client, or in which the Client holds an interest (including (but not limited to) the properties which are briefly described in 0) and **Property** means any of them.

**Receiver:** a receiver and/or manager of any or all of the Charged Property appointed under paragraph 6 of Schedule 6.

**Secured Liabilities:** all present and future monies, obligations and liabilities owed by the Client to Hitachi, whether actual or contingent and whether owed jointly or severally, as principal or surety and/or in any other capacity, under or in connection with the Debt Purchase Agreement or this debenture (including, without limitation, those arising under clause 12.3(b)) together with all interest (including, without limitation, default interest) accruing in respect of such monies or liabilities.

**Security Financial Collateral Arrangement:** shall have the meaning given to that expression in the Financial Collateral Regulations.

**Security Period:** the period starting on the date of this debenture and ending on the date on which all the Secured Liabilities have been unconditionally and irrevocably paid and discharged in full and no further Secured Liabilities are capable of being outstanding.

## 1.2 Interpretation

Unless the context otherwise requires, in this debenture:

- (a) a reference to a statute or statutory provision includes a reference to any subordinate legislation made under that statute or statutory provision, to any modification, re-enactment or extension of that statute or statutory provision and to any former statute or statutory provision which it consolidated or re-enacted before the date of this debenture;
- (b) a reference to **assets** includes present and future properties, undertakings, revenues, rights and benefits of every description;

## 1.3 Clawback

If Hitachi considers that an amount paid by the Client in respect of the Secured Liabilities is capable of being avoided or otherwise set aside on the liquidation or administration of the Client or otherwise, then that amount shall not be considered to have been irrevocably paid for the purposes of this debenture.

## 1.4 Nature of security over real property

A reference in this debenture to a charge or mortgage of any freehold, leasehold or commonhold property includes:

- (a) all buildings and fixtures (including trade and tenant's fixtures) which are situated on that property at any time;
- (b) the proceeds of the sale of any part of that property; and
- (c) the benefit of any covenants for title given, or entered into, by any predecessor in title of the Client in respect of that property, and any monies paid or payable in respect of those covenants.

## 1.5 Law of Property (Miscellaneous Provisions) Act 1989

For the purposes of section 2 of the Law of Property (Miscellaneous Provisions) Act 1989, the terms of the Debt Purchase Agreement and of any side letters between any parties in relation to the Debt Purchase Agreement are incorporated into this debenture.

## 1.6 Third party rights

A third party has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce, or to enjoy the benefit of, any term of this debenture.

## 1.7 Perpetuity period

The perpetuity period applicable to all trusts declared by this debenture shall be 80 years.

## 1.8 Insolvency Act 1986

Paragraph 14 of Schedule B1 of the Insolvency Act 1986 (as inserted by section 248 of, and Schedule 16 to, the Enterprise Act 2002) applies to the floating charge created by this debenture.

## 1.9 Schedules

The schedules form part of this debenture and shall have effect as if set out in full in the body of this debenture. Any reference to this debenture includes the schedules.

**2. COVENANT TO PAY**

The Client shall, on demand, pay to Hitachi and discharge the Secured Liabilities when they become due.

**3. GRANT OF SECURITY**

**3.1 Charging clause**

As a continuing security for the payment and discharge of the Secured Liabilities, the Client with full title guarantee:

- (a) charges to Hitachi, by way of first legal mortgage, all the Properties as listed in Schedule 2;
- (b) charges to Hitachi, by way of first fixed charge:
  - (i) all Properties acquired by the Client in the future;
  - (ii) all present and future interests of the Client not effectively mortgaged or charged under the preceding provisions of this clause 3 in, or over, freehold or leasehold property;
  - (iii) all present and future rights, licences, guarantees, rents, deposits, contracts, covenants and warranties relating to the Properties;
  - (iv) all licences, consents and authorisations (statutory or otherwise) held or required in connection with the Client's business or the use of any Charged Property, and all rights in connection with them;
  - (v) all present and future goodwill and uncalled capital for the time being of the Client;
  - (vi) all the Equipment;
  - (vii) all the Intellectual Property;
  - (viii) all Non-vesting Debts and the proceeds thereof, present or future;
  - (ix) all Other Debts and the proceeds thereof, present or future;
  - (x) all the Investments; and
  - (xi) all monies from time to time standing to the credit of its accounts with any bank, financial institution or other person (including each Designated Account).
- (c) assigns to Hitachi, by way of first fixed charge, all its rights in any policies of insurances or assurance present or future (including, without limitation, any insurances relating to the Properties or the Equipment);
- (d) assigns to Hitachi, by way of first fixed charge, to the extent the same are assignable the benefit of the Assigned Agreements and the benefit of any guarantee or security for the performance of the Assigned Agreements; and
- (e) charges to Hitachi, by way of first floating charge, all the undertaking, property, assets and rights of the Client at any time not effectively mortgaged, charged or assigned pursuant to clause 3.1(a) to clause 3.1(d) inclusive.

**3.2 Leasehold security restrictions**

The charges created by clause 3.1 shall not apply to Excluded Property so long as any relevant consent or waiver of prohibition has not been obtained, but

- (a) for each Excluded Property, the Client undertakes to:
  - (i) apply for the relevant consent or waiver of prohibition or conditions within five Business Days of the date of this debenture and, to use its best endeavours to obtain that consent or waiver of prohibition as soon as possible;
  - (ii) keep Hitachi informed of its progress in obtaining such consent or waiver; and
  - (iii) immediately on receipt of such consent or waiver, provide Hitachi with a copy.
- (b) immediately on receipt of the relevant waiver or consent, the relevant formerly Excluded Property shall stand charged to Hitachi under clause 3.1. If required by Hitachi at any time following receipt of that waiver or consent, the Client shall execute a valid fixed charge in such form as Hitachi requires.

### **3.3 Automatic conversion of floating charge**

The floating charge created by clause 3.1(e) shall automatically and immediately (without notice) be converted into a fixed charge over the relevant Charged Property if:

- (a) the Client:
  - (i) creates, or attempts to create, on all or any part of the Charged Property an Encumbrance without the prior written consent of Hitachi or any trust in favour of another person; or
  - (ii) disposes, or attempts to dispose of, all or any part of the Charged Property (other than property that is only subject to the floating charge while it remains uncrystallised which property may be disposed of in the ordinary course of business); or
- (b) a receiver is appointed over all or any of the Charged Property that is subject to the floating charge; or
- (c) any person levies (or attempts to levy) any distress, attachment, execution or other process against all or any part of the Charged Property; or
- (d) Hitachi receives notice of the appointment of, or a proposal or an intention to appoint, an administrator of the Client.

### **3.4 Conversion of floating charge by notice**

The Factoring may, in its sole discretion, at any time and by written notice to the Client, convert the floating charge created under this debenture into a fixed charge as regards any part of the Charged Property specified by Hitachi in that notice.

### **3.5 Assets acquired after any floating charge crystallisation**

Any asset acquired by the Client after any crystallisation of the floating charge created under this debenture which, but for such crystallisation, would be subject to a floating charge shall (unless Hitachi confirms in writing to the contrary) be charged to Hitachi by way of first fixed charge.

