

# **STANDARD CONDITIONS TO SALES FINANCE AGREEMENT**

**Version 1.02**



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These Conditions set out definitions and certain terms and conditions that apply to and are incorporated into the Agreement. Certain words have special meanings and these are explained in Condition 34 (*Definitions and interpretation*).

## **1 START AND LENGTH OF AGREEMENT**

- 1.1 The Agreement begins on the date stated on the first page of the Agreement. The Agreement continues for the Minimum Period and then until notice to terminate the Agreement is given in accordance with Condition 21.1 or the Agreement is terminated in accordance with Condition 19 (*Termination Events*).
- 1.2 The Client must continue to comply with the terms of the Agreement until the Agreement has terminated and all Liabilities have been discharged.

## **2 NOTIFICATION**

- 2.1 If the Client has installed Automatic Data Transfer and the Automatic Data Transfer software is functioning properly, Notifications will be effected automatically through that system. Each transfer of Financial Records comprising Debts and Dilutions not Notified previously will constitute a Notification by the Client of the new Debts and Dilutions.
- 2.2 If the Client does not have Automatic Data Transfer or if Automatic Data Transfer fails to operate for any reason, Conditions 2.3 to 2.6 (inclusive) apply.
- 2.3 The Client will Notify all Existing Debts on the Commencement Date and will then Notify Debts at least once every seven days or as otherwise agreed with Santander.
- 2.4 Debts will be invoiced and Notified in an Approved Currency.
- 2.5 The Client will Notify credit notes within three Business Days of issue.
- 2.6 The Client will only Notify Debts relating to sales of consignment inventory after the Client has received written confirmation of usage from the Debtor. The confirmations will be retained by the Client for inspection by Santander upon request.
- 2.7 If the Client is unable to give any of the warranties at Condition 10 (*Warranties*) and undertakings at Condition 12 (*Undertakings*), the Client will clearly state this on the Notification and Notify the Debt to Santander separately of other Debts.

## **3 PURCHASE PRICE**

- 3.1 Santander determines Availability. Santander will, subject to Availability and Santander's rights of set-off, on request from the Client, pay to the Client Prepayments for Approved Debts and the balance of the Purchase Price of each Debt.
- 3.2 Prepayments and the balance of the Purchase Price of each Debt will be paid in an Approved Currency. The Purchase Price of Protected Debts will be paid in Sterling.

## **4 FUNDING**

- 4.1 Funding will not be available in respect of Disapproved Debts.
- 4.2 A payment made by Santander to the Client shall be made to the bank account the details of which have been provided to Santander in writing.

Any Sterling payments may be made by Faster Payment (providing the amount does not exceed £100,000) or by CHAPS, as selected by the Client. If the Client does not make a selection the payment will be made by Faster Payment (providing the amount does not exceed £100,000) or by CHAPS for all

other amounts. If the Client requests a Faster Payment in excess of £100,000, the payment will be sent as CHAPS.

Any non Sterling payments will be fulfilled via Santander's currency payment system.

4.3 If a Debt causes the Debtor Refer Limit to be exceeded, Santander may:

- (a) carry out any credit or other checks on the relevant Debtor as Santander considers necessary; and
- (b) set a Debtor Funding Limit in place of the Debtor Refer Limit for that Debtor.

The Debtor Funding Limit will not be automatically communicated to the Client but will be confirmed to the Client if requested.

4.4 Santander may set, vary, decline or withdraw any Limit at any time.

4.5 Santander may apply Reserves which will reduce Availability.

4.6 Santander is not obliged to explain its decisions in relation to Limits which are to be kept confidential.

4.7 Santander may make payment to any Debtor on account of or in settlement of any credit balance appearing on the Sales Ledger.

## **5 BAD DEBT PROTECTION**

If the Client has Bad Debt Protection, the following terms apply to the Agreement:

5.1 Santander will accept the Credit Risk for Protected Debts.

5.2 Ineligible Debts may not be Protected Debts.

5.3 The Client must apply for Debtor Credit Limits through the Site. The application must be supported by such information about the Debtor as Santander may request. All information provided by the Client to Santander must be complete and accurate. The Client must immediately tell Santander of:

- (a) any change to the information originally given to Santander in support of an application for a Debtor Credit Limit;
- (b) any financial difficulties experienced by a Debtor or the possibility of Debtor Default; and
- (c) any other information known to the Client which may influence Santander's decision to establish or maintain a Debtor Credit Limit.

5.4 Santander will send the Client notice of the establishment, cancellation or variation of Debtor Credit Limits through the Site and is not obliged to give the Client any reason for their decision. Notice of the cancellation or variation of a Debtor Credit Limit will be effective and binding on the Client immediately the relevant information has been published on the Site, irrespective of the Client accessing the Site. Following the cancellation or reduction of a Debtor Credit Limit, at Santander's request, the Client will send to Santander a list of Outstanding Protected Debts due by the relevant Debtor.

5.5 A Debt will not be a Protected Debt unless a Debtor Credit Limit has been established before the Debt comes into evidence or Santander designates the Debt as a Protected Debt.

5.6 All Debtor Credit Limits will be expressed in Sterling.

5.7 The Client will pay the charges for Debtor Credit Limits and any other charges payable in relation to the Bad Debt Protection facility as set out in the Pricing Tariff.

- 5.8 In the event that the aggregate of all Debts due by a Debtor exceeds the Debtor Credit Limit, Debts will be treated as Protected Debts or Ineligible Debts respectively according to the dates of the relevant invoices.
- 5.9 Santander may cancel a Debtor Credit Limit without Notice and treat any Protected Debt as an Ineligible Debt if:
- (a) the Debt is disputed by the Debtor (but Santander may re-designate the Debt as a Protected Debt following the final determination or adjudication of the dispute and the Debt becoming a valid and enforceable obligation of the Debtor);
  - (b) the Client has breached any warranty or undertaking relating to the Debt;
  - (c) the Client fails to comply with any condition specified at the time the Debtor Credit Limit is established;
  - (d) the Client gives notice to terminate the Agreement in accordance with Condition 21.1; or
  - (e) the Debtor does not make payment as a result of:
    - (i) an unforeseeable event beyond Santander's or the Client's control;
    - (ii) the effects of nuclear reaction, radiation or radioactive contamination; or
    - (iii) war, including war between the People's Republic of China, France, the UK, the Russian Federation and/or the United States of America.
- 5.10 Santander may tell the Client that all Debtor Credit Limits are cancelled and may treat all Protected Debts as Ineligible Debts after the occurrence of a Termination Event (whether or not Santander exercises the right to terminate the Agreement).
- 5.11 All Debtor Credit Limits will be cancelled automatically following expiry of a notice serviced pursuant to Condition 5.25 or upon termination of the Agreement and Santander will not bear the Credit Risk for any Protected Debt that is an Outstanding Debt at the Termination Date.
- 5.12 The Client will undertake such credit control and collection procedures as Santander tells the Client. If the Client has been appointed as Santander's agent to collect Debts pursuant to Condition 15.1, as a minimum, the Client will, until a Protected Debt Outstanding after its Due Date is paid:
- (a) send a written reminder to the Debtor advising that the Due Date for payment of the Protected Debt has passed and requesting payment within 7 days of the relevant Due Date and every 14 days thereafter;
  - (b) send a statement to the Debtor within 7 days of the end of the month in which the invoice evidencing each Protected Debt is issued and within the same period of each subsequent month;
  - (c) communicate to the Debtor by telephone that the Outstanding Protected Debt has not been paid and requesting payment within 14 days of its Due Date and every 14 days thereafter;
  - (d) issue proceedings within 60 days of the Due Date and tell Santander immediately that proceedings have been commenced; and
  - (e) record in writing all steps taken to collect payment of each Protected Debt and provide a copy of such record to Santander upon request.
- 5.13 The Client must not supply any goods or services to a Debtor (on credit or cash terms) if:

