

MENZIES DISTRIBUTION LTD

CONDITIONS OF SALE

These Conditions of Sale set out the terms and conditions upon which the Company will deliver and the Customer will accept supplies of Titles and Goods. Acceptance of supplies of any Titles or Goods by the Customer constitutes acceptance of these Conditions of Sale in their entirety and, together with the Application for Supplies, represents the entire agreement between the Company and the Customer in relation to the supply of Titles and Goods and accordingly they supersede any prior terms, conditions, agreements, verbal representations, warranties, understandings or undertakings given by the Company or on its behalf in relation thereto. These Conditions of Sale override any terms proposed at any time by the Customer. These Conditions of Sale shall apply unless or until revised or replaced by the Company when it deems it appropriate at any time. Customers will be given a minimum of 14 days notice of any such revision or replacement. The Company reserves the right to place such revised or replacement Conditions of Sale on the Company's website and those revised or replacement Conditions of Sale will apply to all business transacted on or after any date indicated by the Company. Whilst the Company will endeavour to fulfil all its commitments under its Service Pledge, the terms thereof do not form part of these Conditions of Sale and are not contractually binding on the Company.

1. INTERPRETATION

In these Conditions of Sale, unless the context otherwise requires, the following words shall have the following meanings:

"Application for Supplies"

shall mean the Company's application form for supplies completed by potential Customers;

"Company"

shall mean Menzies Distribution Limited or any holding, subsidiary or associate company of the Company;

"Customer"

shall mean each of the retailers or other persons supplied by the Company;

"Effective Date"

shall mean 5th February 2015, or, if later, the date that the Customer first receives supplies from the Company;

"Goods"

shall mean any other goods (other than the Titles or Materials) supplied by the Company to the Customer for retail resale;

"Material"

shall mean loose supplements, collectible stickers, game cards, cover-mounted gifts or similar ancillary items supplied to the Company by a Publisher for including with a Title;

"Minimum Sales Value"

shall mean the Company's relevant published minimum sales value per Customer per Premises (and where relevant per drop) per week for supplies of newspapers;

"Premises"

shall mean the Customer's retail premises or outlet or regular vending point(s) at the address(es) recorded from time to time by the Company;

"Publisher"

shall mean organisation(s) supplying Titles to the Company for distribution;

"Retailer Delivery Time"

shall mean the time agreed between the Company and the Customer by which the Company will agree to deliver the Titles to a Customer's Premises;

"Service Pledge"

the Company's customer service pledge available at: www.imenzies.com/Services

"Sub-Retailing"

shall mean the practice whereby a Customer transfers Titles to another retail outlet below existing retail margins; and

"Titles" shall mean newspapers, periodicals, magazines partworks and ancillary news products supplied by the Company to the Customer.

2. HEADINGS

The headings in these Conditions of Sale are for convenience only and shall not affect their interpretation.

TERMS APPLYING TO SUPPLY OF TITLES AND MATERIALS

3. CREDIT CONTROL, CHARGES AND MINIMUM SUPPLY

A) MINIMUM SALES VALUE: TITLES

(i) Successful applicants for supply of newspapers and Customers shall agree to a guaranteed minimum weekly charge for newspapers exclusive of "sale or return" equal to the Minimum Sales Value from time to time as included in the relevant Application for Supplies and which, at the Effective Date is as set out in the table below:

Days of supply per week	Minimum Sales Value per week per Premises (and where relevant per drop)
7 days per week	£226.28
Monday to Saturday	£162.92
Sunday only	£63.36

(ii) The Company shall have the discretion to supply below this minimum.

(iii) The Company shall also have discretion at any time (a) to include supplies of magazines in the Minimum Sales Value and increase the Minimum Sales Value in an appropriate pro rata manner or (b) to create a separate Minimum Sales Value for magazines.

(iv) The Minimum Sales Value applicable shall be determined by the Company in its sole discretion and may be amended from time to time at intervals determined by the Company.

CHARGES: GOODS

(v) The price for Goods shall be the price set out in the relevant order or, if no price is quoted, the price set out in the Company's published price list as at the date of delivery. Where the delivery location is the same as that to which Titles are delivered, the price for the Goods shall be inclusive of all transportation and insurance of the Goods to the Customer. Otherwise, all costs and charges of packaging, insurance, transport of the Goods shall be invoiced separately.