## **4. LIABILITY OF THE CLIENT**

### **4.1 Liability not discharged**

The Client's liability under this debenture in respect of any of the Secured Liabilities shall not be discharged, prejudiced or affected by:

- (a) any security, guarantee, indemnity, remedy or other right held by, or available to, Hitachi that is or becomes wholly or partially illegal, void or unenforceable on any ground; or

- (b) Hitachi renewing, determining, varying or increasing any facility or other transaction in any manner or concurring in, accepting or varying any compromise, arrangement or settlement, or omitting to claim or enforce payment from any other person; or
- (c) any interim settlement of account or the granting of any time or indulgence by Hitachi to any party or compounding with the Client or any party; or
- (d) the invalidity of any guarantee, mortgage or other security now or in future held by or available to Hitachi or by Hitachi now or afterwards dealing with, exchanging, releasing, modifying or abstaining from perfecting or enforcing any of them or any rights which it may now or afterwards have; or
- (e) any other act or omission, which but for this clause 4.1 might have discharged, or otherwise prejudiced or affected, the liability of the Client.

#### **4.2 Immediate recourse**

The Client waives any right it may have to require Hitachi to enforce any security or other right, or claim any payment from, or otherwise proceed against, any other person before enforcing this debenture against the Client.

### **5. REPRESENTATIONS AND WARRANTIES**

The Client represents and warrants to Hitachi in the terms set out in Schedule 3. The representations and warranties set out in Schedule 3 are made on the date of this debenture.

### **6. COVENANTS**

The Client covenants with Hitachi in the terms set out in Schedule 4.

### **7. POWERS OF HITACHI**

The Factoring shall have the powers set out in Schedule 5.

### **8. ENFORCEMENT**

#### **8.1 Enforcement events**

The security constituted by this debenture shall be immediately enforceable in any of the circumstances set out in paragraph 1 of Schedule 6. The parties to this debenture agree that the provisions of Schedule 6 shall apply to this debenture and shall be binding between them.

#### **8.2 Receiver's powers**

A Receiver shall have, in addition to the powers conferred on receivers by statute, the further powers set out in Schedule 7.

#### **8.3 Right of appropriation**

To the extent that the Charged Property constitutes Financial Collateral and this debenture and the obligations of the Client hereunder constitute a Security Financial Collateral Arrangement, Hitachi shall have the right, at any time after the security constituted this debenture has become enforceable, to appropriate all or any of that Charged Property in or towards the payment and/or discharge of the Secured Liabilities in such order as Hitachi in its absolute discretion may from time to time determine. The value of any Charged Property appropriated in accordance with this clause shall be the price of that Charged Property at the time the right of appropriation is exercised as listed on any recognised market index, or determined by such other method as Hitachi may select (including independent valuation). The Client agrees that the methods of valuation provided for in this clause are commercially reasonable for the purposes of the Financial Collateral Regulations.



## **9. COSTS AND INDEMNITY**

### **9.1 Costs**

The Client shall pay to, or reimburse, Hitachi and any Receiver on demand, on a full indemnity basis, all Costs incurred by Hitachi and/or any Receiver in relation to:

- (a) this debenture or the Charged Property;
- (b) protecting, perfecting, preserving or enforcing (or attempting to do so) any of Hitachi's or Receiver's rights under this debenture;
- (c) Hitachi or any Receiver doing any act, completing any deed or entering into any contract to do any act which the Client was obliged to do either by this debenture or the Debt Purchase Agreement, but has failed so to do or cannot provide proof that it has done;
- (d) suing for, or recovering, any of the Secured Liabilities,

(including, without limitation, the Costs of any proceedings in relation to this debenture or the Secured Liabilities), together with interest on any amount due under clauses 9.1(b) to 9.1(d) at the Default Rate.

### **9.2 Indemnity**

Hitachi and any Receiver, and their respective employees and agents, shall be indemnified on a full indemnity basis out of the Charged Property in respect of all actions, liabilities and Costs incurred or suffered in or as a result of:

- (a) the exercise, or purported exercise, of any of the powers, authorities or discretions vested in them under this debenture;
- (b) any matter or thing done, or omitted to be done, in relation to the Charged Property under those powers; or
- (c) any default or delay by the Client in performing any of its obligations under this debenture.

## **10. RELEASE**

Subject to clause 12.3, on the expiry of the Security Period (but not otherwise), Hitachi shall, at the request and cost of the Client, take whatever action is necessary to release the Charged Property from the security constituted by this debenture.

## **11. ASSIGNMENT AND TRANSFER**

### **11.1 Assignment by Hitachi**

This debenture is freely transferable by Hitachi, at any time, and the Client hereby consents to the assignment or transfer of the whole or any part of Hitachi's rights and/or obligations under this debenture to any person. For this purpose the references to Hitachi in this debenture shall include its successors, assigns and transferees.

- 11.2 It is hereby acknowledged by the Client that should this debenture be assigned or transferred to any party that this debenture will remain binding upon it and will constitute good, valid and binding security for any monies advanced by the assignee or transferee after that assignment or transfer, as well as by Hitachi before it.

### **11.3 Assignment by Client**

The Client may not assign any of its rights, or transfer any of its obligations, under this debenture or enter into any transaction which would result in any of those rights or obligations passing to another person.

## **12. FURTHER PROVISIONS**

### **12.1 Independent security**

This debenture shall be in addition to, and independent of, every other security or guarantee which Hitachi may hold for any of the Secured Liabilities at any time. No prior security held by Hitachi over the whole or any part of the Charged Property shall merge in the security created by this debenture.

### **12.2 Continuing security**

This debenture shall remain in full force and effect as a continuing security for the Secured Liabilities, despite any settlement of account, or intermediate payment, or other matter or thing, unless and until Hitachi discharges this debenture in writing.

### **12.3 Discharge conditional**

Any release, discharge or settlement between the Client and Hitachi shall be deemed conditional on no payment or security received by Hitachi in respect of the Secured Liabilities being avoided, reduced or ordered to be refunded pursuant to any law relating to insolvency, bankruptcy, winding-up, administration, receivership or otherwise. Despite any such release, discharge or settlement:

- (a) Hitachi or its nominee may retain this debenture and the security created by or pursuant to it, including all certificates and documents relating to the whole or any part of the Charged Property, for such period as Hitachi deems necessary to provide Hitachi with security against any such avoidance, reduction or order for refund; and
- (b) Hitachi may recover the value or amount of such security or payment from the Client subsequently as if such release, discharge or settlement had not occurred.

### **12.4 Certificates**

A certificate or determination by Hitachi as to any amount for the time being due to it from the Client shall (in the absence of any manifest error) be conclusive evidence of the amount due.

### **12.5 Rights cumulative**

The rights and powers of Hitachi conferred by this debenture are cumulative, may be exercised as often as Hitachi considers appropriate, and are in addition to its rights and powers under the general law.

