

TERMS OF ENGAGEMENT FROM 1 March 2007

These Terms of Engagement set out the terms on which services will be provided by City Risk Management from 1 March 2007. These Terms of Engagement will supersede and replace any prior discussions, correspondence and agreement between City Risk Management and you.

1 Scope of Work

- 1.1 For each matter on which you instruct City Risk Management we will agree a scope of work with you. These terms will apply to each such instruction. We may ask you to confirm each of your instructions on the commencement of new matters in writing.

2 Reviewing and reporting

- 2.1 We will agree the timescale for reports at the outset of each instruction or consultation.

3 Other Advisors

- 3.1 City Risk Management will liaise as appropriate or as required by you with your other advisors in connection with any matter.

4 General Exclusions

- 4.1 City Risk Management is engaged to provide risk management and loss control services only. We will not be responsible or liable for any other matters/advice outside the scope of work agreed.
- 4.2 We do not accept responsibility for the accuracy of any plans of any property. You are advised to ensure with the assistance of advice from a qualified surveyor that all plans are accurate. In addition we are not qualified to advise you on the valuation of any property and accept no liability in relation to any valuation issues.

5 Instructions

- 5.1 City Risk Management is authorised by you to take instructions from any person who has ostensible or apparent authority to commission our services on your behalf, unless you notify us that this is not the case. City Risk Management shall be entitled to rely on any information given to it by any such person.

6 Fees – basis of charging and estimate

- 6.1 An estimate of our fees can be given at the outset of each instruction save where urgency prevents this or where we need information/instructions as to the work required of us in order to give an informed estimate. In this latter situation an estimate of costs can be given when we have the required information/instructions. Estimates are continually monitored and you will be informed of any changing circumstances. Revised estimates may need to be agreed.
- 6.2 Unless otherwise agreed in writing work will be charged for according to the time spent on any matter. The hourly rate for the Principal is £50.
- 6.3 It should be noted that the rates above do not include VAT (currently not applicable) and is also subject to regular review on an annual basis (which will take place on 1st April each year when RPI will be added in any event). We will inform you of any further variation in the rate above RPI. We reserve the right to review our rates and charging structures. You would be informed of any such review before it takes effect.
- 6.4 Unless agreed otherwise City Risk Management charges for all time spent on your behalf including travelling and waiting time. Where travel is necessary, we may charge for non-working time spent in overnight accommodation.

7 Expenses

- 7.1 Expenses (including, but not limited to, travel, hotel and subsistence costs) are re-charged by City Risk Management at cost. Travelling expenses for travel by car will be charged at £0.40 per mile.
- 7.2 The hourly charge includes telephone, stationery and all other normal office and other overhead expenses. It also includes ad hoc small volume photocopying, otherwise photocopying is charged at 25p per sheet, with colour photocopying charged at 50p per sheet.
- 7.3 Usual expenses such as low value items may be incurred without express authority from you.
- 7.4 We reserve the right, for each matter, to require a payment on account in advance (of a sum to be agreed) in respect of anticipated costs and disbursements. Where we do so, such monies will be applied against the final invoice we deliver to you for that matter.
- 7.5 Where personnel travel in connection with any matter, they normally travel standard class save, exceptionally, where they need to spend all or part of the journey in preparation in which case they may, at their discretion, upgrade to first class if, in so doing, they are enabled to undertake the necessary work. Where normal mealtimes are missed, City Risk Management shall also charge for reasonable sustenance costs for its personnel.

8 Invoicing

- 8.1 The fees of City Risk Management are invoiced on completion of individual reports. Payment of an invoice is due within 30 days of its date.
- 8.2 If you fail to pay any invoice in full by the due date for payment, we reserve the right to charge interest for late payment at the rate of 3% per annum above the base rate from time to time of the Royal Bank of Scotland Plc, calculated on a daily basis and payable from the due date until payment in full, notwithstanding any judgement in favour of City Risk Management.
- 8.3 City Risk Management shall have a right of lien (a right to withhold from you) all documents, materials and other items in our possession until payment in full of all sums due from you.

9 Termination

- 9.1 City Risk Management reserves the right at any time and without liability for its continuing obligations to you to terminate its engagement with you forthwith:
- 9.1.1 in the event that you commit any breach of these Terms of Engagement; or
- 9.1.2 if we consider that it is otherwise appropriate to do so (for example where a conflict of interest arises); or
- 9.1.3 if any of our invoices remain unpaid for 30 days or more after the date of invoice; or
- 9.1.4 if we are not satisfied that we can continue to advise you or that we can co-operate with any of your actions or omissions, in either case without defaulting on any of its professional or regulatory responsibilities.
- 9.2 Termination will not affect any legal rights or obligations which have already accrued to, or been incurred by, either of us.

