

STANDARD TERMS AND CONDITIONS OF PURCHASE - QR ENGINEERING LTD

DEFINITIONS

"COMPANY" means QR Engineering Ltd

"CONTRACT QUANTITY" means the quantity as stated in the Company's Purchase Order.

"DELIVERY" means delivery of the specified quantity of Goods or of the Service as directed in the Purchase Order; "delivered" has a corresponding meaning.

"DELIVERY SCHEDULE" means a written schedule (if any), on the Purchase Order or attached thereto, setting out the delivery timescales and/or delivery sequences within the Supply Period, and other related requirements of the Company as advised to the Supplier at any time.

"GOODS" means the goods to be supplied in accordance with the Purchase Contract.

"PRICE" means the price of the Goods and/or the charge for the Services.

"PURCHASE CONTRACT" means the agreement between the Supplier and the Company comprising the Purchase Order and the documents referred to therein and these General Terms and Conditions of Purchase.

"PURCHASE ORDER" means an instruction by the Company to supply Goods or Services as therein directed in accordance with the Purchase Contract.

"SERVICES" means the services to be supplied in accordance with the Purchase Contract.

"SPECIAL CONDITIONS" means the conditions set out in the Special Conditions of Purchase (if any) appended to this Purchase Order.

"SPECIFICATION" means the description of the Goods or the Services to be supplied under the Purchase Contract. The said description may be contained on drawings.

"SUPPLY PERIOD" means the period (if any) specified in the Company's Purchase Order.

"THE SUPPLIER" means the person, firm, partnership, or company to whom the Company have issued a Purchase Order.

1. GENERAL

1.1 These General Terms and Conditions of Purchase shall apply to the exclusion of all other terms and conditions except insofar as expressly agreed in writing by the Company. These General Terms and Conditions of Purchase may be subject to the Special Conditions (if any). In the event of any conflict or apparent conflict between the Special Conditions and these General Terms and Conditions of Purchase the Special Conditions shall prevail.

1.2 Where any terms and conditions referred to or set out in any of the Supplier's quotations or acknowledgements conflict with these General Terms and Conditions of Purchase, the terms and conditions referred to or set out in any Supplier's quotation or acknowledgements shall have no effect.

1.3 The General Terms and Conditions of Purchase are in addition to, and shall not be deemed to prejudice or affect any terms or rights implied by or available under, statute or common law. Otherwise the Purchase Contract forms the entire contract between the Company and the Supplier. The Purchase Contract shall be construed according to the laws of England.

1.4 The headings in these General Terms and Conditions of Purchase are for ease of reference only and shall not affect their interpretation.

2. PRICE

2.1 The Price shall, unless otherwise stated, be deemed to include delivery to the location specified on the Purchase Order and shall include for packing, cost of packing materials, loading, off-loading (subject to clause 4), shipping, carriage, duties, insurance and any other associated cost. The Price shall be fixed unless otherwise agreed in writing between the Company and the Supplier.

3. PACKING

3.1 All Goods must be properly packaged to withstand transit to the delivery point without sustaining any damage, corrosion or contamination. All Goods shall be clearly and legibly labelled and addressed. All statutory requirements applying to labelling and disclosure of information must be met without exception.

3.2 The Supplier shall be liable to pay and indemnify the Company against any customs fines duties or imposts incurred as a result of the Supplier's failure to ensure that the foregoing provisions of this condition are fully complied with.

4. DELIVERY

4.1 The Supplier shall deliver the Goods or Services in accordance with the requirements of the Purchase Contract and (if called upon) unload the Goods at the point or points of delivery stated on the Purchase Order. Time is of the essence under this Purchase Contract unless otherwise agreed. Upon delivery the Goods must be signed for by an authorised representative of the Company and unless a signature is obtained it shall be deemed that the responsibility for the Goods remains with the Supplier.

4.2 Where the Supplier indicates by its actions, inactions or otherwise that it is unable to comply with the Delivery Schedule and/or is unable to effect delivery of all Goods or all Services within the Supply Period the Company, at its absolute discretion, has the right to obtain goods or services from other sources if necessary and practicable in order to maintain progress on the works upon which the Company is engaged and the Company shall have no liability for payment or otherwise in respect of the Goods or the

Services ordered but not delivered. Any additional costs thereby incurred by the Company, including but not restricted to the difference in price paid for Goods or Services which should have been delivered under this Purchase Contract and Goods or Services obtained from an alternative source, shall be recoverable from the Supplier. This condition shall have the effect of reducing the quantity of Goods or the scope of the Services to be supplied by the Supplier under this Purchase Contract by the quantity of goods obtained from the alternative source or the scope and level of service obtained from the alternative source, as the case may be. The Supplier shall have no rights to revise its prices as a result of the Company exercising its discretion under this condition, and the Supplier is not relieved of compliance with this Purchase Contract in all respects in connection with Goods or Services supplied prior to the exercise by the Company of its discretion under this Condition, and with Goods or Services which still remain to be supplied thereafter.