### **12.6 Waivers**

Any waiver or variation of any right by Hitachi (whether arising under this debenture or under the general law) shall only be effective if it is in writing and signed by Hitachi and applies only in the circumstances for which it was given, and shall not prevent Hitachi from subsequently relying on the relevant provision.

### **12.7 Further exercise of rights**

No act or course of conduct or negotiation by or on behalf of Hitachi shall, in any way, preclude Hitachi from exercising any right or power under this debenture or constitute a suspension or variation of any such right or power.

### **12.8 Delay**

No delay or failure to exercise any right or power under this debenture shall operate as a waiver.

### **12.9 Single or partial exercise**

No single or partial exercise of any right under this debenture shall prevent any other or further exercise of that or any other right.

### **12.10 Consolidation**

The restriction on the right of consolidation contained in section 93 of the Law of Property Act 1925 shall not apply to this debenture.

**12.11 Partial Invalidity**

The invalidity, unenforceability or illegality of any provision (or part of a provision) of this debenture under the laws of any jurisdiction shall not affect the validity, enforceability or legality of the other provisions.

**12.12 Counterparts**

This debenture may be executed and delivered in any number of counterparts, each of which is an original and which together have the same effect as if each party had signed the same document.

**12.13 Execution as a Deed**

Hitachi and the Client intend that this debenture is to be a deed notwithstanding that either or both of them may have executed it under hand.

**13. NOTICES**

13.1 Any notice or other communication given under this debenture shall be in writing.

13.2 Except as stated to the contrary herein, any written notice from Hitachi to the Client and any proceedings issued by Hitachi requiring service on the Client may be given or served:

- (a) by delivering it at or posting it to the Client's registered office or to such other address of the Client advised to and acknowledged by Hitachi as being effective for the purposes of this clause;
- (b) by delivering it at or posting it to any address last known to Hitachi at which the Client carried on business;
- (c) by handing it to one of the Client's officers; or
- (d) by a fax or e-mail to the Client's number or address advised to and acknowledged by Hitachi as suitable for communication between the parties.

13.3 Any such notice or process shall be considered served:

- (a) if delivered - at the time of delivery;
- (b) if sent by post - 48 hours from the time of posting;
- (c) if sent by fax or e-mail - at the time of transmission; or
- (d) if handed over - at the time of handing over.

13.4 Any notice or other communication by the Client to Hitachi required hereunder shall take effect at the time it is received by Hitachi at its registered office or at such other address Hitachi may advise in writing to the Client for this purpose.

**14. GOVERNING LAW AND JURISDICTION**

**14.1 Governing law**

This debenture and any dispute arising out of or in connection with it or its subject matter shall be governed by and construed in accordance with the law of England and Wales. The parties to this

debenture irrevocably agree that, subject as provided below, the courts of England and Wales shall have exclusive jurisdiction over any claim or matter arising out of or in connection with this debenture.

## **Schedule 1 Assigned Agreements**

Type of contract: FACTORING AGREEMENT

Date:

27/09/2016

Parties:

- |     |                                  |                                      |
|-----|----------------------------------|--------------------------------------|
| (1) | <b>CLIENT NAME</b>               | Cheddar Valley Business Services Ltd |
|     | <b>CLIENT REGISTERED ADDRESS</b> | 12 Suprema Business Park             |
|     |                                  | Edington                             |
|     |                                  | Bridgwater                           |
|     |                                  | TA7 9LF                              |
- (2) **HITACHI CAPITAL (UK) PLC** trading as Hitachi Capital Invoice Finance whose registered office is at Hitachi Capital House, Thorpe Road, Staines-upon-Thames, TW18 3HP

## **Schedule 2    Property**

### **Part 1. Registered Property**

[DETAILS OF REGISTERED PROPERTY]

### **Part 2. Unregistered Property**

[DETAILS OF UNREGISTERED PROPERTY]

### **Schedule 3 Representations and warranties**

**1. OWNERSHIP OF CHARGED PROPERTY**

The Client is the legal and beneficial owner of the Charged Property.

**2. NO ENCUMBRANCES**

The Charged Property is free from any Encumbrances other than those created by this debenture or those to which Hitachi has consented in writing.

**3. ADVERSE CLAIMS**

The Client has not received or acknowledged notice of any adverse claim by any person in respect of the Charged Property or any interest in it.

**4. ADVERSE COVENANTS**

There are no covenants, agreements, reservations, conditions, interests, rights or other matters whatever, which materially adversely affect the Charged Property.

**5. NO BREACH OF LAWS**

There is no breach of any law or regulation which materially adversely affects the Charged Property.

**6. NO INTERFERENCE IN ENJOYMENT**

No facility necessary for the enjoyment and use of the Charged Property is subject to terms entitling any person to terminate or curtail its use.

**7. NO OVERRIDING INTERESTS**

Nothing has arisen, has been created or is subsisting which would be an overriding interest in any Property.

**8. AVOIDANCE OF SECURITY**

No Encumbrance expressed to be created under this debenture is liable to be avoided, or otherwise set aside, on the liquidation or administration of the Client or otherwise.

**9. NO PROHIBITIONS OR BREACHES**

There is no prohibition on assignment in any Insurance Policies or Assigned Agreements, or the relevant clauses of any of them, and the entry into this debenture by the Client does not and will not constitute a breach of any Insurance Policies, Assigned Agreements or any other agreement or instrument binding on the Client or its assets.

**10. ENVIRONMENTAL COMPLIANCE**

The Client has, at all times, complied in all material respects with all applicable Environmental Law.

**11. INSURANCES**

All insurances of the nature commonplace to a business in the nature of the Client, required by law or rule having the force of law or required to be maintained by reason of this debenture or the Debt Purchase Agreement are being maintained by the Client with a bone fide insurer of good repute, the premiums have been and will be paid on time and the Client will deliver upon request, the original or copy certificates of insurance to Hitachi.

## **Schedule 4 Covenants**

### **Part 1. General covenants**

#### **1. NEGATIVE PLEDGE AND DISPOSAL RESTRICTIONS**

The Client shall not at any time, except with the prior written consent of Hitachi:

- (a) create, purport to create or permit to subsist any Encumbrance on, or in relation to, the Charged Property other than this debenture; or
- (b) sell, assign, transfer, part with possession of or otherwise dispose of in any manner (or purport to do so) all or any part of, or any interest in, the Charged Property, except in the ordinary course of business in the case of Charged Property which is only subject to an uncrystallised floating charge; or
- (c) create or grant (or purport to create or grant) any interest in the Charged Property in favour of a third party.

#### **2. PRESERVATION OF CHARGED PROPERTY**

The Client shall not do, or permit to be done, any act or thing which would or might depreciate, jeopardise or otherwise prejudice the security held by Hitachi or materially diminish the value of any of the Charged Property or the effectiveness of the security created by this debenture.

#### **3. ENFORCEMENT OF RIGHTS**

The Client shall use its best endeavours to:

- (a) procure the prompt observance and performance of the covenants and other obligations imposed on the Client's counterparties; and
- (b) enforce any rights and institute, continue or defend any proceedings relating to any of the Charged Property which Hitachi may require from time to time.