- (a) the Debtor is experiencing financial difficulties;
  - (b) there is a possibility of Debtor Default; or
  - (c) legal proceedings have been issued against the Debtor,
- until the Debtor has discharged all Outstanding Protected Debts
- 5.14 The Client may agree with a Debtor that the Due Date of a Protected Debt is extended by not more than the Maximum Extension Period provided that:
- (a) the Client makes a positive assessment of the Debtor's creditworthiness and ability to discharge the Outstanding Debt within the Maximum Extension Period before agreeing to extend the Due Date; and
  - (b) the Debt is not payable by a bill of exchange, promissory note, cash against documents, documentary sight draft or letter of credit.
- 5.15 The Client will not agree with a Debtor any extension of the Due Date of a Protected Debt beyond the Maximum Extension Period nor any repayment terms that provide for payment of the Protected Debt after the expiry of the Maximum Extension Period without Santander's prior consent in writing.
- 5.16 If Santander approves repayment terms pursuant to Condition 5.15, the Client will inform Santander immediately if the Debtor defaults on such repayment terms.
- 5.17 Santander will only be liable for any costs incurred in pursuing the recovery of a Protected Debt if Santander has previously authorised the Client in writing to incur the costs.
- 5.18 The Client will inform Santander of any Debtor Default through the Site immediately and in any event within 5 Business Days after the Client knows of the occurrence of any Debtor Default or any event which may reasonably be expected to result in Debtor Default.
- 5.19 The Client will provide to Santander satisfactory evidence of the occurrence of any Debtor Default and that the Protected Debt is undisputed.
- 5.20 Santander will pay to the Client the balance of the Purchase Price of Outstanding Protected Debts in accordance with Condition 3.1 within 45 days of the later of the Client informing Santander of the Debtor Default pursuant to Condition 5.18 or the Client complying with Condition 5.19.
- 5.21 After the occurrence of any Debtor Default, Santander may send notice of assignment to the Debtor and the Client will provide to Santander all reasonable assistance to enable Santander to:
- (a) enforce the Related Rights;
  - (b) file a claim in the relevant Insolvency Proceedings;
  - (c) recover any dividends payable in respect of the Protected Debt; and
  - (d) recover any refund of Value Added Tax.
- 5.22 Any recovery made by Santander will be applied firstly towards repayment to Santander of the Purchase Price of the Protected Debt; and secondly (where the recovery is greater than such Purchase Price) in payment of the balance of the Purchase Price payable pursuant to Condition 3.1.
- 5.23 Santander will not be liable to pay the Purchase Price of a Protected Debt if:
- (a) the Client has failed to comply with the terms of this Condition 5;

- (b) a Debtor Credit Limit has been established or maintained or Santander has provided Bad Debt Protection to the Client as a result of any misrepresentation, concealment of any material fact or dishonest act or omission by the Client;
- (c) the amount of the Outstanding Protected Debt, after deduction of the relevant Value Added Tax, at the date of Debtor Default is less than the Minimum Threshold (if any); or
- (d) Santander's aggregate liability for the Purchase Price of Protected Debts, after deduction of the relevant Value Added Tax, in any year of this Agreement, starting on the Commencement Date, does not exceed the Annual Threshold.

5.24 The Client will submit through the Site:

- (a) a report of all Overdue Debts, specifying the reasons for non-payment and the steps taken to recover payment of those Debts, by the 10th Business Day of each month; and
- (b) an annual review limit report during the month prior to each anniversary of the Commencement Date.

5.25 Santander may terminate the Bad Debt Protection facility at any time with effect from 1 June in every year by giving not less than 30 days' notice to the Client.

## **6 ACCOUNTING**

6.1 Santander will maintain a Sales Ledger in each Approved Currency to record the prospective Purchase Price of Debts.

6.2 Santander will also maintain a Current Account in each Approved Currency. The Client will be able to access and view the Current Account through Client Access.

6.3 Santander will credit Remittances to the Current Account and may debit to the Current Account the value of every Prepayment and credit note relating to a Debt, any Liabilities and any other sum payable to Santander.

6.4 Remittances will be credited to the Current Account for the purpose of calculating Availability as follows:

- (a) If the Remittance is a cheque denominated in Sterling and is delivered to Santander at its address for service detailed on page 1 of the Agreement (or such other address as Santander notifies to the Client) as directed in each notice of assignment given to Debtors, the value of the Remittance will be credited to the Current Account on the Business Day on which each Remittance is received by Santander (or the next Business Day if the Remittance is not received on a Business Day).
- (b) All other types of Remittance (including, but not limited to, cash, BACS, CHAPS, SWIFT, Faster Payment or bill of exchange or a cheque denominated in a currency other than Sterling) paid into a Trust Account will be credited to the Current Account on the Business Day following the day on which each Remittance is credited to the Trust Account, save that if a Remittance is paid into a Trust Account on a Sunday or bank holiday, the Remittance will be credited to the Current Account no later than the second Business Day following the day on which the Remittance is credited to the Trust Account.

6.5 The Purchase Price of a Foreign Currency Debt will be calculated in an Approved Currency. Santander will use the Conversion Rate on the day Santander credits the prospective Purchase Price of the Debt to the Sales Ledger.

6.6 Santander may convert any Remittance which is not denominated in the Approved Currency in which the prospective Purchase Price was calculated to an Approved Currency. Santander will use the Conversion Rate on the day Santander credits either the Remittance or the Purchase Price of a Protected



Debt to the Sales Ledger. The Client will receive credit for any currency gain and indemnifies Santander against any currency loss arising from the calculation of the final Purchase Price.

- 6.7 Any payment made by Santander to the Client shall be debited to the Current Account on the day Santander makes the payment.
- 6.8 Each calendar month, or as Santander may otherwise agree, Santander will provide the Client with a statement of its Current Account and Sales Ledger.
- 6.9 Upon Santander's request the Client will pay to Santander directly the value of any Liabilities.

## **7 SERVICE CHARGE**

- 7.1 Santander will provide services to the Client, including Client Access, assisting with the reconciliation of the Client's sales ledger with Santander's records and conducting routine audits. The Service Charge is payable for the provision of these services:
  - (a) if the Service Charge is calculated as a percentage of the value of Notified Debts, on the Notification of a Debt; and
  - (b) if the Service Charge is a fixed sum, on the last day of each month.
- 7.2 If the Service Charge is calculated as a percentage of the value of Notified Debts, on the last day of each calendar month the Client will pay to Santander any shortfall between the Minimum Service Charge and the Service Charge actually paid during that month.
- 7.3 If the Service Charge is calculated as a percentage of the value of the Notified Debts, it will not be payable on the value of the Non-Notifiable Debts.

## **8 DISCOUNT CHARGE**

- 8.1 The Discount Charge shall:
  - (a) be calculated daily by applying the Discount Rate to the value of outstanding Prepayments;
  - (b) be debited to the Current Account monthly;
  - (c) accrue from the date on which a Prepayment is debited to the Current Account until the relevant Payment Date.
- 8.2 Interest shall accrue on any amount debited to the Current Account which is not a Prepayment. The interest will be charged at the Discount Rate, and for administrative convenience the total of Discount Charges and interest may be referred to as Discount Charge on statements sent to the Client by Santander.

## **9 FEES AND CHARGES**

- 9.1 The Client will pay the Arrangement Fee on the date of the Agreement.
- 9.2 The Client will pay the CHAPS Charge on the day any payment is made by CHAPS.
- 9.3 The Client agrees to pay to Santander all costs and expenses incurred by Santander in relation to the Finance Documents and the fees and charges as set out in the Pricing Tariff, from time to time.
- 9.4 All charges and fees payable to Santander under the Finance Documents are quoted exclusive of value added tax which will be charged to the Client where applicable.

- 9.5 In respect of each Notified Debt, the Client agrees to pay to Santander, on the day of expiry of the Recourse Period, the Re-Factoring Charge calculated on the amount payable by the relevant Debtor in respect of any such Notified Debt but outstanding on such day.
- 9.6 The fees and charges set out in this Agreement (including in the Pricing Tariff) shall be in addition to any Santander Liabilities which may be payable by the Client to Santander from time to time.
- 9.7 Should the client make requests for additional funding, then if approved by Santander (entirely at its discretion) the Additional Funding Costs set out in the Pricing Tariff will apply.

## **10 WARRANTIES**

- 10.1 The Client warrants that it has disclosed and will disclose to Santander every fact which might influence Santander's decision to enter into or continue the Agreement, purchase a Debt or to accept any person as a Guarantor.
- 10.2 The inclusion of a Debt in a Notification is a representation by the Client to Santander that:
- (a) the goods or services have been Delivered and the Sale Contract has been performed so that the Debt is an undisputed and enforceable payment obligation of the relevant Debtor;
  - (b) the Debt is owned by the Client and not subject to a Security Interest;
  - (c) the Debt arises in the ordinary course of the Client's Business;
  - (d) the Debt has not previously been Notified to Santander;
  - (e) the Debt is payable under a Sale Contract governed by English, Northern Irish, Scots law or any law approved by Santander in writing and is freely assignable;
  - (f) the Debt is payable in an Approved Currency without Retention (other than a Settlement Discount);
  - (g) the relevant Debtor is not Insolvent;
  - (h) the terms of payment under the Sale Contract do not exceed the Maximum Payment Terms;
  - (i) the correct details of the Debtor appear and all statements and signatures are true and genuine on documents evidencing the Debt;
  - (j) no supplier to the Client has or may claim any right in the Debt;
  - (k) all details contained in the Notification are correct and complete; and
  - (l) the person signing and/or delivering the Notification has the authority to do so.
- 10.3 If the Client has installed Automatic Data Transfer, the Client warrants and represents that:
- (a) all data transferred to Santander using Automatic Data Transfer is accurate, correct and current; and
  - (b) all details of Debts comply with all the representations set out in Condition 10.2, except those Debts which the Client has previously informed Santander in writing:
    - (i) are Non-Notifiable Debts; or
    - (ii) do not comply with any of the warranties at Condition 10 (Warranties) or undertakings at Condition 12 (Undertakings)

## **11 INFORMATION AND AUDITING**

11.1 The Client undertakes, at the Client's expense, to:

- (a) inform Santander immediately of:
  - (i) a dispute relating to a Debt;
  - (ii) any Retention arising or being claimed against a Debt;
  - (iii) a change or proposed change of management, ownership or control of the Client or a Guarantor;
  - (iv) the Client, its Associate, a Guarantor or a Debtor becoming Insolvent; and
  - (v) any change in a Debtor's status, address or creditworthiness;
- (b) upon request, provide to Santander:
  - (i) the Financial Records and other documentation included in the Related Rights;
  - (ii) evidence of the performance of Sale Contracts;
  - (iii) signed and dated proofs of delivery or collection in respect of each Debt; and
  - (iv) any other records, documents or evidence that Santander may require;
- (c) maintain and retain for inspection by Santander from time to time:
  - (i) full accounting records and Financial Records; and
  - (ii) records of all open item month end sales and purchase ledger data (or such other data as Santander may deem appropriate).
- (d) promptly notify Santander if it or any Guarantor is or becomes an RFI and the date on which it becomes an RFI;
- (e) prepare all financial information and accounting records relating to the Client's Business consistently and in accordance with generally accepted accounting standards and provide further information regarding the Client's financial condition or affairs as Santander may request.

