



Manchester Road, Bolton, BL3 2NZ
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[CUSTOMER]

AND

ABILITY TEC LIMITED

SUPPLY AGREEMENT

2. GENERAL

- 2.1 This Agreement should be read in conjunction with Ability Tec's terms and conditions of sale, as attached. In the event of any conflict between the terms of this Agreement and Ability Tec's terms and conditions of sale then terms and conditions of this Agreement shall take precedence and prevail.
- 2.2 If we accept your Order, our acceptance is subject to these general conditions to include Ability Tec's terms and conditions of sale, to the exclusion of any other terms and conditions that you may seek to incorporate.
- 2.3 No one acting on our behalf or your behalf other than the Company Secretary or a Director has authority to make any variations to the terms of this contract and any such variation shall be confirmed in writing. Such written variation shall be annexed to this document and signed by both parties.

3. DURATION

- 3.1 Without prejudice to the termination provisions of Ability Tec's terms and conditions of sale this Contract commences on the date hereof and runs until []. Thereafter, either party shall be entitled to give a minimum of 6 months notice in writing to the other party to terminate the agreement.
- 3.2 This Agreement maybe extended once agreed by both parties in writing.

4. EXCLUSIVITY (delete if not applicable)

- 4.1 All of your requirements for Services shall be sourced exclusively from Ability Tec.
- 4.2 The right to exclusivity above shall not apply in cases where Ability Tec lacks capacity or where Ability Tec is unable to comply with the terms of this contract.

5. ORDERS AND FORECASTING

- 5.1 Ability Tec will confirm receipt of Orders placed by the Customer within [] working day. Deliveries will be made to the address stated on your Order. For the avoidance of doubt the quantities specified in the Order shall be subject to agreed minimum quantities specified within the Quotation.
- 5.2 You will provide us with a forecast of your demand for Products by way of a rolling forecast, forecasting such demand for at least the next quarter period. The first 8 weeks shall be considered firm for the purpose of this Agreement. Any forecasts covering a greater period are acknowledged to be indicative only.
- 5.3 The Customer may reduce quantities for any Order at any time with six weeks notice to Ability Tec however liability for any excess stock of Components to Products as a result of such variation shall lie with the Customer.
- 5.4 The Customer may only increase quantities for any Order with written agreement with Ability Tec.

- 5.5 Regular planning and performance review meetings will take place between the Customer and Ability Tec at a suitable location to be agreed.
- 5.6 Notwithstanding clause 5.5 the Customer shall provide to Ability Tec market intelligence and any further information as necessary to enable Ability Tec reasonable time to set up suitable facilities to respond to market needs and trends.

6 MATERIAL PURCHASING, STOCK MOVEMENTS AND OBSOLETE STOCK

- 6.1 We shall order Components from your approved suppliers in accordance with the forecasts and purchase orders provided. Where you have not nominated approved suppliers, we will source materials from our own approved suppliers.
- 6.2 From time to time it may be necessary to purchase Components in excess of immediate or forecast requirements due to supplier lead times or minimum order quantities. In this case, we shall not purchase these components unless we have written agreement from you. These materials shall be fully underwritten by you.
- 6.3 It is accepted that stock levels of Components and Products will vary according to the actual level of orders. However it is further accepted that the following will apply:
 - 6.3.1 No finished Products will remain in stock unpaid for more than 1 month.
 - 6.3.2 No Component stock will remain in stock unpaid for more than 4 months
 - 6.3.3 No Products or Components, that have become obsolete upon written instructions from the Customer to cease the production of any Products, will remain in stock unpaid for more than 1 month.

Ability Tec will invoice the Customer for such Products or Components at the end of each respective period and this will be paid by the Customer within 30 days. In addition, Ability Tec shall be at liberty to charge a storage fee in respect of such stock of £ [] per pallet per week or part of a week; this will be paid within 7 days of invoice

- 6.4 Meetings to review stock and liabilities will take place between the Customer and Ability Tec at a frequency of at least once every 3 months.
- 6.5 You will provide us with at least 3 months notice if any line of Products is to be modified or discontinued from your range. In such event, you shall be responsible for:
 - 6.4.1 all Services in progress and Products covered by your confirmed orders and forecast; and
 - 6.4.2 all Products up to the level of stocks held by us as a direct result of any orders or forecasts including minimum order quantities; and
 - 6.4.3 all Component stocks provided that such Components have been ordered in accordance with clauses 6.1. or 6.2

- 6.5 Without prejudice to the principles of clause 6.4, the parties may discuss and agree an accelerated run down of any range provided that Ability Tec is properly and adequately compensated in respect thereof.

7. PRICE AND PAYMENT

- 7.1 The prices for each of the Services and products are set out in Appendix 1.
- 7.2 The price and payment terms contain in the Ability Tec terms and conditions of sale shall apply.

8. PRICE VARIATIONS

- 8.1 In the event:
- 8.1.1 that there is any variation in the Specification which increases or reduces work or materials; or
 - 8.1.2 that additional or reduced work or replacement Components are required by reason of any defect in or modification to the Specification; or
 - 8.1.3 that the price of materials or other Components required to supply the Services has increased or decreased; or
 - 8.1.4 that taxes, duties or other levies have increased or decreased the cost of the Services or Components;

then in each case we shall increase or decrease the Price by such amount as may be reasonably attributable to such event or events. However such changes to the price shall only be implemented if the variations above exceed +/- [X] % of the Price

- 8.2 Otherwise, the Price for Products shall be fixed as set out in Appendix 1 until [] and will be reviewed from [] and annually thereafter. Prices should be reviewed and agreed no later than [] months before the date they are due to be revised.