(vi) The Company reserves the right to increase the price of the Goods, by giving notice to the Customer at any time before delivery, to reflect any increase in the cost of the Goods to the Company that is due to:

(a) any factor beyond the control of the Company (including foreign exchange fluctuations, increases in taxes and duties, and increases in labour, materials and other manufacturing costs);

(b) any request by the Customer to change the delivery date(s), quantities or types of Goods ordered; or

(c) any delay caused by any instructions of the Customer in respect of the Goods or failure of the Customer to give the Company adequate or accurate information or instructions in respect of the Goods.

B) CARRIAGE SERVICE CHARGE: TITLES

Each Customer will pay a carriage service charge per Premises (and where relevant per drop). The carriage service charge applicable to the Customer will reflect economic and commercial distribution costs of the Company in the handling of Titles and shall be determined by the Company in its sole discretion and may be amended from time to time at intervals determined by the Company in its sole discretion. For the avoidance of doubt the carriage service charge applicable is calculated on a standard tariff basis.

(ii) The Company will give the Customer six weeks notice of any change to carriage service charge rates.

(iii) The Company shall have a discretion to charge below the published carriage service charge tariff.

(iv) The Company reserves the right to implement transitional or interim charges from time to time.

CREDIT RISK CONTROL

(i) Successful applicants for supply of newspapers and all Customers will be obliged to make a cleared deposit equal to (a) the higher of two times the value of their average weekly (over 6 prior months) newspaper supply or three times the Company's relevant Minimum Sales Value and (b) an appropriate deposit ranging from £350 to £600 determined by the Company for magazine supplies. Successful applicants for supply shall be informed of the amount of their deposit in the Application for Supplies. The period of the retention of deposits will be at the Company's sole discretion but will not be less than 11 months in any circumstance. A Customer's deposit may be returned after 11 months of continuous trading provided that there has been no breach by the Customer of the payment terms and/or any other provision of these Conditions of Sale. If after any refund, there is a breach by the Customer of these Conditions of Sale or the Customer's credit reference is deemed 'high risk', the Company has the right to suspend supplies until a cleared deposit (in an amount acceptable to the Company) is paid by the Customer. The deposit can be used at any time by the Company to offset against unpaid sums due by the Customer (in which case the Customer shall be required to make up the shortfall in the deposit so applied). Should any Customer's account with the Company be closed or transferred, any remaining deposit shall be refunded subject only to the Customer's account being cleared in full.

(ii) The Company shall have the discretion to waive any requirement for a deposit or to require a deposit of a different amount.

(iii) The Company shall have the discretion to review such deposit amounts from time to time.

(iv) Subject to the provisions of the Data Protection Act 1998 during the application process and from time to time thereafter in the Company's discretion, the Company will make a search of a potential Customer or a Customer with a Credit Reference Agency, which agency will keep a record of that search and may share the information with the Company and other businesses. In some instances the Company may also make a search on the personal credit file of principal directors if the potential Customer is a limited company. The Company may also pass or share Customer information with carefully selected third parties for the purposes of account opening, credit vetting and account management. A potential Customer acknowledges and agrees to the Company carrying out such actions by acceptance of these Conditions of

Sale and the Application of Supplies. The Company will monitor and record information relating to a Customer's trade performance and such records will be available to Credit References Agencies who may share that information with other businesses when assessing applications for credit and fraud prevention. If at any time the result of a credit reference deems the Customer, in the Company's reasonable opinion, to be "high risk" then the Company may request a cleared deposit is put in place by the Customer (if the original deposit paid pursuant to Clause 3(C)(i) has been returned) and/or require a guarantor to be provided to guarantee the performance of the Customer's financial obligations pursuant to these Conditions of Sale in accordance with Clause 3(C)(v) and the Customer's account may be suspended until any such requirement is complied with.

GUARANTEE

(v) Where any person or persons agree to guarantee the performance of the Customer's financial obligations under these Conditions of Sale pursuant to Clause 3(C)(iv), such guarantee shall be in a form acceptable to the Company and shall be unconditional and irrevocable and made in consideration of the Company continuing to supply the Customer and shall only be discharged at the Company's discretion and not automatically as a result of any change in the Customer's credit reference.

D) TARIFF OF ADMINISTRATION CHARGES

(i) The following administration charges plus VAT will be applied, per instance, to a Customer's account in respect of Titles and Goods should the need arise.