11.2 If Santander requires, the Client will ensure that the Client's auditors report directly to Santander at the Client's expense.

11.3 The Client will permit or enable any representative of Santander at any time, and at the Client's expense, to enter any business premises of the Client to inspect goods, Transferred Goods and/or Sale Contracts and to read and/or take copies of the Financial Records or other records or documents.

## **12 UNDERTAKINGS**

12.1 The Client undertakes that it will not, without Santander's prior written consent:

- (a) transfer in whole or in part any of the Client's Business to any other person;
- (b) enter into any arrangement for any person other than the Client to issue Invoices;

- (c) save for Permitted Security, grant a Security Interest over any of its assets or raise finance against or effect a Disposal of its Debts (and the Client will ensure that no Group Company or Associate does the same);
- (d) cancel or vary or attempt to cancel or vary any Sale Contract which has been approved by Santander;
- (e) disclose any information relating to Debtors or the Finance Documents other than to the Client's professional advisors or as required by law; and
- (f) change the nature of the Client's business.

12.2 The Client undertakes:

- (a) that all information provided to Santander is accurate;
- (b) to comply with any request of Santander intended to preserve Santander's interest in Debts and/or mitigate Liabilities owed to Santander, including signing any additional documents;
- (c) to comply with the Data Protection Act, including when transferring information to Santander;
- (d) to adhere to Santander's procedures relating to the Finance Documents;
- (e) to ensure that its registered number, VAT number and credit terms are marked on each invoice;
- (f) upon Santander's request and at the Client's expense, to make a formal written assignment to Santander of any Debt;
- (g) that all inventory held by the Client for or to the order of a Debtor is stored separately from all other inventory in the Client's possession and clearly labelled as the property of the relevant Debtor; and
- (h) to inform Santander immediately the Client is aware of any technical or operational difficulties which will affect the operation of the Automatic Data Transfer.

12.3 If the Client is party to an existing supply chain programme agreement with Santander:

- (a) the Client undertakes that it disclosed (the "**Disclosures**") all existing Encumbered Confirmed Invoices to Santander prior to entering into the Agreement and will not enter into any Sale Contract giving rise to any Encumbered Confirmed Invoices during the term of the Agreement without Santander's prior written consent; and
- (b) the parties agree that existing Encumbered Confirmed Invoices disclosed to Santander prior to entering into the Agreement are excluded from the assignment at clause 2 of the Agreement.

12.4 The Client undertakes to comply with the following provisions in relation to any credit insurance policy held by the Client:

- (a) all insurance premiums payable pursuant to the credit insurance policy are paid in full and there are no circumstances which could reasonably be expected to lead to any such insurance policy being revoked, vitiated or not renewed in the ordinary course;
- (b) the credit insurance policy is held with a reputable insurer and is on such terms and contains such clauses as Santander may reasonably require and in particular, but without limitation, on terms that the relevant insurer will inform Santander:
  - (i) of any cancellation, alteration, termination or expiry of the credit insurance policy at least 30 days before it is due to take effect;

- (ii) of any default in the payment of any premium or failure to renew the credit insurance policy at least 30 days before the renewal date; and
  - (iii) of any act, omission or event of which the insurer has knowledge which may make the credit insurance policy void, voidable or unenforceable (in whole or in part);
- (c) the Client will comply with all terms of the credit insurance policy so that no act or omission will cause such policy to be cancelled or an insurer to refuse to make a payment under such policy and not do or permit to be done or omit to do anything which may render the credit insurance policy void, voidable or unenforceable (in whole or in part) and will not vary, amend or terminate the credit insurance policy without Santander's prior written consent (not to be unreasonably withheld or delayed);
- (d) Santander will be joint insured in relation to each credit insurance policy and will have the interest of Santander noted on such policy as first loss payee and copies of any such insurance policy confirming the amount and terms of insurance will, if required by Santander, be promptly provided to Santander for inspection or retention (as the case may be);
- (e) the Client will pay on the date due for payment, all and any relevant insurance premiums and other sums payable under the credit insurance policy and shall, if Santander so request, provide evidence of such payment no later than 5 Business Days prior to each such payment becoming due and payable.
- (f) if the Client fails to make payment of any insurance premium referable to the credit insurance policy by its due date for payment or fails to produce any premium receipts to Santander on demand, it will immediately notify Santander, and Santander may, at the Client's expense, make any such payment to the insurer, or effect or renew the credit insurance policy as Santander may consider necessary and any sums paid by Santander in this regard may either constitute a Reserve or be debited to the Current Account until repaid by the Client immediately upon Santander's request together with interest at the then prevailing Discount.
- 12.5 The Client undertakes not to incur or to allow to remain outstanding any Financial Indebtedness other than Permitted Financial Indebtedness.
- 12.6 The Client undertakes that it will not (and it shall ensure that any Guarantor shall not)
- (a) directly or indirectly, use, lend, make payments of, contribute or otherwise make available, all or any part of any payment or monies it receives under the Agreement or other transactions contemplated by the Agreement to fund any trade, business or other activities related to (i) any Sanctioned Persons or Sanctioned Country; or (ii) any activity that could reasonably be expected to result in the Client or Santander being in breach of any Sanctions or becoming a Sanctioned Person, nor permit or authorise any other person to do so; or
  - (b) directly or indirectly make any repayment due to Santander under this Agreement or discharge any obligation due or owing to Santander under the Finance Documents from proceeds derived from or otherwise directly or indirectly sourced from (i) any Sanctioned Person or Sanctioned Country; (ii) any sanctioned or sanctionable activity or whose source is sanctioned; or (iii) any action or status which is prohibited by, or would cause Santander or any Guarantor to be in breach of, any Sanctions; and/or
  - (c) enter into Sale Contracts or indeed any other arrangements creating or giving rise to the creation of Debts with a Sanctioned Person or person who is domiciled in or has a presence in a Sanctioned Country.

### **13 PARTNERSHIP**

- 13.1 If the Client is a partnership this Condition 13 is included in the Agreement.

- 13.2 Under the Finance Documents, all undertakings and warranties to Santander are given by each partner (in their capacity as an individual and as a partner of the Client), and the obligations of each partner to Santander are joint and several.
- 13.3 The Client represents that all of its partners signed the Agreement.
- 13.4 The Client will notify Santander in writing if any partner ceases to be a partner or a new partner joins the partnership, and will sign any additional documentation required by Santander.
- 13.5 Santander may:
- (a) release or conclude an agreement with any partner(s), without affecting its rights against others;
  - (b) treat a notice or demand by (i) Santander to any partner, as a notice or demand given to all of the partners, and (ii) any partner, as a notice of demand given by all partners;
  - (c) treat the Agreement as binding upon any executor, trustee in bankruptcy or personal representative of any partner and upon any committee, receiver, trustee or other persons acting on behalf of any partner; and
  - (d) account to the Client and/or exercise all rights of set-off against the Client, despite any change in the partnership.
- 13.6 If a sole trader Client enters into partnership or if a new partner joins a partnership or in either case there is a change of trading style, change of domicile outside the UK or transfer of assets to a third party, the Client will immediately inform Santander and at the Client's expense sign any documentation Santander may require.

## **14 RECOURSE**

- 14.1 Santander can Recourse any Debt to a Client at any time.
- 14.2 Debts which are unpaid at the end of the Recourse Period will be automatically subject to Recourse.
- 14.3 Ownership of Debts subject to Recourse will vest in the Client when Santander has received the Repurchase Price in cleared funds.
- 14.4 On Recourse of any Foreign Currency Debt, the Repurchase Price will be calculated by reference to the Conversion Rate applied when the Purchase Price was credited to the Current Account.
- 14.5 When a country becomes an Excluded Country, any Debts which become Excluded Debts are automatically reassigned to the Client by Santander. The Repurchase Price for those Excluded Debts shall be debited to a Current Account.

## **15 COLLECTING DEBTS**

- 15.1 If the Agreement states that the Client has a confidential facility, until Santander exercises its right under Condition 15.2:
- (a) Santander appoints the Client as its agent to collect Debts and enforce Related Rights only;
  - (b) the Client will conduct its duties as Santander's agent efficiently and in good faith;
  - (c) the Client will not bind Santander to any commitment without Santander's prior written consent;
  - (d) the Client will maintain its own sales ledgers.