#### **4. NOTICE OF BREACHES**

The Client shall promptly on becoming aware of any of the same give Hitachi notice in writing of any breach of:

- (a) any representation or warranty set out in Schedule 3; and
- (b) any covenant set out in this Schedule 4.

#### **5. TITLE DOCUMENTS**

The Client shall, on the execution of this debenture (or, if later, the date of acquisition of the relevant Charged Property), deposit with Hitachi and Hitachi shall, for the duration of this debenture be entitled to hold:

- (a) all deeds and documents of title relating to the Charged Property which are in the possession or control of the Client (if these are not within the possession and/or control of the Client, the Client undertakes to obtain possession of all such deeds and documents of title);
- (b) all Insurance Policies and any other insurance policies relating to any of the Charged Property to which policies the Client is entitled to possession;
- (c) all deeds and documents of title (if any) relating to the Debts as Hitachi may specify from time to time; and



- (d) copies of all the Assigned Agreements, certified to be true copies by either a director of the Client or by the Client's solicitors.

**6. NOTICES TO BE GIVEN BY THE CLIENT**

The Client shall within five days of the execution of this debenture:

- (a) give notice to the relevant insurers of the assignment of the Client's rights and interest in and under insurance policies pursuant to clause 3.1(c);
- (b) give notice to the other parties to the Assigned Agreements of the assignment pursuant to clause 3.1(d) of the Client's rights and interest in and under the Assigned Agreements; and
- (c) give notice to any bank, financial institution or other person (excluding Hitachi) with whom the Client has an account of the charging to Hitachi pursuant to clause 3.1(b) of the Client's rights and interests under such accounts and procure that each addressee of such notice promptly provides an acknowledgement of Hitachi's interest to Hitachi.

The Client shall obtain Hitachi's prior approval of the form of any notice or acknowledgement to be used under this paragraph 6.

**7. FURTHER ASSURANCE**

The Client, at its own cost, shall prepare and execute such further legal or other mortgages, charges or transfers (containing a power of sale and such other provisions as Hitachi may reasonably require) in favour of Hitachi as Hitachi, in its absolute discretion, requires from time to time over all or any part of the Charged Property and give all notices, orders and directions which Hitachi may require in its absolute discretion for perfecting, protecting or facilitating the realisation of its security over the Charged Property.

**8. APPOINTMENT OF ACCOUNTANTS**

The Client shall:

- (a) at its own cost, if at any time so required by Hitachi, appoint an accountant or firm of accountants nominated by Hitachi to investigate the financial affairs of the Client and report to Hitachi; and
- (b) co-operate fully with any accountants so appointed and immediately provide such accountants with all information requested.

The Client authorises Hitachi to make such appointment as it shall think fit at any time, without further authority from the Client. In every such case, the fees and expenses of those accountants shall be paid by the Client but, if paid by Hitachi on the Client's behalf, those fees and expenses shall be fully reimbursed to Hitachi under clause 9.

**9. CLIENT'S WAIVER OF SET-OFF**

The Client waives any present or future right of set-off it may have in respect of the Secured Liabilities (including sums payable by the Client under this debenture).

**Part 2. Debts, insurance and Assigned Agreements covenants**

**1. PRESERVATION OF DEBTS**

The Client shall not (except as provided by paragraph 2 of Part 2 of Schedule 4 or with the prior written consent of Hitachi) release, exchange, compound, set-off, grant time or indulgence in respect of, or in any other manner deal with, all or any of the Debts.

**2. REALISING DEBTS**

The Client shall:

- (a) as an agent for Hitachi, collect in and realise all Non-vesting Debts and Other Debts, pay the proceeds into a Designated Account immediately on receipt and, pending that payment, hold those proceeds in trust for Hitachi;
- (b) not, without the prior written consent of Hitachi, withdraw any amounts standing to the credit of any Designated Account; and
- (c) if called on so to do by Hitachi, execute a legal assignment of the Non-vesting Debts and Other Debts to Hitachi in such terms as Hitachi may require and give notice of that assignment to the debtors from whom the Non-vesting Debts and Other Debts are due, owing or incurred.

### 3. **INSURANCE COVENANT**

The Client:

- (a) shall (if Hitachi so requires) produce to, or deposit with, Hitachi all Insurance Policies and the receipts for all premiums and other payments necessary for effecting and keeping up such policies; and
- (b) has not done or omitted to do, and shall not do or omit to do, any act or thing that may invalidate or otherwise prejudice the Insurance Policies.

The Client shall:

- (a) at its own cost, if at any time so required by Hitachi, ask any relevant insurer or loss adjuster to confirm to Hitachi the level of insurance maintained by the Client, the premium payment position and details and the progress of any claims of the Client and report to Hitachi directly; and
- (b) co-operate fully with any such insurer or loss adjuster and immediately provide insurer or loss adjuster with all information requested.

The Client authorises Hitachi to make such enquiries as it shall think fit at any time, without further authority from the Client. In every such case, the fees and expenses of the insurer or loss adjuster shall be paid by the Client but, if paid by Hitachi on the Client's behalf, those fees and expenses shall be fully reimbursed to Hitachi under clause 9.

If at any time Hitachi believes that any insurance is not being adequately maintained or the Client cannot give evidence that it is or the insurer or loss adjuster fails or declines to report to Hitachi directly then Hitachi may obtain and/or maintain such insurance on the Client's behalf, from an insurer of its choice and at the Client's expense and those fees and expenses shall be fully reimbursed to Hitachi under clause 9.

### 4. **INSURANCE POLICIES' PROCEEDS**

All sums payable under any of the Insurance Policies at any time (whether or not the security constituted by this debenture has become enforceable) shall:

- (a) immediately be paid to Hitachi,
- (b) if they are not paid directly to Hitachi by the insurers, be held by the Client as trustee of the same for the benefit of Hitachi (and the Client shall account for them to Hitachi); and
- (c) at the option of Hitachi, be applied in making good or recouping expenditure in respect of the loss or damage for which such monies are received or in or towards discharge or reduction of the Secured Liabilities (but subject to paragraph 12 of Schedule 6).

### 5. **ASSIGNED AGREEMENTS**

The Client shall not, without the prior written consent of Hitachi:

- (a) waive any of its rights under any Assigned Agreement; or
  - (b) supplement, amend, novate, terminate or permit termination of any Assigned Agreement.
- Part 3. Property covenants**

**1. MAINTENANCE AND INSURANCE**

The Client shall:

- (a) keep all buildings and all fixtures on each Property in good and substantial repair and condition;
- (b) insure, and keep insured, those buildings and fixtures with such insurer and against such risks and in such amounts and otherwise on such terms as Hitachi may require (and, failing such requirement, in accordance with the practice in respect of items of the same type current amongst prudent businessmen from time to time) and
- (c) procure that the interest of Hitachi is noted on all those insurance policies or, at the option of Hitachi, that those insurance policies are issued in the joint names of Hitachi and the Client.