Copy documents requested within 2 days of expected date of receipt	Free
Copy documents requested within 3 – 28 days of expected date of receipt	£0.50 per document
Copy documents requested over 28 days of expected date of receipt	£5.00 per document
Any print of a document not normally provided to the Customer	£1.00 per document
Payment Reminder	£5.00
Payment Default	£15.00
Notice of Non-Supply	£5.00
Notice of Returned Payment	£20.00
Damage to or loss of tote boxes or other delivery container utilised by the Company whilst in Customer's control	£12.00

These charges are correct as at the Effective Date but may be increased from time to time at the Company's discretion. The Company may at its discretion introduce additional administration charges as it deems appropriate from time to time.

4. PRINCIPLES OF SUPPLY OF TITLES - COMPANY'S UNDERTAKINGS

(A) The Company will arrange for a daily delivery of the Customer's orders for Titles placed with the Company pursuant to Clause 5(A) below to the Premises (or such other place as may be agreed by the Company) within the Company's relevant distribution area. Such delivery will be made, where practicably possible, by the agreed Retailer Delivery Time. The Company's invoices to the Customer will include carriage service charges for delivery.

(B) Notwithstanding Clause 5(A) below, the Company reserves the right to amend the Customer's standing orders to improve availability and reduce returns' levels, provided that where the Customer's orders are increased the Customer shall be so advised where practicable in advance and any extra copies of the Titles shall be provided by the Company on a "sale or return" basis. Any Customer who is trading at or below the Minimum Sales Value may, at the Company's discretion, receive newspaper supplies on a firm sales basis.

(C) Without prejudice to Clauses 10 and 12, any dates and/or times (including, but not limited to, any proposed Retailer Delivery Time) are intended to be an estimate only. Time for delivery shall not be made of the essence by notice or other means. The Company will not be responsible for any losses that the Customer may incur as a result of delays or non-publication of any Title which it has undertaken to distribute, over which the Company has no control, including, without limitation, late inbound delivery by the Publisher to the Company of the Titles or the Materials or any other act or omission of the Publisher or its sub-contractors.

PRINCIPLES OF SUPPLY OF GOODS - COMPANY'S UNDERTAKINGS

(D) Goods shall be supplied by the Company to the Customer on a sale or return basis in accordance with these Conditions of Sale.

(E) All supplies of Goods are subject to availability. While the Company shall use its reasonable endeavours to ensure that sufficient stocks shall be available for

anticipated demand, the Company makes no warranty, express or implied, that sufficient stocks will be available to meet Customer orders and reserves the right to reduce or allocate available stocks in its sole discretion.

(F) The Company shall deliver the Goods to the Premises at any time after the Company notifies the Customer that the Goods are ready. Any dates quoted for delivery of Goods are approximate only, and the time of delivery is not of the essence.

(G) As a reseller of the Goods, the Company warrants only that the Goods shall, on delivery, conform in all material respects with their description. The Customer's sole remedy in respect of defective or damaged Goods is set out in Clause 5(K). All other warranties including, without limitation as to defects, quality and/or fitness for purpose and whether express or implied are expressly disclaimed to the maximum extent permitted by law.

(H) Any information or data transfer concerning the Customer shall not infringe the requirements of the Data Protection Act, 1998.

(I) In the event that the Customer has any complaint in relation to the Company's service (in respect of the supply of Titles and/or Goods) which cannot be resolved in normal day to day business discussions with the Company's Customer Service Centre (phone number appears on Company invoices and delivery notes), the Customer should submit a Customer Complaint form by emailing a scan to servicepledge@menziesdistribution.com; posting a copy to 'Service Pledge Complaints' at the Company's head office address, which appears on the back cover; or giving a verbal submission to a Customer Service Centre Advisor, who will submit it electronically on the Customer's behalf. The Company will respond to the Customer's submission on receipt and resolve the issue within a maximum of 28 days. If the Customer is still not satisfied with the outcome of the complaints process, the Customer can consider referring the issue to an independent arbitrator. To qualify for arbitration, the Customer's complaint must be about a subject covered by the industry regulation process, details of which can be found in the Press Distribution Charter (PDC). Refer to www.pressdistributionforum.com. The arbitrator will ask for submissions from the Customer and from the Company, before reaching a decision within 14 days.