- 15.2 Santander may cancel the Agency by notice to the Client at any time.
- 15.3 If the Agreement indicates that the Client has a disclosed or factoring facility or Santander has terminated the Agency:
- (a) only Santander is entitled to collect Debts;
  - (b) the Client will assist Santander with the collection of Debts and indemnify Santander against all costs incurred in the collection of Debts; and
  - (c) the Client will tell each Debtor of the assignment to Santander on all documents in a format and at such times as Santander tells the Client,
- and the Client acknowledges that Santander may at any time collect, settle and enforce payment of Debts as Santander considers most appropriate.
- 15.4 Upon termination of the Agency, the Client will provide to Santander an up-to-date sales ledger.
- 15.5 The Client will issue all credit notes when due and, upon Santander's request, the Client will:
- (a) stop sending credit notes to Debtors;
  - (b) in relation to Debts coming into existence after Santander's request stop giving Settlement Discounts and, without prejudice to any other term of this Agreement, stop any other practice which could reduce the value of any Debt; or
  - (c) send originals of credit notes to Santander.
- 15.6 The Client will ensure that Debtors pay all Remittances directly to Santander or the relevant Trust Account.
- 15.7 The Client will post all Remittances to its sales ledger within 3 Business Days of receipt.
- 15.8 Santander may at any time perform any of the Client's obligations to a Debtor.
- 15.9 The Client agrees to be bound by anything done by Santander under or in relation to Condition 15.8.
- 15.10 The Client will enable Debts to be verified as required by Santander.
- 15.11 The Client will provide to Santander, upon request, a Cheques Act Indemnity in a form satisfactory to Santander. The Client will also, if necessary, endorse any Remittance prior to its delivery to Santander.
- 15.12 The Client agrees that any instructions it gives to the Debtors to pay Remittances into the Trust Account must be correct and accurately reflect the Trust Account details. The Client acknowledges that Santander will have no liability to it for the inaccuracy of such details provided to the Debtors including but not limited to the inadvertent disclosure to the Debtor of Santander's interest in the Debts where the Client has a confidential facility.

## **16 TRUST**

- 16.1 All Remittances are the property of Santander. If the Client receives a Remittance the Client will immediately deliver it to Santander or pay it into a Trust Account.
- 16.2 Before delivery of a Remittance to Santander, the Client will hold it on trust for Santander and separately from the Client's own monies.

## 17 NON-NOTIFIABLE DEBTS

Notwithstanding any other term of the Agreement:

- (a) Santander is not obliged to make a Prepayment in respect of any Non-Notifiable Debt;
- (b) the provisions of Conditions 2 (*Notification*) and 16 (*Trust*) do not apply to any Non-Notifiable Debts;
- (c) Santander is not obliged to manage sales ledgers in relation to Non-Notifiable Debts;
- (d) the Client may retain any Remittance relating to a Non-Notifiable Debt unless Santander had told the Client to Notify the Debt prior to receipt of the Remittance; and
- (e) the Client will Notify Santander of any Non-Notifiable Debt upon Santander telling the Client to do so, at which time the Client shall hold the Non-Notifiable Debts and their proceeds on trust for Santander and, upon Santander's request, collect such Non-Notifiable Debts as Santander may specify as agent for Santander.

## 18 TRANSFERRED GOODS

- 18.1 The Client will inform Santander immediately about any Transferred Goods and set them aside and store them separately.
- 18.2 Santander can take possession of and sell any Transferred Goods on terms and at a price determined by Santander.

## 19 TERMINATION EVENTS

Santander may immediately terminate the Finance Documents if any of the following happen:

- (a) any breach of a Finance Document or the breach or termination of any other document between a Santander Company and the Client and/or a Guarantor;
- (b) any breach of an agreement, representation or undertaking given by any person in reliance upon which Santander entered into any Finance Document or made any payment under it;
- (c) any breach of any other financing facility that the Client may have;
- (d) the termination or attempted termination of any waiver, consent, release or priority arrangement in favour of Santander;
- (e) the Client's or a Guarantor's repayment obligation to a third party being declared due prior to its stated maturity date or if the Client or Guarantor does not pay it when due;
- (f) the Client or a Guarantor becoming Insolvent;
- (g) the service of a notice to discontinue a Guarantee or the death of a Guarantor;
- (h) the cessation or threatened cessation of the Client's Business;
- (i) any change in the Client's directors, partners, ownership, constitution or control without Santander's prior written consent;
- (j) a new partner joining a partnership Client, a partner dying or ceasing to be a partner, or the partnership's dissolution or change of trading style;
- (k) a change of the Client's or Guarantor's domicile to a country outside the UK;



- (l) a sole trader Client's death or retirement or entry into partnership or change of trading style;
- (m) the disqualification of a director of the Client from acting as a director;
- (n) Santander considers there has been a deterioration in the Client's financial condition, creditworthiness, operating performance, day-to-day administration, organisation of the Client's Business, sales ledger administration and/or credit control procedures;
- (o) Santander considers that any Disclosures were incorrect;
- (p) the Client prevents Santander from using Automatic Data Transfer without Santander's prior written consent; and/or
- (q) any other circumstance occurring which causes Santander to believe that the Client's obligations and Liabilities to Santander will not be met.

## **20 RIGHTS ON TERMINATION EVENT**

20.1 Upon or at any time following a Termination Event, Santander may:

- (a) exercise Recourse in respect of all Outstanding Debts;
- (b) withdraw or reduce any Limit, including to zero;
- (c) demand immediate repayment of all Funds in Use and Liabilities;
- (d) increase the Discount Rate by 2% (which the Client and Santander agree is an acceptable increase to compensate Santander for Santander's increased risk in such circumstances);
- (e) designate all Debts as Disapproved Debts;
- (f) apply Reserves to the Current Account and the Sales Ledger;
- (g) debit any Liabilities and any Santander Liabilities to the Current Account; and/or
- (h) consolidate any accounts held with any Santander Company;

and any other Santander Company may terminate any agreement it has with the Client.

20.2 At any time after the Agency has terminated or the occurrence of a Termination Event, other than a breach of a Finance Document, the Client will pay to Santander additional service charges to cover Santander's costs of managing the Client's sales ledger and collecting Debts, of up to 10% of the value of Outstanding Debts at the date of termination of the Agency or the occurrence of the Termination Event.

## **21 TERMINATION**

21.1 Notice to terminate the Agreement may be given at any time, including during the Minimum Period, provided it runs out at or after the end of the Minimum Period.

21.2 Santander may agree to terminate the Agreement within the Minimum Period or by the Client giving less notice than the Minimum Notice Period subject to terms acceptable to Santander. If the Agreement terminates within the Minimum Period, the Client will pay the Breakage Costs.

21.3 Unless Santander otherwise agrees in writing, notice to terminate the Agreement is notice to terminate any other agreement between the Client and a Santander Company.

- 21.4 On the Termination Date:
- (a) all Outstanding Debts are subject to Recourse;
  - (b) all Limits are withdrawn; and
  - (c) the Client must pay all Liabilities and must not cancel notices of assignment to Debtors or collect any Debts until it has paid the Liabilities and Santander confirms that all Outstanding Debts have been reassigned.
- 21.5 The termination of the Agreement will not affect rights and obligations in respect of any Debts which were created before the Termination Date, including the accrual of the Discount Charge and Santander's rights of set-off and rights to consolidate accounts. These rights and obligations will continue until all monies due under the Agreement have been paid.

## **22 SET-OFF**

- 22.1 All payments to Santander must be made without set-off and without any deduction.
- 22.2 Santander may at any time set off any Liabilities against any amount Santander may owe to the Client.
- 22.3 Any Santander Company may at any time set off any Santander Liabilities against any amount a Santander Company may owe to the Client.

## **23 INDEMNITY**

The Client indemnifies Santander against Liabilities incurred in relation to any Finance Document, including the cost of establishing title to and collecting Debts.

## **24 WEBSITE USER TERMS**

- 24.1 Authorised Users may access the Website and Site for so long as such persons are employed by the Client and authorised by the Client to have such access.
- 24.2 Santander may vary the content of the Website and Site from time to time and, unless Santander receives written notice from the Client to the contrary, the Client shall be deemed to have accepted such variations upon the completion of any Website Transactions by an Authorised User after the date that the relevant variation is made by Santander. If the Client does not agree to such variations Santander shall be entitled to terminate the Agreement with immediate effect by serving written notice on the Client.
- 24.3 Any terms and conditions appearing on the Website and Site shall be deemed to have been read and accepted by the Client upon the carrying out of any Website Transactions by an Authorised User.
- 24.4 Santander shall assign to each Authorised User any necessary Security Devices. Any Security Devices shall remain Santander's absolute property during the term of the Agreement and the Client agrees to return any such Security Devices to Santander upon request.
- 24.5 The Client agrees that Santander may in its discretion require written confirmation from the Client, in respect of any Website Transactions which are attempted by an Authorised User, before Santander is obliged to process such Website Transactions, either for security reasons or to ensure compliance with any applicable law.
- 24.6 The Security Devices shall be delivered by Santander to the Client after the date of the Agreement by registered post or any other secure method.
- 24.7 The Client shall be liable and responsible for the actions of any Authorised User in respect of the Website and Site, as if they were the actions of the Client itself.

