

TERMS AND CONDITIONS OF RENTAL

1. Duration of Agreement

a) Micronclean will supply and regularly clean and maintain and the Customer will rent the garments referred to overleaf or subsequently supplied in accordance with this Agreement as long as the Customer pays the Rental Charges and complies with these conditions.

b) Each garment supplied in accordance with the Agreement is supplied for a minimum term of **156 weeks** ("the Contract Term") from the date of first delivery to the Customer and shall continue until the garment becomes in the opinion of Micronclean unsuitable for further use. Micronclean will from time to time replace or renew such garments, as it deems necessary.

2. Rental Charges

a) The Rental Charges are exclusive of VAT and will initially be at the rate per Clean Change set out overleaf. On initial delivery of the garments to the Customer the Customer will pay the Rental Charges from the date of that delivery to the first day of the next calendar month and thereafter the Rental Charges will be payable monthly in advance on the first day of every calendar month.

b) Charges for garments supplied after the beginning of the Agreement shall begin at the start of the month following the month in which the first delivery of those garments takes place and the Contract Term for each of those garments (whether additional or replacement) shall begin on that date.

c) If the Rental Charges are not paid within six weeks of the date when they fall due Micronclean reserves the right to charge interest on the amount outstanding at the rate of 2% per calendar month.

d) The Rental Charges shall be held firm for six months after the beginning of this Agreement and thereafter they shall be increased annually by a percentage equal to the rise (if any) in the cost of living index during the relevant period. If there are cost increases of an unusual nature Micronclean may wish to enter into negotiation for an increase greater than the rate of inflation.

3. Extent of Agreement

a) Each week or at other intervals agreed in writing the Customer may submit to Micronclean for processing a number of garments which should not exceed the number of Clean Changes per week for which Rental Charges have been invoiced.

b) Any additional garments submitted by the Customer will be processed by Micronclean who may request payment from the Customer at the normal Clean Change rate.

c) A permanent alteration in the number of garments on charge may require an adjustment to the price per Clean Change.

d) Garments supplied under this Agreement shall be used by the Customer in a manner, which shows a reasonable level of care in the light of the purpose for which the garments have been supplied.

4. Variation of Agreement

a) The Customer may at any time vary the number of garments being supplied in accordance with this Agreement to conform with any change in their requirements.

b) Where such variation is a reduction the Customer is required to notify Micronclean in writing of the garments to be returned. Any deduction from charge will take effect from the start of the month following their receipt by Micronclean. Where applicable the Customer shall also pay to Micronclean a sum calculated in accordance with Clause 8 of this Agreement in respect of each garment no longer required by the Customer.

5. Ownership of Garments

a) Garments supplied in accordance with this Agreement shall at all times be owned by Micronclean. b) The Customer shall permit any person authorised by Micronclean upon 48 hours notice being given to enter its premises to examine and take stock of the garments supplied in accordance with this Agreement.

6. Breakdown of Service

a) Micronclean will maintain a regular service but if due to exceptional circumstances it is unable to do so its liability shall be limited to the Rental Charges for the period during which failure has occurred. If Micronclean is unable to process garments supplied in accordance with this Agreement the Customer may have the garments processed by any other firm approved by Micronclean.

b) The garments should not be used by persons exposed to fire or extreme heat or engaged in the use of welding equipment since neither the garments nor the material are designed for such use.

c) The Customer shall give to Micronclean written notice of deficiencies in the rental supply. Where such deficiencies relate to a particular delivery Micronclean shall be informed within 48 hours of the delivery and shall also be given written notice.

7. Termination of Agreement

a) This Agreement may be terminated at any time by not less than three calendar months notice in writing given by the Customer and such notice shall expire on the last day of a calendar month.

b) If this Agreement is terminated (whether in accordance with these terms or not) the Customer shall forthwith return the garments to Micronclean. Where applicable the Customer shall also pay to Micronclean an amount calculated in accordance with Clause 8 of this Agreement for each garment then on charge.

c) If the Customer fails to comply with any of its obligations under this Agreement or payment of the Rental Charges is more than eight weeks in arrears or if the Rental Charges are persistently paid late Micronclean may treat this Agreement as having been terminated or may suspend deliveries until the default is remedied.

d) In the event of the Customer going bankrupt entering into a deed of arrangement or composition with its creditors or being wound up or having a Receiver or Receiver and Manager or a Legal Administrator appointed or ceasing to trade this Agreement shall be deemed to have been terminated.

e) If this Agreement is cancelled in whole or in part either by Micronclean or by the Customer before any garments have been delivered to the Customer then the party receiving the notice of cancellation shall be entitled to recover from the other a sum equal to the amount of any costs relating to this Agreement incurred before the date on which written notice of the cancellation was given.

8. Residual Value

On termination of all or part of this Agreement or on the premature replacement of garments the Customer shall pay to Micronclean in addition to any sums payable under this Agreement the residual value remaining in any garment as at the date of withdrawal. The residual value is calculated by dividing the current purchase price of the garment increased by 50% to cover the costs of putting the garment into service) by the Contract Term and then multiplying the result by the number of weeks remaining between the date of withdrawal of the garment from service and the date of the end of the Contract Term for that garment. This is intended not to make a profit but only to allow Micronclean to recover its capital outlay and initial setting up costs. The current purchase price of a garment and the residual value remaining in a garment in issue are available from Micronclean on request.

9. Damage or Deterioration

a) If any garment in the opinion of Micronclean becomes unsuitable for further use before the end of the Contract Term applicable to that garment Micronclean shall be entitled to charge the Customer a sum calculated in accordance with Clause 8 of this Agreement.

b) The Customer is advised to insure the garments against fire or other loss whilst on the Customer's premises since such insurance is not effected by Micronclean. The Customer is invited to contact Micronclean to obtain advice as to the level of cover from time to time required.

10. Alterations

No alteration or amendment to the terms and conditions of this Agreement shall be valid unless it is signed by a Director of Micronclean.

11. Transfer or Assignment

The customer may not sell, transfer or assign this contract to any other party or parties without written permission from a director of Fenland Laundries Ltd (trading as Micronclean)