**2. PRESERVATION OF PROPERTY, FIXTURES AND EQUIPMENT**

The Client shall not, without the prior written consent of Hitachi:

- (a) pull down or remove the whole or any part of any building forming part of any Property; or
- (b) make any material alterations to any Property or sever or remove any of its fixtures; or
- (c) remove or make any material alterations to any of the Equipment belonging to, or in use by, the Client on any Property (except to affect necessary repairs or replace them with new or improved models or substitutes); or
- (d) whenever any Equipment is destroyed, damaged or deteriorates, immediately repair, replace and make good the same.

**3. CONDUCT OF BUSINESS ON PROPERTIES**

The Client shall carry on its trade and business in accordance with the standards of good management from time to time current in such trade or business on those parts (if any) of the Properties as are or may be used for the purposes of trade or business.

**4. PLANNING INFORMATION**

The Client shall:

- (a) give full particulars to Hitachi of any notice, order, direction, designation, resolution or proposal given or made by any planning authority or other public body or authority (Planning Notice) that specifically applies to any Property, or to the locality in which it is situated, within seven days after becoming aware of the relevant Planning Notice; and
- (b) (if Hitachi so requires) immediately, and at the cost of the Client, take all reasonable and necessary steps to comply with any Planning Notice, and make, or join with Hitachi in making, such objections or representations in respect of any such Planning Notice as Hitachi may desire.

**5. COMPLIANCE WITH COVENANTS AND PAYMENT OF RENT**

The Client shall:

- (a) observe and perform all covenants, stipulations and conditions to which each Property, or the use of it, is or may be subjected and (if Hitachi so requires) produce to Hitachi evidence

sufficient to satisfy Hitachi that those covenants, stipulations and conditions have been observed and performed; and

- (b) (without prejudice to the generality of the foregoing) where a Property, or part of it, is held under a lease, duly and punctually pay all rents due from time to time and perform and observe all the tenant's covenants and conditions.

**6. MAINTENANCE OF INTERESTS IN PROPERTIES**

The Client shall not, without the prior written consent of Hitachi:

- (a) grant, or agree to grant, any licence or tenancy affecting the whole or any part of any Property, or exercise the statutory powers of leasing (or agreeing to lease) or of accepting (or agreeing to accept) surrenders under sections 99 or 100 of the Law of Property Act 1925; or
- (b) in any other way dispose of, or agree to dispose of, surrender or create any legal or equitable estate or interest in the whole or any part of any Property.

**7. REGISTRATION RESTRICTIONS**

The Client shall procure that no person shall be registered under the Land Registration Acts 1925 to 2002 as proprietor of any Property without the prior written consent of Hitachi. The Client shall be liable for the Costs of Hitachi in lodging cautions against the registration of the title to the whole or any part of any Property from time to time.

**8. DEVELOPMENT RESTRICTIONS**

The Client shall not, without the prior written consent of Hitachi, carry out or permit or suffer to be carried out on any Property any development as defined in the Town and Country Planning Act 1990 or change or permit or suffer to be changed the use of any Property.

**9. ENVIRONMENT**

The Client shall:

- (a) properly discharge all duties of care and responsibility placed upon it by Environmental Law;
- (b) observe and perform all the requirements of Environmental Law both in the conduct of its general business and in the management, possession or occupation of each Property; and
- (c) apply for and obtain all authorisations, necessary to ensure that it does not breach Environmental Law.

**10. NO RESTRICTIVE OBLIGATIONS**

The Client shall not, without the prior written consent of Hitachi, enter into any onerous or restrictive obligations affecting the whole or any part of any Property or create or permit to arise any overriding interest, easement or right whatever in or over the whole or any part of any Property.

**11. PROPRIETARY RIGHTS**

The Client shall procure that no person shall become entitled to assert any proprietary or other like right or interest over the whole or any part of any Property without the prior written consent of Hitachi.

**12. INSPECTION**

The Client shall permit Hitachi and any Receiver and any person appointed by either of them to enter on and inspect any Property on reasonable prior notice.

**13. PROPERTY INFORMATION**

The Client shall inform Hitachi promptly of any acquisition by the Client of, or contract made by the Client to acquire, any freehold, leasehold or other interest in any property.

#### **Part 4. Investment covenants**

### **1. REGISTRATION OF INVESTMENTS**

#### **1.1 The Client shall:**

- (a) terminate with immediate effect all nominations it may have made under sections 145 and 146 of the Companies Act 2006 in respect of any Investments and pending such termination procure that any person so nominated:
  - (i) does not exercise any rights in respect of any Investments without the prior written approval of Hitachi; and
  - (ii) immediately upon receipt, forward to Hitachi all communications or other information received in respect of any Investments for which it has been so nominated; and
- (b) at the direction of Hitachi given at any time, immediately execute and deliver to Hitachi all transfers and other documents and do all such things as may be necessary or desirable to register all or any of the Investments in the name of Hitachi or its nominee.

#### **1.2 The Client shall not during the Security Period exercise any rights under sections 145 and 146 of the Companies Act 2006 to nominate any person in respect of any of the Investments.**

### **2. ADDITIONAL REGISTRATION OBLIGATIONS**

The Client shall:

- (a) procure all consents, waivers, approvals and permissions which are necessary, under the articles of association of any issuer that is not a public company or otherwise, for the transfer of the Investments to Hitachi or its nominee, or to a purchaser on enforcement of this debenture; and
- (b) procure the amendment of the share transfer provisions of the articles of association of each issuer that is not a public company in such manner as Hitachi may require in order to permit such a transfer.

### **3. DIVIDENDS AND VOTING RIGHTS POST ENFORCEMENT**

After the security constituted by this debenture has become enforceable:

- (a) all dividends and other distributions paid in respect of the Investments and received by the Client shall be held on trust for Hitachi and immediately paid into a Designated Account or, if received by Hitachi, shall be retained by Hitachi; and
- (b) all voting and other rights and powers attaching to the Investments shall be exercised by the Client and the Client shall, and shall procure that its nominees shall, comply with any directions Hitachi may, in its absolute discretion, give concerning the exercise of those rights and powers.

### **4. CALLS ON INVESTMENTS**

The Client shall duly and promptly pay all calls, instalments and other monies which may be payable from time to time in respect of the Investments. The Client acknowledges that Hitachi shall not be under any liability in respect of any such calls, instalments or other monies.

### **5. NO ALTERATION OF INVESTMENTS**

The Client shall not, without the prior written consent of Hitachi, amend, or agree to the amendment of, the memorandum or articles of association or any other constitutional documents of any issuer that is not a public company, or the rights or liabilities attaching to any of the Investments.

**6. PRESERVATION OF INVESTMENTS**

The Client shall ensure (insofar as it is able by the exercise of all voting rights, powers of control and other means available to it to do so) that no issuer that is not a public company shall:

- (a) consolidate or subdivide any of its Investments, or reduce or re-organise its share capital in any way;
- (b) issue any new shares or stock; or
- (c) refuse to register any transfer of any of its Investments which may be lodged for registration by, or on behalf of, Hitachi or the Client in accordance with this debenture.

**7. INVESTMENTS INFORMATION**

The Client shall, send to Hitachi copies of all notices, circulars, reports, accounts and other documents, which are sent to holders of any Investments, promptly following receipt .