- 24.8 The Client shall ensure that it has in place adequate security measures to maintain the confidentiality of all Security Devices and agrees to indemnify and hold harmless Santander for any losses, claims or damages whatsoever incurred by Santander as a consequence of any disclosure of any Security Devices to persons who are not Authorised Users or of the improper use thereof by any persons who are not Authorised Users. The Client agrees to notify Santander immediately if any Security Device becomes lost or stolen or is disclosed to any person who is not an Authorised User, or if the security of the Website or Site becomes compromised in any other way.
- 24.9 Santander shall not be liable to the Client for any loss incurred by the Client as a consequence of the improper use of the Website, Site or Security Devices by Authorised Users or by any persons who have not been duly authorised by Santander to access the Website or Site.
- 24.10 Any Website Transactions carried out by an Authorised User shall be deemed to be valid provided that such Website Transactions are carried out through the use of a valid Security Device and the Client shall be bound by such Website Transactions and be obliged to perform any obligations arising therefrom.
- 24.11 Santander shall keep a record of all Website Transactions and each of Santander and the Client shall accept such records as being conclusive evidence of such Website Transactions.
- 24.12 Santander may from time to time in its discretion fully or partially suspend or restrict Transactional Access to the Website and Site by the Client or any Authorised User.
- 24.13 Santander shall not be liable for any technical failure, accident, breakdown, manipulation, interruption in respect of the Website or Site or in respect of any incident resulting from the actions of any third party providing services to Santander from time to time in respect of the Website, Site or the hardware or software upon which they operate. Santander shall not be liable in the event of the Website or Site being unavailable due to acts, events, omissions or accidents beyond its contemplation and/or control or temporary suspension for technical reasons.

## **25 AUTOMATIC DATA TRANSFER**

- 25.1 When this Agreement specifies that Automatic Data Transfer is applicable to this Agreement or Santander informs the Client that it is eligible for Automatic Data Transfer, the Client undertakes to use all reasonable endeavours to implement Automatic Data Transfer on its systems.
- 25.2 The Client consents to the installation of software on its accounting system to enable Automatic Data Transfer and grants Santander a licence to use Automatic Data Transfer to retrieve Financial Records during the period of the Agreement and until all Liabilities have been discharged.
- 25.3 All intellectual property rights vested in Automatic Data Transfer (including software) belong to Santander and its suppliers.
- 25.4 The Client undertakes:
- (a) to operate Automatic Data Transfer in accordance with Santander's instructions;
  - (b) not to amend any Financial Records that have been Notified;
  - (c) to enter details of any credit note or other Dilution on the Client's accounting system within three Business Days of its issue;
  - (d) to enter details of all Remittances on the Client's accounting system within five Business Days of receipt of each Remittance;
  - (e) to inform Santander immediately if the Client discovers any Financial Records which are incorrect or should not have been transferred to Santander;

- (f) not to make any alterations to or modifications of the Automatic Data Transfer software nor permit any part of the Automatic Data Transfer software to be combined with or incorporated into any other programme;
- (g) not to disassemble, de-compile, reverse-engineer or create derivative works based on any part of the Automatic Data Transfer software except to the extent that such activities cannot be prohibited because they are essential to achieve interoperability;
- (h) to permit any employee or agent of Santander at any time and at the Client's expense access to the business premises of the Client to install, repair or remove the Automatic Data Transfer software; and
- (i) to give Santander not less than 4 weeks' notice of any change to the Client's accounting or operating systems including any variation to the version of or upgrade to these systems.

25.5 Santander confirms that:

- (a) Automatic Data Transfer will only facilitate "read only" access to the Client's Financial Records and will not permit Santander to alter information on the Client's accounting system; and
- (b) if Santander knows that any information other than the Financial Records has been transferred to Santander, Santander will tell the Client and return to the Client any information to which Santander is not entitled.

25.6 Non-Notifiable Debts that are Notified by Automatic Data Transfer will be treated as if they had not been Notified and Condition 17 (Non-Notifiable Debts) will apply to such Non-Notifiable Debts.

25.7 The Client agrees that Santander is not responsible for any losses or costs incurred by the Client in relation to the implementation or use of Automatic Data Transfer.

## **26 VARIATIONS**

Santander may change any term of the Agreement by giving the Client at least 30 days' notice of the change.

## **27 EXCLUSION OF OTHER TERMS AND PRESERVATION OF RIGHTS**

27.1 No failure to exercise, nor any delay in exercising, on the part of Santander, any right or remedy under the Finance Documents shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy.

27.2 The rights and remedies provided in the Finance Documents are cumulative, may be exercised as often as necessary and are not exclusive of any rights or remedies provided by law.

## **28 FRAUD**

28.1 If the Client gives Santander false or inaccurate information and Santander has a reasonable suspicion that the Client has engaged in fraudulent conduct, details about the Client and the Client's directors will be sent to all Santander Companies and fraud prevention agencies, including but not limited to CIFAS. Law enforcement agencies will be given access to any such information Santander holds about the Client and such agencies may use this information. Santander and other organisations may search and use these records to prevent fraud.

28.2 In the event that Santander has reasonable suspicion to believe that the Client is committing fraudulent acts, Santander will not hesitate to prosecute the Client, in which case members and partners will be deemed, for the purposes of a body corporate and partnership, to be joint and severally liable in accordance with Condition 13.2.

## **29 TRANSFERS**

- 29.1 The Client must not assign or charge or declare a trust over any of the Client's rights or delegate any of the Client's obligations under the Finance Documents without Santander's prior written consent.
- 29.2 Santander may give to anyone information about the Client or any Finance Document in connection with any proposed transfer of, or financial arrangement relating to, any Finance Document. Santander may allow another person to take over any of its rights and duties under any Finance Document (including the assignment of Santander's rights under the Finance Documents and/or transfer of any or all of Santander's obligations under the Finance Documents to any person).

## **30 LIMITATION OF LIABILITY**

- 30.1 Santander will not be liable to the Client for any consequential loss or loss of goodwill or profits or loss caused by an unforeseeable event or any circumstance beyond Santander's control or the installation of Automatic Data Transfer software on the Client's accounting system.
- 30.2 Any claim against Santander under this Agreement must be commenced within 2 years of the event which gave rise to the claim.

## **31 GENERAL**

- 31.1 Any statement issued by Santander shall be treated as correct and binding on the Client, except for manifest errors or errors in law or any error notified by the Client to Santander within 14 days of despatch.
- 31.2 Santander may rely on any signature, act or communication sent by a person purporting to be authorised to act on behalf of the Client even if that person lacked the relevant authority.
- 31.3 "Santander Invoice Finance" is a brand name used by Santander and not a distinct legal entity.
- 31.4 In the event of any conflict between these Conditions and the Agreement into which they are incorporated, the terms of the Agreement take precedence.
- 31.5 The terms of the Information Booklet are deemed incorporated into the Agreement. The Client can download the most current version of the Information Booklet online at <https://www.santandercb.co.uk/generalterms> or alternatively by contacting its Santander Relationship Director for a copy. Unless specifically required to do so, Santander may decide not to notify the Client of any changes it makes to the Information Booklet. If there is any conflict between the Conditions and the Information Booklet then the terms in the Conditions will prevail.

## **32 NOTICES**

- 32.1 Any communication under the Finance Documents must be in writing and (in addition) in the case of a communication delivered by Santander, through Client Access.
- 32.2 Santander may deliver a communication or demand through Client Access, in person or post or email to:
- (a) the Client's contact details last known to Santander; or
  - (b) the Client's registered office.
- 32.3 Any communication or document made or delivered by Santander to the Client under the Finance Documents will be effective:
- (a) if through Client Access, at the time of sending;
  - (b) if delivered in person, at the time of delivery;

- (c) if by post, on the day after posting; or
- (d) if by email, when actually received (or made available) in readable form and if such email is so deemed to be received after 5pm then it shall only be effective on the following Business Day.

32.4 Any notice to be served on Santander must be in writing and delivered to the address of Santander detailed on page 1 of the Agreement or such other address as Santander notifies to the Client. The notice must be marked for the attention of the Client's client manager.

### **33 APPLICABLE LAW**

33.1 If the Agreement is governed by English law, the English courts have exclusive jurisdiction, if the Agreement is governed by Northern Irish law, the Northern Irish courts have jurisdiction and if the Agreement is governed by Scots law, the Scottish courts have jurisdiction to determine any dispute or claim relating to the Agreement or its formation (including non-contractual disputes or claims).

33.2 For the benefit of Santander the Client irrevocably submits to the jurisdiction of the relevant courts and irrevocably agrees that a judgment in any proceedings in connection with the Agreement by those courts will be conclusive and binding on the Client and may be enforced against the Client in the courts of any other jurisdiction.