10 Variation of Terms of Engagement

- 10.1 These Terms of Engagement may not be varied save by agreement in writing between City Risk Management and you. However, we reserve the right to issue new terms of engagement from time to time that shall supersede these Terms of Engagement from the date stated in such new Terms of Engagement.

11 Confidentiality

- 11.1 City Risk Management agrees not to use any information obtained directly from you in relation to any matter for any unlawful purpose and to keep confidential and not to disclose any such material non-public information which is obviously in our reasonable opinion of a confidential nature to any person except that we may disclose:
- 11.1.1 any information which becomes publicly available other than by reason of wrongful disclosure by us;
 - 11.1.2 any such information to those other advisors acting on your behalf in relation to any matter (including those we may instruct on your behalf);
 - 11.1.3 any information which it may be necessary to disclose due to law or rule or regulation or pursuant to any court or by administrative order or ruling or in any pending legal or administrative proceeding or investigation or by the requirement of any regulatory authority;
 - 11.1.4 any information to our employees, agents, consultants and other professional advisers that we reasonably consider necessary or desirable in order to perform any of the services required;
 - 11.1.5 any information which is or may be necessary or desirable to be disclosed to a debt collection agency which we instruct to recover any unpaid fees or expenses owing to us.

12 Data Protection Act 1998

- 12.1 In carrying out our respective obligations, each party will comply in all material respects with all current data protection legislation, including the Data Protection Act 1998 ("the Act") and, in particular, you undertake that all Personal Data (as defined by the Act) given to City Risk Management has been collected and retained in compliance with the Act.

13 Timing of the work

- 13.1 The Principal will discuss with you the timing of the programme of work we are to carry out and the most effective way of implementing it. Deadlines for the completion of the various aspects of our work will be agreed following such consultation. The timetable, and the carrying out of work in accordance with it, assumes that the information that is required from you and the other parties to any matter will be available at the agreed or expected time.
- 13.2 City Risk Management shall keep you informed on the progress of its work and give prompt warning of any matter which comes to its attention which in its opinion may affect the delivery or timing of the work.

14 Benefit of Agreement

- 14.1 City Risk Management shall be acting in any matter solely for your benefit and:
- 14.1.1 no other person shall acquire or have any rights under or be entitled to rely on the advice, correspondence or memoranda of City Risk Management in relation to any matter on which we are instructed by you; and
 - 14.1.2 we accept no liability to any other person in respect of the provision (or non provision) of our services; and
 - 14.1.3 no other person has any rights nor is intended to have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of these Terms of Engagement, and no other person may enforce any term of these Terms of Engagement or object to any variation of these Terms of Engagement.

15 Restriction on use of reports

- 15.1 The reports, correspondence, information and advice of City Risk Management will be furnished solely in connection with a specific matter and accordingly they should not be used or relied upon for any other purpose or matter or referred to in any document or communication or made available to any other party without our prior written consent.

16 Limit on liability for work undertaken

- 16.1 City Risk Management's aggregate total liability to you in respect of any loss or liability arising for you out of or in connection with the provision (or non provision) of our services (whether in contract, in tort (including negligence) under statute or otherwise) in respect of each instance or connected instances of liability shall be limited to a maximum amount of £1,000,000 (One Million Pounds).
- 16.2 City Risk Management shall not be liable to you for any loss of profit, loss of revenue, loss of business, loss of contract or opportunity, loss of anticipated savings, and/or loss of goodwill, whether arising in contract, in tort (including negligence) under statute or otherwise.
- 16.3 City Risk Management shall not be liable to you for any indirect, incidental, special or consequential loss of whatever nature whether arising in contract, in tort (including negligence) under statute or otherwise.
- 16.4 No employee or agent of City Risk Management shall have any personal liability to you in respect of any loss or liability arising for you out of or in connection with the provision (or non provision) of our services.
- 16.5 However, we confirm that nothing in these Terms of Engagement excludes or restricts City Risk Management's liability:
- 16.5.1 for death or personal injury due to the negligence of City Risk Management, its employees and/or agents; or
 - 16.5.2 for any fraud, fraudulent misrepresentation or fraudulent concealment made by us; or
 - 16.5.3 arising from reckless disregard of our professional obligations

17 Complaints

- 17.1 There may be circumstances where you want clarification, further information or even to complain about the work of one of its staff. You should raise such matters with the person who has assumed direct responsibility for any matter in the first instance. If you are unwilling to do this or feel that the matter is too serious then you should contact Donald Cheyne, the Principal.