

## OPERATING CONDITIONS - PART IV

### PROVISIONS RELATING TO FACTORING CLIENTS ONLY

#### 1. OUR SERVICES

##### 1.1 We will:

- 1.1.1 run your sales ledger;
- 1.1.2 collect payment of your Invoices from your Customers by sending them monthly statements and reminder letters where necessary in a format agreed with you.

##### 1.2 We may:

- 1.2.1 give you information about Customers' and possible new Customers' credit status within a reasonable period of you asking us. We will not pay any compensation or damages if the information we give is not accurate;
- 1.2.2 approve, make Advances and pay the Purchase Price in Sterling in respect of Export and/or Currency Invoices;
- 1.2.3 provide certain additional services;
- 1.2.4 apply any cash, cheque or other remittance received by us which a Customer has not allocated to a specific Invoice in or towards payment of any Approved or Disapproved Invoice as we may determine;
- 1.2.5 exclude certain Invoices from the operation of this Agreement.

#### 2. YOUR RESPONSIBILITIES

##### 2.1 You must:

- 2.1.1 (unless we have agreed to raise Invoices on your behalf) raise Invoices in the normal course but include wording which we will provide to you indicating that each Invoice has been assigned to us and ensure that all Invoices are promptly and accurately entered in your sales ledger;
- 2.1.2 send notices of assignment of your Invoices to your Customers;
- 2.1.3 not attempt to collect payment of any Invoices for your own account;
- 2.1.4 not agree to compromise any Invoices;
- 2.1.5 only issue credit notes in accordance with condition 9.1.6. of the Operating Conditions - Part II; and
- 2.1.6 within one month (or other such period as we may reasonably specify) of the end of the quarter to which they relate send your quarterly management accounts to us.

#### 3. OUR FEES AND CHARGES FOR FACTORING CLIENTS

- 3.1 For the purpose of calculating any Minimum Fee expressed as an annual fee:

- 3.1.1 “annual” means the period from 1 July in any year to 30 June in the next year. The first annual charge will reflect the period from the Start Date to the next 30th June.
- 3.1.2 we will divide the fee by 365 and multiply that figure by the number of relevant days elapsed to the date of calculation of the fee.
- 3.1.3 To the extent provided for in the Commercial Terms, if the annual fee shall be an Annual Fixed Service Fee we may charge part of a monthly instalment of the Fee when you Notify us of invoices during each month. At the end of each month we will amend the monthly instalment to allow for the sums already charged.
- 3.2 If we have agreed a Monthly Minimum Fee:
  - 3.2.1 we will debit to your Current Account on the first Working Day of each month the amount of the Monthly Minimum Fee; and
  - 3.2.2 where the Start Date occurs during a month we will divide the Monthly Minimum Fee by the number of days in the month and multiply it by the number of days to the last day of the month and debit this amount to your Current Account.
- 3.3 We will apply any Refactoring Charge percentage specified in the Commercial Terms to the Notified Value of all Invoices which remain outstanding for longer than the number of months also specified in the Commercial Terms. We will charge this fee monthly on the last Working Day of each month in respect of that month.
- 3.4 If we provide services to a level or intensity which were not envisaged by us at the time of entry into this Agreement (which includes you communicating with us other than via the Website or by email) then, in addition to the Service Fee, we may by notice to you either:
  - 3.4.1 increase the Service Fee; or
  - 3.4.2 charge a reasonable additional fee or fees;to compensate us for all costs and expenses (including the cost of our administrative time) for providing such service.

#### 4. CURRENCY INVOICES

- 4.1 If an Invoice is a Currency Invoice, we will work out the Purchase Price in Sterling at the exchange rate agreed between us. If we do not agree on an exchange rate, we will use the Bank's prevailing spot rate of exchange on the date we make the Advance.
- 4.2 We may at your request set up separate Current Accounts for each currency in which we agree to make Advances.
- 4.3 If we make Advances in a currency other than Sterling, we may calculate the Discount Charge on Debit Balances by adding the margin to the Bank's short term offer rate for the currency in question as determined by us either daily or weekly.

This Agreement will begin on the Start Date and, subject to condition 1.3, will continue for the Minimum Term and thereafter until terminated by either of us.