### **34 DEFINITIONS AND INTERPRETATION**

34.1 In the Agreement and these Conditions, unless the context otherwise requires:

**"Accounting Period"** means the period of 12 Months ending on the Accounting Reference Date.

**"Accounting Reference Date"** the date specified as such in the Agreement.

**"Administrator"** means any person appointed under Schedule B1 of the Insolvency Act 1986 or Schedule B1 of the Insolvency (Northern Ireland) Order 1989 to manage the Client's affairs, business and property.

**"Agency"** means the agency appointment in Condition 15.1(a).

**"Agreement"** means the Sales Finance Agreement into which these Conditions are incorporated.

**"Annual Threshold"** means the amount specified as such in the Agreement. If the Purchase Price of a Protected Debt is not payable because the amount of the Outstanding Protected Debt, after deduction of the relevant Value Added Tax, at the date of Debtor Default is less than the Minimum Threshold, the amount equivalent to the Purchase Price will not be taken into account when calculating whether the Purchase Price of Protected Debts paid by Santander in any year of this Agreement exceeds the Annual Threshold.

**"Approved Country"** means a country referred to as such in the Agreement.

**"Approved Currency"** means a currency referred to as such in the Agreement.

**"Approved Debt"** means a Debt which is not a Disapproved Debt.

**"Arrangement Fee"** means the fee, if any, specified as such in the Agreement.

**"Associate"** has the meaning given to it in section 1152 of the Companies Act 2006 and section 184 of the Consumer Credit Act 1974.

**"Authorised User"** means any person requested by the Client and agreed by Santander in its discretion from time to time.

**"Automatic Data Transfer"** means the process by which data is transferred from the Client's accounting system to Client Access.

**"Availability"** means, at any time, the maximum Prepayment capable of being made by Santander to the Client at any time shown on Client Access being no greater than the Review Limit less Funds in Use.

**"BACS"** means the Bankers Automated Clearing System.

**"Breakage Costs"** means the costs referred to as such in the Agreement.

**"Business Day"** means a day (other than a Saturday, Sunday or bank holiday) on Santander is open for general business in London.

**"CHAPS"** means Clearing House Automated Payment System.

**"CHAPS Charge"** means the charge specified as such in the Agreement or as notified to the Client by Santander.

**"CIFAS"** means the Credit Industry Fraud Avoidance Scheme.

**"Client Access"** means the internet-based system through which the Client operates and manages the facility.

**"Client's Business"** the type of business specified as such in the Agreement.

**"Commencement Date"** means the date of the first Prepayment.

**"Conditions"** means these Standard Conditions as varied in accordance with Condition 26 (*Variations*).

**"Conversion Rate"** means the spot rate of exchange published by Santander on the relevant date.

**"Credit Agency"** means any of Experian Limited, ICC Information Limited, Credit Assist Limited, Creditsafe Business Solutions Limited, Duedil, Dun & Bradstreet Limited, Equifax Limited and Graydon UK Limited or any other credit reference agency approved in writing by Santander.

**"Credit Risk"** means Santander's acceptance of the risk that the amount due in respect of a Protected Debt will not be paid due to Debtor Default, subject to Santander's liability being limited to either:

- (a) the amount of the Protected Debt after deduction of the relevant Value Added Tax and Minimum Retention (if applicable); or
- (b) (if the Minimum Retention is not applicable) the Protected Percentage of the Protected Debt after deduction of the relevant Value Added Tax.

**"Current Account"** means an account nominated by Santander in the Client's name to calculate Discount Charges and to record transactions in each Approved Currency and the Client's Liabilities.

**"Data Protection Act"** means the Data Protection Act 1998 (as amended) or any Act of Parliament which comes into effect after the date of the Agreement in relation to data protection or any related subordinate legislation.

**"Debt"** means any monetary claim on or obligation of a Debtor to make payment under a Sale Contract (including tax or duty) present, future or contingent, together with its Related Rights except for an Excluded Debt.

**"Debt Service Cover"** means the ratio of Earnings Before Interest, Tax, Depreciation and Amortisation minus non-financed capital expenditure to total interest cost (net of any interest received) and scheduled debt repayments as measured by the Client to Santander's satisfaction.

**"Debt Turn"** means the number of whole days immediately prior to month end in which the aggregate of Notified Debts, minus the Notified credit notes, equals Outstanding Debts.

**"Debtor"** means a debtor of the Client under a Sale Contract.

**"Debtor Concentration"** means, at any time, in respect of any Debtor, the maximum value that the Outstanding

Debts of that Debtor may represent of the Notified value of all Outstanding Debts, being the Debtor Concentration Percentage of the Outstanding Debts.

**"Debtor Concentration Percentage"** means the percentage specified as such in the Agreement or such other percentage as Santander may determine.

**"Debtor Credit Limit"** means the amount for which Santander will accept the Credit Risk in respect of Debts due by a Debtor.

**"Debtor Default"** means either the occurrence of Debtor Insolvency or the expiry of the Protracted Default Period.

**"Debtor Funding Limit"** means the maximum aggregate value of outstanding Prepayments that Santander will make in relation to any single specified Debtor.

**"Debtor Insolvency"** means:

- (a) in relation to a Debtor which is a company or LLP:
  - (i) the passing of a resolution by creditors for the purpose of winding-up the company or LLP;
  - (ii) the making of an order for the winding-up of the company or LLP;
  - (iii) the appointment of a receiver, administrative receiver, administrator, liquidator, judicial factor or similar officer of all or any part of the assets of the company or LLP; or
  - (iv) the dissolution of the company or LLP.
- (b) In relation to a Debtor who is an individual, the making of an order for his bankruptcy or sequestration.
- (c) In relation to a Debtor who is an unlimited partnership:
  - (i) the making of an order for the winding-up of the partnership;
  - (ii) the appointment of an administrator or judicial factor of the partnership;
  - (iii) the making of orders for the bankruptcy or sequestration of all partners of the partnership; and
  - (iv) the dissolution of the partnership.
- (d) In relation to any Debtor:
  - (i) entering into a voluntary arrangement or the appointment of a supervisor under the Insolvency Act 1986 or 2000 or under the Insolvency (Northern Ireland) Order 1989 or 2002; or
  - (ii) the approval by the court of a composition or scheme of arrangement made with all or substantially of the Debtor's creditors.

**"Debtor Refer Limit"** means, unless a Debtor Funding Limit has been set, the maximum aggregate value of outstanding Prepayments that Santander will make in relation to the Debts of a single Debtor and which is the equivalent to the Debtor Refer Percentage of Outstanding Debts due by the Debtor or as set, varied, declined or withdrawn by Santander.

**"Debtor Refer Percentage"** means the percentage of Outstanding Debts due by a single Debtor as specified in the Agreement or such other percentage as Santander may determine.

**"Delivered"** means: (i) in relation to goods - that they have been delivered to the Debtor; and (ii) in relation to services - that they have been completely performed.



**"Dilutions"** means the aggregate value (not being Reserves) of all credit notes, debit notes, discounts, write-offs, abatements, allowances, deductions, retentions, set-off, withholding or other adjustments applicable to the Notified Debts, the effect of which reduces the value of such Notified Debts (but after excluding at Santander's discretion, any such items that are Notified to Santander at the same time as the Notified Debt to which they relate).

**"Disapproved Debt"** means a Debt which:

- (a) causes any Limit to be exceeded;
- (b) is outstanding at the expiry of the Recourse Period;
- (c) in relation to the collection costs would exceed its Purchase Price;
- (d) the Debtor claims to be unable to pay;
- (e) is the subject of a dispute;
- (f) is the subject of a breach of warranty or undertaking given by the Client;
- (g) is (or is required to be) Notified separately in accordance with Condition 2.7;
- (h) is payable by a Debtor incorporated or located outside an Approved Country;
- (i) relates to a sale of goods on sale or return terms; and/or
- (j) arises from a Sales Contract with staged payments;
- (k) is a retention held pending completion of a Sales Contract or a confirmation from the Debtor; and/or
- (l) is a Disapproved Debt in accordance with Condition 20.1(e),

and any other Debt which Santander determines is a Disapproved Debt.

**"Disclosures"** has the meaning given in Condition 12.3(a).

**"Discount Charge"** means the charge for Prepayments made by Santander.

**"Discount Rate"** means the percentage specified as such in the Agreement as varied in accordance with these Conditions.

**"Disposal"** means a sale, lease, licence, transfer or other disposal by a person (whether by a single transaction or a series of related or unrelated transactions) including any form of factoring or discounting.

**"Due Date"** means the original date on which a Debt becomes payable in accordance with the Client's Maximum Payment Terms.

**"Encumbered Confirmed Invoices"** has the meaning given in a supply chain finance agreement entered into between the Client and Santander (as the definition is amended or replaced).

**"Excluded Country"** means a country in relation to which Santander is unable to fund debts, a list of which may be obtained from the Client's client manager.

**"Excluded Debt"** means any monetary claim or other obligation of any Debtor whose registered office is located in an Excluded Country and any other Debt Santander may specify in writing.