**Part 5. Equipment covenants**

**1. MAINTENANCE OF EQUIPMENT**

The Client shall:

- (a) maintain the Equipment in good and serviceable condition (except for expected fair wear and tear); and
- (b) not permit any Equipment to be:
  - (i) used or handled, other than by properly qualified and trained persons; or
  - (ii) to be overloaded or used for any purpose for which it is not designed or reasonably suitable.

**2. PAYMENT OF EQUIPMENT TAXES**

The Client shall promptly pay all taxes, fees, licence duties, registration charges, insurance premiums and other outgoings in respect of the Equipment and, on demand, produce evidence of payment to Hitachi.

If at any time Hitachi believes that any of the above are not being paid or adequately maintained or the Client fails to provide on demand evidence that they are then Hitachi may obtain and/or maintain the same at the Client's expense and the fees and expenses shall be fully reimbursed to Hitachi under clause 9.

**3. EQUIPMENT INFORMATION**

The Client shall:

- (a) give Hitachi such information concerning the location, condition, use and operation of Equipment as Hitachi may require; and
- (b) permit any persons designated by Hitachi to inspect and examine Equipment and the records relating to Equipment at all reasonable times.

**4. EQUIPMENT INSURANCE**

The Client shall:

- (a) at its own expense, procure that the Equipment is covered and kept covered by insurance of a kind satisfactory to Hitachi with insurers approved by Hitachi (such approval not to be unreasonably withheld) for full comprehensive insurance cover, which shall include (but not be limited to) fire, theft and accident, for an amount which is not less than the aggregate cost of reinstating or replacing such Equipment;
- (b) if Hitachi so requires, procure that the interest of Hitachi is noted on all such insurance policies or, at the option of Hitachi, that such insurance policies are issued in the joint names of Hitachi and the Client; and
- (c) maintain insurance for third party liabilities in such amount, and on such terms, as is usual for users of equipment of the same type as the Equipment.

**5. NOTICE OF CHARGE**

The Client shall, if so requested by Hitachi, place and maintain on each item of Equipment, in a conspicuous place, a clearly legible identification plate containing the following wording:

"NOTICE OF CHARGE

This [DESCRIPTION OF ITEM] and ancillary equipment is subject to a fixed charge dated [DATE ] in favour of [FACTOR]".

**Part 6. Intellectual Property covenants**

**1. PRESERVATION OF RIGHTS**

The Client shall take all necessary action to safeguard and maintain present and future rights in, or relating to, the Intellectual Property including (without limitation), observing all covenants and stipulations relating to such rights and paying all applicable renewal fees, licence fees and other outgoings.

**2. REGISTRATION OF INTELLECTUAL PROPERTY**

The Client shall use all reasonable efforts to effect registration of applications for registration of any Intellectual Property and keep Hitachi informed of all matters relating to such registration.

**3. MAINTENANCE OF INTELLECTUAL PROPERTY**

The Client shall not permit any Intellectual Property to be abandoned, cancelled or to lapse.

## **Schedule 5 Powers of Hitachi**

### **1. POWER TO REMEDY**

The Factoring shall be entitled (but shall not be bound) to remedy a breach at any time by the Client of any of its obligations contained in this debenture and the Client irrevocably authorises Hitachi and its agents to do all such things as are necessary or desirable for that purpose.

### **2. EXERCISE OF RIGHTS**

The rights of Hitachi under paragraph 1 of this Schedule 5 are without prejudice to any other rights of Hitachi under this debenture. The exercise of those rights shall not make Hitachi liable to account as a mortgagee in possession.

### **3. POWER TO DISPOSE OF CHATTELS**

At any time after the security constituted by this debenture has become enforceable, Hitachi or any Receiver:

- (a) may dispose of any chattels or produce found on any Property as agent for the Client; and
- (b) without prejudice to any obligation to account for the proceeds of any sale of such chattels or produce, shall be indemnified by the Client against any liability arising from such disposal.

### **4. PRIOR ENCUMBRANCES**

At any time after the security constituted by this debenture has become enforceable, or after any powers conferred by any Encumbrance having priority to this debenture shall have become exercisable, Hitachi may:

- (a) redeem such or any other prior Encumbrance, or procure its transfer to itself; and
- (b) settle any account of the holder of any prior Encumbrance.

The settlement of any such account shall be conclusive and binding on the Client. All monies paid by Hitachi to an encumbrancer in settlement of such an account shall, as from its payment by Hitachi, be due from the Client to Hitachi on current account and shall bear interest at the Default Rate and be secured as part of the Secured Liabilities.

### **5. NEW ACCOUNTS**

- 5.1 If Hitachi receives notice of any subsequent Encumbrance, or other interest, affecting all or part of the Charged Property, Hitachi may open a new account for the Client in Hitachi's books. Without prejudice to Hitachi's right to combine accounts, no money paid to the credit of the Client in any such new account shall be appropriated towards, or have the effect of discharging, any part of the Secured Liabilities.
- 5.2 If Hitachi does not open a new account immediately on receipt of notice under paragraph 5.1 of this Schedule 5, then, unless Hitachi gives express written notice to the contrary to the Client, all payments made by the Client to Hitachi shall be treated as having been credited to a new account of the Client and not as having been applied in reduction of the Secured Liabilities, as from the time of receipt of the relevant notice by Hitachi.

### **6. FACTORING'S SET-OFF RIGHTS**

If Hitachi has more than one account for the Client in its books, Hitachi may at any time after:

- (a) the security constituted by this debenture has become enforceable; or
- (b) Hitachi has received notice of any subsequent Encumbrance or other interest affecting all or any part of the Charged Property,



transfer, without prior notice, all or any part of the balance standing to the credit of any account to any other account which may be in debit (but Hitachi shall notify the Client of the transfer once made).

**7. INDULGENCE**

The Factoring may, at its discretion, grant time or other indulgence or make any other arrangement, variation or release with any person or persons not being a party to this debenture (whether or not such person or persons is jointly liable with the Client) in respect of any of the Secured Liabilities, or of any other security for them without prejudice either to this debenture or to the liability of the Client for the Secured Liabilities.

**8. INVESTMENTS: DIVIDENDS AND VOTING RIGHTS PRIOR TO ENFORCEMENT**

Until the security constituted by this debenture becomes enforceable:

- (a) Hitachi shall, on request by the Client, release and pay to the Client any cash dividends paid in respect of any of the Investments and received by Hitachi or its nominee; and
- (b) Hitachi shall, in exercising all voting and other rights and powers of Hitachi or its nominee attaching to the Investments, act in accordance with the directions of Client from time to time if acting in accordance with those directions would not, in Hitachi's opinion, prejudice Hitachi's security under this debenture or the value of the Investments, or contravene any agreement between Hitachi and the Client.