5. PRINCIPLES OF SUPPLY OF TITLES AND/OR GOODS - CUSTOMER'S UNDERTAKINGS

TITLES

A) STANDING ORDER

(i) The Customer may place a standing order for the supply of Titles to its Premises and, if the Customer shall not have placed any such order, the standing order for that Customer will be deemed to be those Titles which the Company currently delivers to the Customer. Any variation to a standing order may be made by the Customer by telephone, fax, in writing, or via the Company's i-Menzies website. To be effective for newspapers, this has to be given/arrive by 3.00pm. A minority of weekend newspaper Titles with pre-packed colour sections may, however, be subject to earlier deadlines; details of Titles thus affected vary by week and are available on request. Alterations to standing orders for magazines and periodicals will be applied on the next available issue. Notwithstanding the foregoing, the Company reserves the right to review and adjust any proposed standing order variation submitted by the Customer if in the Company's reasonable opinion the variation is commercially unacceptable or not viable or otherwise inappropriate.

(ii) In cases where the Company proposes to send supplies of magazines which differ from an existing standing order, the Company will notify Customers of those changes, where practical, at least 48 hours in advance of supply. Customers may make amendments to the proposed supply quantities of these magazines to amounts agreed with the Company.

B) MATERIALS

The Customer agrees:

(i) to include for sale any Material supplied by the Company, at the rates, if any, negotiated with the Publishers;

(ii) with the exception of Materials supplied by the Company for inclusion with Titles, not to include or remove any advertising or other material in or to any Title, without the prior written consent of the Publisher of such Title;

(iii) where any Title (e.g., newspaper) or Material (e.g., supplement) is not published or for whatever reason copies of any Title or Material are not available, to deliver such Title or Material as is available to its home/business deliveries and make such Title and Material available at its Premises.

C) AVAILABILITY AND PROMOTION OF TITLES

The Customer:

(i) is encouraged:

(a) where reasonably practicable, to establish and maintain home and business deliveries which services shall not be terminated without providing the Company with a reasonable opportunity to assist the Customer in maintaining this service;

(b) to maintain a counter-service with a range of Titles available from the recognised on sale day to the recognised off sale day from the Premises;

(c) where reasonably practicable, to provide a special order and customer save service for newspapers (and magazines where applicable);

(d) where, in accordance with sub-clause 5(C)(vi), the Customer has indicated to the Company that its Premises will be closed, to assist the Company in maintaining a counter-service with a range of Titles, either from a shop or other vending point near the Premises on that day for a period likely to satisfy all reasonable demands,

(ii) is encouraged to promote actively and extend the sale of Titles delivered and distributed by the Company and, among other things, the Customer is encouraged to accept promotional copies of Titles which are being supported by "sale or return" or other promotional schemes and to accept Publisher vouchers,

(iii) agrees, subject to Clause 3(B), to accept additional promotional supplies of the Titles supplied by the Company to increase retail availability in support of news breaks or promotional activities,

(iv) is encouraged to maintain a comprehensive and effective poster display for the Titles to:

(a) ensure that poster displays are updated regularly;

(b) display specified daily bill shows when requested to do so by the Company;

(c) do all it can to ensure immediate bill shows upon receipt from the Company of handwritten topical bills with supplies when late stories break;

(d) make use of point-of-sale publicity materials supplied;

(e) undertake such other news promotional activities as may be reasonably requested from time to time by the Company,

(v) agrees to deliver the Titles or make available the Titles for sale or collection, on the condition they are (a) not displayed or distributed before the recognised day of sale and any failure to observe this condition will entitle the Company to withhold future supplies until the recognised day of sale and (b) they are not displayed or sold after the recognised off sale date,

(vi) agrees to advise the Company of its normal hours of trading and to notify the Company at least ten working days in advance of any proposed material change in these hours and to advise the Company at least ten working days in advance of any day when any Titles are published that it does not intend opening the Premises for business,

(vii) agrees from time to time to supply on request such reasonable sales, returns, information on display space, marketing and other information about the Titles which the Company may reasonably request or may be required to provide,

(viii) agrees that data, held by the Company either on computer or otherwise concerning the Customer, the Premises and/or Titles supplied by or returned to the Company, may be held and used by the Company or transferred by electronic or other means to any holding, subsidiary or associate company of the Company, the Publishers or their agents or to third parties (acting as consultants, product or service providers or otherwise) for marketing and/or research and/or other purposes.