**"Existing Debt"** means a Debt which is in existence on the Commencement Date.

**"Export Concentration"** means, at any time, the maximum value that Export Debts may represent of the Notified

value of all Outstanding Debts, being the Export Concentration Percentage of the Outstanding Debts.

**"Export Concentration Percentage"** means the percentage specified as such in the Agreement or such other percentage as Santander may determine.

**"Export Debt"** means a Debt evidenced by an invoice addressed to a Debtor which is incorporated or trading outside the UK.

**"Faster Payment"** means a payment made using the Faster Payments Service operated by Faster Payments Scheme Limited (or any other person which takes over the administration of the Faster Payments Service).

**"Finance Documents"** means the Agreement, these Conditions, the Security Documents and any other agreement or ancillary documentation entered into between the Client and Santander.

**"Financial Indebtedness"** means any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated as a finance or capital lease;
- (e) receivables sold or discounted;
- (f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- (h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (i) (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above;

**"Financial Records"** means the Client's ledgers, documents, computer data or similar records (and any equipment necessary for using the same) which evidence Debts and purchases from the Client's suppliers.

**"Foreign Currency Debt"** means any Debt payable in a currency other than an Approved Currency.

**"Funds in Use"** means the debit balance, if any, on the Current Account.

**"Future Debt"** means any Debt created on or after the Commencement Date.

**"Group Company"** means the Client's Holding Company or any Subsidiary of that Holding Company.

**"Guarantee"** means a guarantee and/or indemnity given by a Guarantor.

**"Guarantor"** means any person who has given a guarantee and/or indemnity for the Liabilities.

**"Holding Company"** means, in relation to a company or corporation, any other company or corporation in respect of which it is a Subsidiary.

**"Ineligible Debt"** means:

- (a) a Debt due under a Sale Contract containing terms of payment which exceed the Maximum Payment Terms;
- (b) a Debt which comes into existence before a Debtor Credit Limit has been established (other than an Outstanding Debt which on the Commencement Date is not overdue more than 30 days after its Due Date and has been specifically designated by Santander as a Protected Debt);
- (c) a Debt that is in excess of a Debtor Credit Limit or is due by a Debtor for whom no Debtor Credit Limit has been established;
- (d) a Debt due by a Debtor who is Insolvent or who owes a Debt that is Overdue at the time the Client applies for a Debtor Credit Limit;
- (e) a Debt Notified after a Debtor Credit Limit has been cancelled;
- (f) a Debt due by an Associate;
- (g) a Debt due by a Debtor who, at the time of Notification of such Debt, owes other Outstanding Debts that are Overdue;
- (h) a Debt due by a Debtor for whom Santander has refused an application for a Debtor Credit Limit;
- (i) a Debt which is not evidenced by an invoice issued and delivered to the relevant Debtor within 15 days after the performance of the Client's obligations under the Sale Contract;
- (j) a Debt which does not comply with the warranties set out in Condition 10.2;
- (k) a Debt which is designated as a Disapproved Debt for the reasons set out in paragraphs (a) and (e) to (l) of the definition of Disapproved Debt or any other reason stipulated by Santander;
- (l) a Debt due by a Debtor which is a government department, local authority or who has not entered into the Sale Contract in the course of a business;
- (m) a Debt which comprises interest and/or compensation payable either pursuant to the Sale Contract or the Late Payment of Commercial Debts (Interest) Act 1998;
- (n) a Debt due in relation to retention monies;
- (o) a Debt due by a Debtor whose business is incorporated or located in a country which is not an Approved Country;
- (p) a Debt or part of a Debt which represents a Settlement Discount, rebate or similar allowance, to which the Debtor is entitled under the Sale Contract;
- (q) an Outstanding Debt due by a Debtor on the Commencement Date which is or part of which is overdue by more than 30 days after its Due Date on the Commencement Date; and
- (r) a Debt which is less than the Minimum Retention.

**"Information Booklet"** means the Regulatory Information and General Disclosures document.

**"Insolvency Proceedings"** means in relation to any person (i) the exercise of any distress, execution, injunction, sequestration, attachment or other legal process against assets; (ii) any proposal or convening of a meeting with a view to a composition, assignment or arrangement with or the granting of a trust deed for creditors; (iii) the convening of a meeting for the purpose of considering or passing any resolution for winding-up or administration; (iv) the service of a notice of intention to appoint or the appointment of an Administrator or a

receiver; (v) the service of a statutory demand; (vi) the presentation of a petition for administration, winding-up or bankruptcy; (vii) the making of an order for winding-up or administration or the appointment of a provisional liquidator or judicial factor; or (viii) the taking of steps towards or the coming into force of a statutory moratorium.

**"Insolvent"** means in relation to any person (i) the inability to pay debts as they fall due; (ii) intending or actually ceasing to trade; or (iii) if there are any Insolvency Proceedings.

**"Interest cover"** means the ratio of Earnings Before Interest, Tax and Depreciation (EBITDA) to Total Interest Costs (net of any interest receivable).

**"Invoice"** means an invoice issued by the Client in relation to a Debt.

**"Liabilities"** means any sum (present, future or contingent) (i) payable to Santander by the Client (in any capacity including as a Client, a guarantor and a debtor of another Client) whether or not under a Finance Document; (ii) incurred by Santander in relation to the Client; (iii) incurred by the Client in relation to any Finance Document; and (iv) any losses, damages, costs and expenses (including legal costs on a full indemnity basis) incurred by Santander.

**"Limit"** means any limit, percentage, value or threshold detailed in a Finance Document (including the Annual Threshold, Debtor Concentration, Debtor Credit Limit, Debtor Funding Limit, Debtor Refer Limit, Debtor Refer Percentage, Export Concentration, Minimum Retention, Minimum Threshold, Prepayment Percentage, Protected Percentage and Review Limit).

**"LLP"** means a Limited Liability Partnership incorporated and registered under the Limited Liability Partnerships Act 2000 or under the Limited Liability Partnerships Act (Northern Ireland) 2002.

**"Maximum Extension Period"** means the period specified as such in the Agreement.

**"Maximum Payment Terms"** means the terms of payment specified as such in the Agreement.

**"Minimum Headroom"** means the amount by which Availability exceeds Funds in Use.

**"Minimum Notice Period"** means the period specified as such in the Agreement.

**"Minimum Period"** means the period specified as such in the Agreement.

**"Minimum Retention"** means the amount specified as such in the Agreement which will be deducted from the Purchase Price of a Protected Debt which is not paid due to Debtor Default instead of the Protected Percentage if the Minimum Retention is greater than the difference between the Protected Debt, after deduction of the relevant Value Added Tax, and the Protected Percentage of the Protected Debt.

**"Minimum Service Charge"** means the minimum Service Charge payable by the Client, specified in the Agreement, if any.

**"Minimum Threshold"** means the amount specified as such in the Agreement. The Minimum Threshold will not apply if the amount of the Outstanding Protected Debt, after deduction of the relevant Value Added Tax, at the date of the Debtor Default is greater than the Minimum Threshold.

**"Month"** means a period starting on one day in a calendar month and ending on the day before the numerically corresponding day in the next calendar month, except that (i) if the day before the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one or, if there is not, on the immediately preceding Business Day; and (ii) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month.

**"Net Tangible Assets"** means the aggregate value of the following accounts recorded in the Client's books and records:

- (a) share capital;
- (b) share premium;
- (c) retained profit and loss; and
- (d) any other account agreed by Santander.

**"Non-Notifiable Debt"** means any monetary claim on or obligation of a Debtor to make payment under a Sale Contract (including tax or duty) present, future or contingent which:

- (a) is payable by a company in the same group of companies as the Client or any person that Santander considers to be controlled by the Client or any of its directors or shareholders;
- (b) is payable in cash or relates to a proforma sale;
- (c) relates to the sale of a fixed asset owned by the Client;
- (d) is regulated by the Consumer Credit Act 1974,

or any other Debt Santander may specify.

**"Notification", "Notified" and "Notify"** mean the method by which the Client advises Santander of the creation of Debts and credit notes, in the form and by the method as Santander may require from time to time.

**"Outstanding Debt"** means a Debt which remains unpaid by a Debtor.

**"Overdue"** means a Debt which is an Outstanding Debt more than 60 days after its Due Date.

**"Payment Date"** means:

- (a) if the Remittance is a cheque denominated in Sterling and is delivered to Santander at its address for service detailed on page 1 of the Agreement (or such other address as Santander notifies to the Client), five Business Days after the date on which the Remittance is received by Santander, subject to clearance of the Remittance; and
- (b) if the Remittance is any other type of Remittance (including, but not limited to, cash, BACS, CHAPS, SWIFT, Faster Payment or bill of exchange or a cheque denominated in a currency other than Sterling) paid into a Trust Account, the Business Day following the day on which the Remittance is credited to the relevant Trust Account, subject to clearance of the Remittance, save that if a Remittance is paid into a Trust Account on a bank holiday or a Sunday, the Payment Date will be no later than the second Business Day following the day on which the Remittance is credited to the Trust Account

**"Permitted Financial Indebtedness"** means any Financial Indebtedness arising out of the Sales Finance Agreement or any other agreement with Santander.