## **Schedule 6 Enforcement**

### **1. ENFORCEMENT EVENTS**

This debenture shall be enforceable if:

- (a) any of the Secured Liabilities are not paid or discharged when the same ought to be paid or discharged by the Client (whether on demand, at scheduled maturity, or by acceleration or otherwise, as the case may be); or
- (b) the Client is in breach of any of its obligations under this debenture or under any other agreement between the Client and Hitachi or any other agreement between the Client and any member of the same group as Hitachi, and that breach (if capable of remedy) has not been remedied to the satisfaction of Hitachi within 14 days of notice by Hitachi to the Client to remedy the breach, but nothing herein shall oblige Hitachi to seek remedy of such breach; or
- (c) the Client:
  - (i) becomes unable to pay its debts as they fall due (and/or the value of the Client's assets is less than the amount of its liabilities, taking into account the Client's contingent and prospective liabilities); or
  - (ii) commences negotiations with any one or more of its creditors with a view to the general readjustment or rescheduling of its indebtedness; or
  - (iii) makes a general assignment for the benefit of, or a composition with, its creditors; or
- (d) the Client passes any resolution or takes any corporate action, or a petition is presented or proceedings are commenced, or any action is taken by any person for its winding-up, dissolution, administration or re-organisation or for the appointment of a receiver, administrative receiver, administrator, trustee or similar officer of it or of any or all of its revenues or assets; or
- (e) a distress, execution, attachment or other legal process is levied, or enforced on or sued against all or any part of the assets of the Client and remains undischarged for seven days; or
- (f) any event occurs in relation to the Client that is analogous to those set out in paragraph 1(c), paragraph 1(d) or paragraph 1(e) of this Schedule 6; or
- (g) any representation, warranty or statement made or deemed to be made by the Client under this debenture is or proves to have been incorrect or misleading in any material respect when made or deemed to be made; or
- (h) a Termination Event (as defined in the Debt Purchase Agreement) occurs,

and in any such event (whether or not the event is continuing), without prejudice to any other rights of Hitachi, the powers of sale under the Law of Property Act 1925 shall immediately be exercisable and Hitachi may, in its absolute discretion, enforce all or any part of the security created by this debenture as it sees fit.

### **2. STATUTORY POWER OF SALE**

The statutory powers of sale conferred by the Law of Property Act 1925 shall, as between Hitachi and a purchaser from Hitachi, arise on and be exercisable at any time after the execution of this debenture, but Hitachi shall not exercise such power of sale until the security constituted by this debenture has become enforceable under paragraph 1 of this Schedule 6.

### **3. EXTENSION OF STATUTORY POWERS**

The statutory powers of sale, leasing and accepting surrenders conferred upon mortgagees under the Law of Property Act 1925 and/or by any other statute shall be exercisable by Hitachi under this debenture and are extended so as to authorise Hitachi, whether in its own name or in that of the Client, to grant a lease or agreement to lease, accept surrenders of lease or grant any option of the whole or any part of the freehold and leasehold property of the Client with whatever rights relating to other parts of it, containing whatever covenants on the part of the Client, generally on such terms and conditions (including the payment of money to a lessee or tenant on a surrender) and whether or not at a premium as Hitachi thinks fit.

#### **4. PROTECTION OF THIRD PARTIES**

No purchaser, mortgagee or other person dealing with Hitachi or any Receiver shall be concerned:

- (a) to enquire whether any of the Secured Liabilities have become due or payable, or remain unpaid or undischarged, or whether the power Hitachi or a Receiver is purporting to exercise has become exercisable; or
- (b) to see to the application of any money paid to Hitachi or any Receiver.

#### **5. NO LIABILITY AS MORTGAGEE IN POSSESSION**

Neither Hitachi, nor any Receiver nor any Administrator shall be liable to account as mortgagee in possession in respect of all or any of the Charged Property, nor shall any of them be liable for any loss on realisation of, or for any neglect or default of any nature in connection with, all or any of the Charged Property for which a mortgagee in possession might be liable as such.

#### **6. APPOINTMENT OF RECEIVER**

6.1 At any time after the security constituted by this debenture has become enforceable, or at the request of the Client, Hitachi may, without further notice:

- (a) appoint under seal or by writing under hand of a duly authorised officer of Hitachi, any one or more person or persons to be a receiver, or a receiver and manager, of all or any part of the Charged Property; and
- (b) (subject to section 45 of the Insolvency Act 1986) from time to time, under seal or by writing under hand of a duly authorised officer of Hitachi, remove any person appointed to be Receiver and may, in a similar manner, appoint another in his place.

Where more than one person is appointed Receiver, they shall have power to act separately (unless the appointment by Hitachi specifies to the contrary).

6.2 The Factoring may fix the remuneration of any Receiver appointed by it without the restrictions contained in section 109 of the Law of Property Act 1925 and the remuneration of the Receiver shall be a debt secured by this debenture which shall be due and payable immediately upon its being paid by Hitachi.

#### **7. POWER OF SALE ADDITIONAL**

7.1 The powers of sale and appointing a Receiver conferred by this debenture shall be in addition to all statutory and other powers of Hitachi under the Insolvency Act 1986, the Law of Property Act 1925 or otherwise, and shall be exercisable without the restrictions contained in Sections 103 and 109 of the Law of Property Act 1925 or otherwise.

7.2 The power to appoint a Receiver (whether conferred by this debenture or by statute) shall be, and remain, exercisable by Hitachi despite any prior appointment in respect of all or any part of the Charged Property.

#### **8. AGENT OF THE CLIENT**

Any Receiver appointed by Hitachi under this debenture shall be the agent of the Client and the Client shall be solely responsible for his acts and remuneration, as well as for any defaults committed by him.

**9. POWERS OF RECEIVER**

Any Receiver appointed by Hitachi under this debenture shall, in addition to the powers conferred on him by the Law of Property Act 1925 and the Insolvency Act 1986, have the power to do all such acts and things as an absolute owner could do in the management of such of the Charged Property over which the Receiver is appointed and, in particular, the powers set out in Schedule 7.

**10. ORDER OF APPLICATION OF PROCEEDS**

All monies received by Hitachi or a Receiver in the exercise of any enforcement powers conferred by this debenture shall be applied:

- (a) first in paying all unpaid fees, costs and other liability incurred by or on behalf of Hitachi (and any Receiver, attorney or agent appointed by it);
- (b) second in paying the remuneration of any Receiver (as agreed between the Receiver and Hitachi);
- (c) third in or towards discharge of the Secured Liabilities in such order and manner as Hitachi determines; and
- (d) finally in paying any surplus to the Client or any other person entitled to it.

**11. APPROPRIATION**

Neither Hitachi nor any Receiver shall be bound (whether by virtue of section 109(8) of the Law of Property Act 1925, which is varied accordingly, or otherwise) to pay or appropriate any receipt or payment first towards interest rather than principal or otherwise in any particular order between any of the Secured Liabilities.

**12. SUSPENSE ACCOUNT**

All monies received by Hitachi or a Receiver under this debenture may, at the discretion of Hitachi or Receiver, be credited to any suspense or securities realised account and shall bear interest at such rate, if any, as may be agreed in writing between Hitachi and the Client, and may be held in such account for so long as Hitachi or Receiver thinks fit.