D) RETURNS

The Customer will make available for collection by the Company unsolds of all Titles supplied by the Company on a "sale or return" basis, by the dates and to the place indicated on the Company's recall note (as referred to in Clause 8(A) below) using the appropriately dated version of the Company's return/recall documentation. The returns parcels must be securely tied and clearly identified. Failure to make returns of Titles available for collection at the prescribed times or failure by the Customer to clearly identify the returns parcel will result in no credit being given for such Titles. Unsolds of "sale or return" daily and Sunday newspapers must be properly tied and identified by the close of business on the on sale date and made available for collection no later than 24 hours following original receipt of Titles on a daily basis. The Company will collect such magazine unsolds at least four times per week. The Customer can make such unsold magazines available for collection at any time within the relevant magazine's recognised on sale period. Titles or Material supplied to the Customer by anyone other than the Company cannot qualify for credit from the Company. The Company shall not be entitled to return any such Titles or Material and shall not be liable for any loss or damage of such Titles or Material.

E) CLAIMS

The Customer must make all claims with respect to shortages or damaged Titles within two hours of opening or receipt in respect of newspapers (whichever is the later time) and within 2 hours of receipt of the delivery note or 1600 hrs on the date of delivery (whichever the later time) in respect of periodicals, magazines and other Materials.

F) PRICES

Publishers may indicate a maximum selling price of Titles from time to time and Customers (and any sub-retailers) shall not sell above a Publisher's maximum selling price.

G) DELIVERY BOXES

Where the Company supplies Titles in tote boxes or other delivery containers these shall remain the property of the Company and the Customer shall make them available for collection by the Company by the next available returns collection date. The Customer shall be responsible for any loss or damage thereto arising after delivery by the Company and before collection by the Company and shall ensure that the Tote Boxes are kept safe and secure at all times up until collection by the Company.

GOODS

(H) Subject to Clause 5(I) (Opt-Out), Goods:

(a) shall be deemed to have been ordered by the Customer and shall be supplied by the Company to Premises in such quantities as the Company shall reasonably determine; or

(b) may be supplied by the Company to the Customer pursuant to an order for the supply of Goods to Premises made by the Customer. Notwithstanding the foregoing, the Company reserves the right to review and adjust any proposed standing order submitted by the Customer if in the Company's reasonable opinion the variation is commercially unacceptable or not viable or otherwise inappropriate.

(I) The Customer shall have the option to opt out of supplies of Goods from the Company by notice to the Company in writing. Nothing in this Clause shall prevent the Company from delivering to the Customer advertising or promotional literature with respect to Goods at any time.

(J) The Customer will make available for collection by the Company all unsolds Goods supplied by the Company on a "sale or return" basis, by the dates and to the place indicated on the Company's recall note (as referred to in Clause 8(A) below) using the appropriately dated version of the Company's return/recall documentation. The returns parcels must be securely packaged and clearly identified. Failure to make returns of Goods available for collection at the prescribed times or failure by the Customer to clearly identify the returns parcel will result in no credit being given for such Goods. The Company will collect such unsolds at the same times as collections of returns of Titles and Material unless otherwise notified to the Customer.

(K) The Customer must make all claims with respect to shortages or damaged Goods no later than the end of the day of delivery. Any claims received after the day of delivery may be refused by the Company. All damaged Goods must be returned on the next returns date for Titles unless otherwise agreed with the Company.

6. DISCRIMINATION: TITLES

The Customer will not discriminate against any one Title on anything other than commercial grounds.

7. SUB-RETAILING: TITLES

(A) The Company shall not refuse to supply a Customer on the grounds that the Customer intends to sell or transfer Titles to another retail outlet (known as a 'sub-retailer'). In order to maintain the effectiveness of the Company's order reallocation systems, which are recognised as essential in order to maximise sales, minimise waste and optimise availability of the Titles at retail level, it is essential that Sub-Retailing is properly monitored by the Customer.

The following conditions will apply:-

The Customer intending to sell or transfer Titles to another retail outlet shall notify the Company, by way of a standard form, of all sub-retail locations including the name, address, postcode and type of outlet of the sub-retailer and full details of all Titles which have been sub-retailed.

The Customer and any sub-retailers supplied by the Customer will not be permitted to sell or transfer newspapers to locations outside the Company's area of operation as defined by the Publishers of the relevant newspaper. Customers and sub-retailers cannot actively seek sales of magazines outside the Company's designated area of operation.

Payment for all supplies and compliance with the Company's Conditions of Sale and other term and conditions of business and operational requirements shall be the sole responsibility of the Customer.

The Company reserves the right to review, reduce, cap or discontinue any Sub-Retailing arrangement which in the Company's reasonable opinion is likely to have an adverse effect on the Company's ability to meet its contractual performance requirements with any Publisher.

(B) Sub-Retailing on any other basis or any other arrangements of a similar effect is strictly prohibited.