**"Permitted Security"** means any Security Interest granted in relation to a hire purchase agreement which relates solely to the equipment purchased and no other asset of the Client.

**"Prepayment"** means a payment (i) not exceeding the Prepayment Percentage of the Notified value of a Debt and (ii) made by Santander on account of the Purchase Price.

**"Prepayment Percentage"** means the percentage specified as such in the Agreement or such other higher or lower percentage as Santander may from time to time determine.

**"Pricing Tariff"** means a list of standard charges and other fees and charges (if applicable) levied by Santander, a copy of which may be obtained from the Client's client manager.

**"Protected Debt"** means a Notified Debt which is within a Debtor Credit Limit.

**"Protected Percentage"** means the percentage specified as such in the Agreement.

**"Protracted Default Period"** means 6 months from the Due Date or, if applicable, 6 months from the expiry of the Maximum Extension Period.

**"Purchase Price"** means the greater of:

- (a) an amount equal to the amount paid by the Debtor in respect of a Debt, including any tax or duty after deducting:
  - (i) any discount or other deduction allowed or allowable by the Client to the Debtor;
  - (ii) the amount of any credit note issued by the Client in respect of the Debt; and
  - (iii) the Discount Charge in respect of the Debt; or
- (b) the amount for which Santander has accepted the Credit Risk.

**"Recourse"** means Santander's right to require the Client to repurchase a Debt at its Repurchase Price.

**"Recourse Period"** means the period specified as such in the Agreement.

**"Re-Factoring Charge"** means the charge specified as such in the Agreement, or as varied in accordance with the terms of Agreement.

**"Related Rights"** means, in relation to any Debt, all:

- (a) of the Client's rights as an unpaid seller under the Sale Contract (but without any obligation on Santander to complete the Sale Contract) including the right to be paid interest;
- (b) insurances, securities, guarantees, indemnities, encumbrances, instruments of payment, title documents and transport documents and the benefit of them;
- (c) the Financial Records; and
- (d) proceeds of the sale of goods and the right to call for the transfer of all or any goods, including any Transferred Goods.

**"Remittance"** means cash, cheques, bills of exchange, negotiable and non-negotiable instruments, letters of credit, orders, drafts, promissory notes, electronic payments and any other form of payment received by Santander, the Client or the Client's agents in payment of a Debt, including monies recovered under any credit insurance policy, a refund of the value added tax element of the Debt or a dividend payable in respect of the Debt.

**"Repurchase Price"** means (i) in relation to a single Debt, the value of any Prepayment made less any Remittance received; and (ii) in relation to all Debts, the Funds in Use, or in each case as Santander may otherwise specify in writing.

**"Reserve"** means an adjustment to cover the value of Disapproved Debts and any Liabilities and/or any reduction or potential reduction in the value of a Debt.

**"Retention"** means any set-off, abatement, deduction or counterclaim.

**"Review Limit"** means the maximum Funds in Use at any time, being a sum equal to the Review Limit specified in the Agreement.

**"RFI"** means a relevant financial institution as defined in The Financial Services and Markets Act 2000 (Excluded Activities and Prohibitions Order) 2014.

**"Sale Contract"** means a contract for the supply of goods or services by the Client.

**"Sales Ledger"** means an account maintained by Santander in the Client's name to record the prospective Purchase Price of Debts.

**"Sanctioned Country"** means any country or territory that is the target of comprehensive, country or territory wide sanctions (including as at the date this Agreement was entered into, Cuba, Iran, North Korea, Sudan, South Sudan, Syria, the Ukrainian territory of Crimea).

**"Sanctioned Person"** means any person that is (i) listed on, or owned or controlled by a person listed on, or acting on behalf of a person listed on, a Sanctions List; (ii) the government of a Sanctioned Country or a member of the government of a Sanctioned Country; (iii) resident in or incorporated under the laws of any Sanctioned Country; or (iv) to the best of the knowledge and belief (having made due and careful enquiries) of any Client and/or Guarantor, otherwise a target of Sanctions.

**"Sanctions"** means economic or financial sanctions, trade embargoes or restrictive measures imposed, administered or enforced from time to time by any Sanctions Authority.

**"Sanctions Authority"** means (i) the United Nations Security Council; (ii) the European Union; (iii) the United States government; and (iv) the sanctions local competent authority where the Agreement is executed.

**"Sanctions List"** means any of the lists of specifically designated nationals or designated persons or entities (or equivalent) held by any Sanctions Authority, including, (i) the Consolidated United Nations Security Council Sanctions List; (ii) the 'Specially Designated Nationals and Blocked Persons' list maintained by OFAC; and (iii) the consolidated list of persons, groups or entities subject to European Union sanctions administered by the European External Action Service.

**"Santander Base Rate"** means for Sterling, the Bank of England bank rate which may change at any time and with immediate effect and (if applicable) for Approved Currencies the base lending rate in a relevant country for that Approved Currency at such rate as is published from time to time on the Santander website (<https://www.santander.co.uk/internationalrates>) provided that any change (upwards or downwards) to an initial rate published on such website shall be applied so that (a) for a base lending rate in Euro, the amended rate as it appears on the day of the rate change announcement; or (b) for a base lending rate in US Dollars, the amended rate as of the Business Day immediately following the day of the rate change announcement; and/or (c) in the case of any base lending rate in an Approved Currency which is not Sterling, US Dollar or Euro then it shall be amended on the day that Santander becomes aware of the change as part of its regular periodic checks of the current rates on its website referred to above.

**"Santander Company"** means any subsidiary, subsidiary undertaking and holding company of Santander UK plc (as those terms are defined in sections 1159 and 1162 of the Companies Act 2006) and any subsidiary and subsidiary undertaking of such holding company, in each case whether registered in the UK or elsewhere.

**"Santander Liabilities"** means any sum (present, future or contingent) payable to a Santander Company by the Client in any capacity, whether or not under a Finance Document and any losses, damages, costs and expenses (including legal costs on a full indemnity basis) incurred by a Santander Company.

**"Scottish Debts"** means Debts owed by Debtors based in Scotland or arising under Sale Contracts governed by Scots law.

**"Security Devices"** means any user ID, passwords and/or any tokens or other similar physical devices required to access the Website or Site.

**"Security Documents"** means any Guarantee or Security Interest given in favour of Santander in relation to the Liabilities.

**"Security Interest"** means any mortgage, charge, pledge, lien, hypothecation, preferential interest, trust, option, security assignment, assignation in security, set-off right, tracing right or any other security or similar arrangement of any kind.

**"Service Charge"** means the charge specified as such in the Agreement or as varied in accordance with the terms of the Agreement.

**"Settlement Discount"** means an early settlement discount not exceeding the Settlement Terms described in the Agreement.

**"Site"** means <https://santander.e-bonded.com/>

**"Sterling"** means the lawful currency of the UK.

**"Subsidiary"** means a subsidiary undertaking within the meaning of section 1162 of the Companies Act 2006.

**"SWIFT"** means the Society for Worldwide Interbank Financial Telecommunication by which banks send and receive instructions to transfer funds using paper and/or electronic means (or any other person which takes over the administration of SWIFT).

**"Termination Date"** means the date on which the Agreement is validly terminated.

**"Termination Event"** means any event described in Condition 19 (*Termination Events*) or otherwise described as a Termination Event.

**"Transactional Access"** means access to the Website or Site to view certain information and data on the Website or Site and carry out Website Transactions.

**"Transferred Goods"** means:

- (a) any goods included in a Sale Contract which have not been Delivered before the Debt relating to such goods was Notified to Santander (in breach of the Agreement); or
- (b) goods which any Debtor rejects or returns to Santander or the Client or indicates a desire to do so;
- (c) goods for which payment is disputed; or
- (d) goods which Santander or the Client recovers from a Debtor.

**"Trust Account"** means any bank account to which Santander specifies the proceeds of Debts shall be paid.

**"UK"** means Great Britain, Northern Ireland, the Channel Islands and the Isle of Man.

**"Website"** means <https://santander.hpds.com>

**"Website Transactions"** means transactions on the Website or Site.

34.2 In the Finance Documents, unless the context otherwise requires:

- (a) a reference to the **"Agreement"** refers to the Sales Finance Agreement made between the Client and Santander incorporating these Conditions as the same may from time to time be amended, varied, supplemented, novated, assigned or replaced from time to time;
- (b) references to the parties shall be construed so as to include their respective successors and permitted assigns;
- (c) headings are inserted for ease of reference only and shall be ignored in the construction of the Agreement;



- (d) references to any statute, law, decree or regulations shall be deemed to be references to such statute, law, decree or regulations as re-enacted, amended, extended or replaced from time to time;
- (e) the singular shall include the plural and vice versa;
- (f) any of the three genders shall include the other two;
- (g) references to a "condition", a "clause" or a "paragraph" are to a condition, clause or paragraph of the Agreement.

34.3 Where in connection with any legal jurisdiction outside England and Wales a word or phrase in the Agreement has no precise counterpart, then the Agreement shall be interpreted as if that word or phrase referred to the closest equivalent in the jurisdiction concerned.