**13. POWER OF ATTORNEY**

By way of security, the Client irrevocably appoints Hitachi and every Receiver (and any person Hitachi or the Receiver nominate to act as their substitute or agent for this purpose) separately to be the attorney of the Client and, in its name, on its behalf and as its act and deed, to execute any documents and do any acts and things which:

- (a) the Client is required to execute and do under this debenture, including execute any document required by Hitachi under paragraph 6 of Part 1 of Schedule 4; and/or
- (b) any attorney may deem proper or desirable in exercising any of the powers, authorities and discretions conferred by this debenture or by law on Hitachi or any Receiver.

**14. RATIFICATION OF ACTS OF ATTORNEY**

The Client ratifies and confirms, and agrees to ratify and confirm, anything which any of its attorneys (including their agents) may do in the proper and lawful exercise or purported exercise of all or any of the powers, authorities and discretions referred to in paragraph 13 of this Schedule 6.

**15. APPOINTMENT OF AN ADMINISTRATOR**

- 15.1 The Factoring may, without notice to the Client, appoint any one or more persons to be an administrator of the Client pursuant to Paragraph 14 Schedule B1 of the Insolvency Act 1986 if this debenture becomes enforceable.
- 15.2 Any appointment under this paragraph 15 shall:
- (a) be in writing signed by a duly authorised signatory of Hitachi; and
  - (b) take effect, in accordance with paragraph 19 of Schedule B1 of the Insolvency Act 1986, when the requirements of paragraph 18 of that Schedule B1 are satisfied.
- 15.3 The Factoring may (subject to any necessary approval from the court) end the appointment of an Administrator by notice in writing in accordance with this paragraph 15 and appoint a replacement for any Administrator whose appointment ends for any reason under that paragraph.

## **Schedule 7 Further powers of a Receiver**

### **1. POWER TO REPAIR AND DEVELOP PROPERTIES**

A Receiver may undertake or complete any works of repair, building or development on the Properties.

### **2. POWER TO SURRENDER LEASES**

A Receiver may grant, or accept surrenders of, any leases or tenancies affecting the Properties on such terms and subject to such conditions as he thinks fit.

### **3. POWER TO EMPLOY PERSONNEL AND ADVISORS**

A Receiver may provide services and employ, or engage, such managers, contractors and other personnel and professional advisors on such terms as he deems expedient.

### **4. POWER TO MAKE VAT ELECTIONS**

A Receiver may make such elections for value added tax purposes as he thinks fit.

### **5. POWER TO CHARGE FOR REMUNERATION**

A Receiver may charge and receive such sum by way of remuneration (in addition to all costs, charges and expenses incurred by him) as Hitachi may prescribe or agree with him.

### **6. POWER TO REALISE CHARGED PROPERTY**

A Receiver may collect and get in the Charged Property or any part of it in respect of which he is appointed and make such demands and take such proceedings as may seem expedient for that purpose, and to take possession of the Charged Property with like rights.

### **7. POWER TO MANAGE OR RECONSTRUCT THE CLIENT'S BUSINESS**

A Receiver may carry on, manage, develop, reconstruct, amalgamate or diversify or concur in carrying on, managing, developing, reconstructing, amalgamating or diversifying the business of the Client.

### **8. POWER TO DISPOSE OF CHARGED PROPERTY**

A Receiver may grant options and licences over all or any part of the Charged Property, sell or concur in selling, assign or concur in assigning, lease or concur in leasing and accept or concur in accepting surrenders of leases of, all or any of the property of the Client in respect of which he is appointed in such manner and generally on such terms and conditions as he thinks fit (fixtures and plant and machinery may be severed and sold separately from the premises in which they are contained without the consent of the Client), and to carry any such sale, assignment, leasing or surrender into effect. Any such sale may be for such consideration as the Receiver thinks fit and he may promote, or concur in promoting, a company to purchase the property to be sold.

### **9. POWER TO MAKE SETTLEMENTS**

A Receiver may make any arrangement, settlement or compromise between the Client and any other person which he may think expedient.

### **10. POWER TO IMPROVE THE EQUIPMENT**

A Receiver may make substitutions of, or improvements to, the Equipment as he may think expedient.

### **11. POWER TO MAKE CALLS ON CLIENT MEMBERS**

A Receiver may make calls conditionally or unconditionally on the members of the Client in respect of the uncalled capital with such and the same powers for that purpose, and for the purpose of enforcing payments of any calls so made, as are conferred by the Articles of Association of the Client on its directors in respect of calls authorised to be made by them.

**12. POWER TO APPOINT**

A Receiver may appoint managers, officers, servants, workmen and agents for the purposes of this Schedule 7 at such salaries, for such periods and on such terms as he may determine.

**13. POWER TO INSURE**

A Receiver may, if he thinks fit, but without prejudice to the indemnity in clause 9, effect with any insurer any policy of insurance either in lieu or satisfaction of, or in addition to, such insurance.

**14. POWERS UNDER LAW OF PROPERTY ACT 1925**

A Receiver may exercise all powers provided for in the Law of Property Act 1925 in the same way as if he had been duly appointed under that act, and exercise all powers provided for an administrative receiver in Schedule 1 of the Insolvency Act 1986.

**15. POWER TO BORROW**

A Receiver may for any of the purposes authorised by this Schedule 7 raise money by borrowing from Hitachi (or from any other person with Hitachi's consent) on the security of all or any of the Charged Property in respect of which he is appointed on such terms as he shall think fit (including, if Hitachi consents, the terms under which such security ranks in priority to this debenture).

**16. POWER TO REDEEM PRIOR ENCUMBRANCES**

A Receiver may redeem any prior Encumbrance and settle and pass the accounts to which the Encumbrance relates. Any accounts so settled and passed shall be conclusive and binding on the Client, and the monies so paid shall be deemed to be an expense properly incurred by him.

**17. INCIDENTAL POWERS**

A Receiver may do all such other acts and things as he may consider incidental or conducive to any of the matters or powers in this Schedule 7, or which he lawfully may or can do as agent for the Client.

**18. SCOPE OF POWERS**

Any exercise of any of the powers given by this Schedule 7 may be on behalf of the Client, the directors of the Client (in the case of the power contained in paragraph 11 of this Schedule 7) or himself.

This Agreement has been entered into as a deed on the date stated at the beginning of this Agreement.

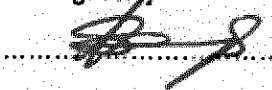
Signed as a deed by **HITACHI CAPITAL (UK) PLC**  
acting by an authorised signatory

in the presence of:

Witness signature

Name (in block  
capitals)

Address

  
TILLY PENNY  
HCIF, ISIS HOUSE, RED  
CROSS ROAD, GRINGES ON  
THAMES, RG8 9HG.

Signed as a deed by **CHEDDAR VALLEY BUSINESS  
SERVICES LTD**  
acting by a director


(print name)

in the presence of:

Witness signature

Name (in block  
capitals)

Address

  
C A PEEBLES BROWN

  
A. VORSEY

A. VORSEY

17 MARWOOD CLOSE, BURNHAM-ON-SEA. TA8 2ED