9 SPECIFICATION

- 9.1 We undertake that the Services will conform to the Specification.
- 9.2 We will not substitute any Components nor modify the Specification unless you instruct us to do so in writing.
- 9.3 You are responsible for the Specification which, without prejudice to the generality of the forgoing, shall include suitability for purpose, designs, drawings, technical data, its accuracy and for ensuring that it does not infringe any patents, design rights, copyrights or other intellectual property rights.
- 9.4 You are also responsible for ensuring that the Specification complies with all relevant laws and regulations, including legislative provisions of the European Union.

- 9.5 We shall allow you an opportunity to inspect our production facilities as frequently as necessary subject to prior appointment.

10. DELIVERIES AND INSPECTION

- 10.1 The delivery and inspection terms contained in Ability Tec's terms and conditions of sale shall apply.

11. WARRANTY AND REPAIR

- 11.1 Ability Tec warrants the Workmanship for Products supplied for a period of 12 months from the date of completion of manufacture.

- 11.2 Where the Customer alleges that Products have not been supplied in accordance with the Specification, the Customer shall immediately return the Products at its cost to Ability Tec, advising of the reported nature of the defect. Ability Tec will investigate the reported defect promptly and rectify or replace at its cost any defective Product or component that Ability Tec deems defective due to its own action or omission within the scope of its responsibility. Such action will normally be expected to have been completed within 30 days from receipt of defective Product by Ability Tec.

- 11.3 Where defect is deemed by Ability Tec not to be its liability Ability Tec will advise the Customer of cost of rectification. The Customer will accept rectification costs within fourteen days or advise disposal; if the Customer does not do so within 14 days, Ability Tec may dispose of the defective Product as it thinks fit but nothing herein shall entitle the Customer to any credit or refund in respect of such Product.

- 11.4 The above represents Ability Tec's complete liability in respect of its incorrect supply.

- 11.5 Ability Tec cannot accept any liability if Products or Components have been altered, modified or have deteriorated whilst in Customer's possession. Neither can Ability Tec accept liability for Products which have been subject to abnormal use, misuse or neglect

- 11.6 If either party disputes acceptance of liability then the matter shall be resolved in accordance with Clauses 15.

12. EQUIPMENT

- 12.1 Ability Tec shall procure Equipment as agreed with the Customer and at the Customers cost which shall be payable in advance unless otherwise agreed.

- 12.2 Ability Tec shall not use the Equipment without the Customers consent in writing for any purpose other than production of the Products.

- 12.3 Ability Tec shall be responsible for the maintenance of the Equipment as necessary which includes repair of any damage however so caused at its premises.

- 12.4 Ability Tec shall be entitled to re-charge any maintenance and repair costs to the Customers for any such works as a result of fair wear and tear providing that the Customers consent has been obtained in writing prior to such works being carried out.
- 12.5 Ability Tec shall keep repair and maintenance records for the Equipment and shall allow access to the Customer to such records upon reasonable request.
- 12.6 Where the Customer has provided any Equipment to Ability Tec, Ability Tec agrees that the Equipment will be clearly identified as the property of the Customers and shall be subject to the maintenance regimes set out above and as agreed with the Customer. Ability Tec will not make any alterations to the Equipment without the prior written consent the Customer (such consent not to be unreasonably withheld) unless Ability Tec is obliged to do so by law.

13. CUSTOMER PROPERTY

- 13.1 All property and materials owned by the Customer issued to Ability Tec in connection with this Agreement shall remain the property of the Customer and shall not be used for any other purpose other than for the execution of this Agreement without the prior written consent of the Customer
- 13.2 Ability Tec shall return forthwith any property or materials belonging to the Customer upon expiry of this Agreement or earlier termination.
- 13.3 Notwithstanding clause 13.2 Ability Tec reserves the right to hold a lien over any Issued Property and Equipment (which shall include any Components or Products) belonging to the Customer in the event the Customer defaults on any payments which are payable and due until all due sums have been paid to Ability Tec. The entitlement Ability Tec to exercise a lien as above is without prejudice to any other right it may have with respect to payment from the Customer.

14. DISPUTE RESOLUTION

- 14.1 The parties shall attempt in good faith and prior to the commencement of any litigation to resolve any dispute or claim arising out of or relating to this Agreement promptly through negotiations between senior executives or officers of the parties who have authority to settle the same.

15. EXPERT DETERMINATION

- 15.1 Any dispute or differences which shall be at any time arise between the Parties in respect of Clause 11 shall be referred to an independent electronics engineer or an independent qualified member of the Association of Manufacturers to be decided and agreed by both parties. In default of agreement within 10 working days then the matter in issue or question shall be referred to the President at the time of the Association of Manufacturers.
- 15.2 Any Expert shall act as an expert and not as an arbitrator and shall be entitled to appoint such independent technical expert or experts as he considers necessary to assist him in determining the matter referred to him. The decision of the Expert, which shall be given by him in writing stating his reasons, shall be final and binding on both Parties.

15.3 Each Party shall provide any Expert with such information as he may reasonably require for the purposes of his determination; if either Party claims any such information to be confidential to it then, provided that in the opinion of the Expert that party has properly claimed the same as confidential, the Expert shall not disclose the same to the other Party or to any third party.

15.4 The costs of any Expert, including the costs of any technical expert appointed by him, shall be borne in such proportions as the Expert may determine to be fair and reasonable in all circumstances or, if no such determination is made by the Expert, by the Parties in equal proportions.

SIGNED ON BEHALF OF

[CUSTOMER]

Signed	Signed
Name	Name
Position	Position
Date	Date

ABILITY TEC LIMITED

Signed	Signed
Name	Name
Position	Position
Date	Date



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