5. PAYMENT

- 5.1 The Supplier shall invoice the Company on delivery of the Goods or performance of the Services, as the case may be, and each invoice shall quote the number of the Purchase Order. Without prejudice to the foregoing, invoices must be received by the Company within 10 days of the end of the month in which the Goods or Services to which they relate are despatched or performed otherwise they will be deemed to relate to Goods or Services despatched or performed in the following month.
- 5.2 Unless otherwise stated in the Purchase Order, the Company shall pay the Price [or relevant portion of the Price] of the Goods delivered and/or the Services performed within 60 days after the end of the month of acceptance of the Goods or Services in question by the Company or receipt by the Company of a proper invoice (which satisfies the provisions of this condition 5) if later.
- 5.3 Every invoice must be addressed to the Company and must relate to a single order only, state the Company's relevant order number and show clearly whether it relates to the whole of that order, a part of that order or the balance of that order.
- 5.4 The Supplier shall provide to the Company a monthly statement detailing all invoices submitted by the Supplier to the Company and all payments, credits or other variations made in relation thereto whether under the Contract or otherwise. Failure to provide a monthly statement may result in payment of the Suppliers invoices being delayed.

6. RIGHT OF SET OFF

- 6.1 The Supplier agrees that the Company may set off against any sums due to the Supplier under this Purchase Contract for any amounts due to the Company from the Supplier under any other contracts and for any loss and/or expense and/or damages incurred or likely to be incurred by the Company arising from breaches of contract between the Company and the Supplier either in respect of this Purchase Contract or any other contract between the parties.

7. DOCUMENTATION

- 7.1 All correspondence must quote the Company's official Purchase Order number. All advice notes and despatch notes must be sent to QR Engineering Ltd office address on the Purchase Order.
- 7.2 The Supplier shall obtain all necessary export licences, clearances and other consents necessary for the supply and delivery of the Goods and/or the performance of the Services.

8. QUALITY

- 8.1 It shall be a condition of the Purchase Contract that the Goods or Services comply in all respects with the description on the Purchase Order or contained in documents referred to in the Purchase Order and with any statements or undertakings made by the Supplier or his servants or agents prior to the issuing of the Purchase Order. The Supplier warrants to the Company that the Goods and/or the Services will be of satisfactory quality and fit for purpose and comply with all statutory requirements and regulations.
- 8.2 If any Goods supplied shall be found to be defective or unfit for the purpose for which they were intended in any respect within 12 months of delivery then the Company may call upon the Supplier (but without prejudice to the Company's other rights) promptly to replace the Goods or effect site repairs (replacement or repair being at the Company's option) at the Supplier's own expense. All the obligations in this condition shall not further invalidate or impinge on any agreed warranties or guarantees pertaining to the Goods supplied under this Purchase Contract. In addition to any liability of the Supplier under this condition, the Company will be entitled to the reimbursement of all additional costs including but not limited to dealing with and returning defective goods.
- 8.3 If it is necessary to open up or dismantle any other works or assemblies to permit any repair or replacement of defective Goods or the re-supply of sub-standard Services then the Supplier shall bear the cost of such opening up or dismantling and of re-assembly and making good after repairs, replacements and testing of such Goods have been completed and/or such Services have been re-supplied to the Company's reasonable satisfaction.

9. PASSING OF PROPERTY

- 9.1 The property in the Goods shall pass to the Company on delivery or on payment whichever is the earlier.

10. CANCELLATION

10.1 Without prejudice to any other right to terminate this Purchase Contract which the Company may possess, the Company may, at its sole discretion terminate this Purchase Contract by giving one week's written notice of termination to the Supplier. If the Company exercises this right of termination it shall be bound to pay the Supplier for all Goods or Services already properly delivered in accordance with the Purchase Contract but shall have no other liability of whatsoever nature to the Supplier under or in connection with this Purchase Contract.

11. CONFIDENTIALITY

11.1 The Supplier shall keep confidential all information belonging to or held by the Company which may come into the Supplier's possession in consequence of this Purchase Contract ("the confidential information") and shall not without the prior consent of the Company divulge any of the confidential information to a third party or use the confidential information for any purpose, other than is necessary for performance of its obligations under this Purchase Contract. The above provisions of this condition shall not apply to information which is in the public domain otherwise than through a breach of this condition, or information known to the Supplier prior to becoming confidential information and not the subject of any other objection of confidentiality, or information obtained from a third party who is free to disclose the same. The Supplier shall ensure that any sub Supplier used in relation to the Purchase Contract is bound by a confidentiality provision in similar terms to this condition in relation to information belonging to, or held by, the Company.

12. INTELLECTUAL PROPERTY

12.1 The Supplier warrants that the Goods or Services do not infringe any intellectual property rights (including without limitation, patents, copyright, registered designs, and design rights) and undertakes to indemnify the Company against any claims in respect of such infringements or alleged infringement.

13. INDEMNITY

13.1 It is a condition of this Purchase Contract that the Supplier shall undertake liability for and indemnify the Company against all loss, damage, claims, royalties, proceedings, costs and expenses arising under any statute or at common law in respect of loss/damage to property real or personal or the death or injury to any person whomsoever arising out of this Purchase Contract except such as may arise through the wrongful act, neglect or omission of the Company.

13.2 The Supplier shall indemnify the Company in full against all liability, loss, damages, costs and expenses (including legal expenses) awarded against or incurred or paid by the Company as a result of or in connection with:

13.2.1 breach of any warranty given by the Supplier in relation to the Goods or the Services;

13.2.2 any claim that the Goods or the Services or anything supplied by the Supplier in the provision of the Services infringe, or their importation, use or resale, infringes, the patent, copyright, design right, trade mark or other intellectual property rights of any other person, except to the extent that the claim arises from compliance with any Specification supplied by the Company;

13.2.3 any claim by employers, clients or customers of the Company and their sub-buyers arising out of any breach, non-performance or non-observance whatsoever by the Supplier of its obligations under the Purchase Contract;

13.2.4 any liability under the Consumer Protection Act 1987 in respect of the Goods;

13.2.5 any act or omission of the Supplier or its employees, agents, or sub-contractors in supplying, delivering and installing the Goods;

13.2.6 and any act or omission of any of the Supplier's personnel in connection with the performance of the Services.

14. INSURANCE

14.1 Unless provided otherwise in the Special Conditions, the Supplier shall have in force and shall maintain a policy of insurance in respect of its liabilities under condition 13 with a limit of indemnity not less than £5,000,000 (five million pounds) for any one claim arising out of any one incident or event and without limit as to the number of claims during the period of insurance.

15. BANKRUPTCY

15.1 If the Supplier shall become bankrupt or insolvent or have a receiving order made against him or composition with his creditors or, being a corporation, commence to be wound up, not being a members voluntary winding up for the purpose of reconstruction or amalgamation or carry on its business under a receiver the Company shall be at liberty either:

15.1.1 to terminate this Purchase Contract forthwith by notice in writing to the Supplier or to the receiver or liquidator or to any person in whom the contract may become vested: or

15.1.2 to give such receiver, liquidator or other person the option of carrying out the supply of the Goods subject to his providing a guarantee for its due performance.

16. VISITS, INSPECTION AND QUALITY

16.1 The Company reserves the right to make visits at any reasonable time to any or all of the Supplier's premises and/or the Supplier's sub suppliers for the purpose of inspecting and/or testing work-in-progress and shall give not less than 24 hours notice of any such visit.

16.2 No modification to quality or specification shall be made without written authorisation from the Company. Application must be made for permission to make any such modifications in sufficient time to allow full consideration of the proposal by the Company's personnel.

16.3 The Supplier will if required supply samples free of charge to the Company for the purpose of design, performance and surveillance inspection and testing. Samples may be collected by the Supplier on completion of such tests in such condition as the nature of the tests permit.

16.4 The Supplier shall produce to the Company on demand true and accurate copies (certified to be such) of all test certificates and reports prepared thereby causing the Company to suffer and/or incur loss and/or damage by it in relation to the Goods.

17. DAMAGES

17.1 It shall be deemed to be within the contemplation of both the Company and the Supplier that where there is a default on the part of the Supplier, such default may disrupt and/or delay the Company in the execution of its works thereby causing the Company to suffer and/or incur loss and/or damage. Further, it shall also be deemed to be within the contemplation of the Company and the Supplier that:

17.1.1 Where the Company is a main contractor such disruption and/or delay may give rise to, inter alia, a liability on the Company to pay liquidated damages under the main contract.

17.1.2 Where the Company is a subcontractor or the like such disruption and/or delay may cause disruption and/or delay to the main contractor or the like and thereby give rise to a liability on the Company to pay loss and/or expense and/or damages to the main contractor. Such liability to the main contractor may include, inter alia, liquidated damages imposed upon the main contractor for delay in completion of the main contract works by reason of the delay caused by the Company.