8. CONSIDERATION - PAYMENT OF ACCOUNTS

(A) The Company will record details of all supplies of Titles and/or Goods on its invoices which will be supplied weekly to the Customer. Such documents shall state, among other things, the prices (as determined by the Company from time to time) to be charged for the Titles and/or Goods; any carriage service charge; any administration or other relevant charges. The Company's recall note shall state the date by which unsolds of Titles and/or Goods have to have been returned; and the place to where they have to be returned. With regard to Titles, any agreed payment made to the Company by a Publisher for merging or including any Material as set out in Clause 5(B)(i) shall be credited on the Customer's invoice provided the Customer has inserted the Material correctly. To qualify for credit Publishers' vouchers must be made available for collection by the Company by the date stated by the Company which will be at least 28 days before the final deadline for credit. The Company will collect Publishers' vouchers (which are presented for collection) on an at least weekly cycle. Credit for Publishers' vouchers will be given by the Company on the next available invoice or credit note following collection and processing. Any attempt to redeem counterfeit vouchers, or any other form of fraudulent redemption of vouchers, to obtain credit and/or payments by the Company and/or newspaper or magazine publishers may be pursued by the Company and/or the relevant Publisher. Certain legal remedies are available to any relevant Publisher under the Contracts (Rights of Third Parties) Act 1999 to enable the relevant Publisher to recover any losses it may incur as a result of any fraudulent activity by a Customer, directly against such a Customer.

(B) All invoices will be dated on Saturdays and issued two days later on the Monday. Invoices must be paid by direct debit (unless otherwise agreed by the Company in writing). Where exceptionally the Company has agreed to cheques, money orders and postal orders as a form of payment, these are to be made payable to Menzies Distribution Limited and crossed account payee only and delivered to Menzies Distribution Ltd, PO BOX 17296, Edinburgh, EH12 1WU. Where the Company has exceptionally agreed to card payments as a form of payment, payment shall be made once the Company has received any sums in cleared and wholly unconditional funds from the Customer's bank. No cash payments will be accepted under any circumstances. Where payment is made by cheques, money orders or postal orders, such amounts must be received by the Company by not later

than 3pm on the date 6 days from the date of invoice. Where payment is made by direct debit, such amounts must be received by the Company in cleared and wholly unconditional funds by not later than 11 days from the date of invoice (i.e. Wednesday of the second week following the date of invoice). The time of payment of each invoice shall be of the essence notwithstanding that ownership of the Titles and/or Goods may not have passed. The method and timing of payment shall be at the sole discretion of the Company and may be reviewed by the Company from time to time taking into account the results of any credit search against the Customer carried out by the Company pursuant to these Conditions of Sale.

(C) (i) A charge of £20.00 will be made when a Customer's payment is refused. The Company may levy an administration charge in respect of credit card payments and make in its sole discretion changes to such administration charge in its sole discretion, subject to reasonable prior notification to the Customer.

(ii) Cheques refused by the bank will not be re-presented. The Company will advise the Customer of the value of the refused payment and the Customer must replace the refused payment by banker's draft within the timescale set by the Company.

Direct Debits not paid may be carried forward to the following week. The amount to be taken will be shown on the Customer's statement.

(iii) When payments are refused on more than two occasions, payment of accounts will automatically be transferred to banker's draft in advance and/or supplies will only recommence on receipt by the Company of a satisfactory deposit.

(D) The Customer may not withhold any payment because of any dispute relating to the amount thereof. Any error will be rectified and credit will be given on the next earliest invoice practicable.

(E) Credit will be given to the Customer in respect of unsolds of Titles and/or Goods supplied on a "sale or return" basis, providing they are either securely packed and labelled and made available for the Company's returns collections (details of which will be given to the Customer by the Company's local depot Manager) or returned at the Customer's expense to the Company's local depot not later than the returns cut off times as detailed in Clauses 5(D) and 5(J) above and/or the recall note referred to in Clause 8(A) above. Valid returns of Titles and/or Goods will be credited in the next invoice after the Company has collected

the returns and processed them. Any claim for credit expected but not included in the weekly invoice from the Company shall be forfeited if not reported by the Customer within five days after receipt of such weekly invoice. Upon reasonable request, Customers may also receive a refund in respect of telephone costs incurred when claiming shortages. No other telephone costs will be refunded.

(F) If unsold Titles and/or Goods are not made available for collection by the date specified by the Company in accordance with Clauses 5(D), 5(J), 8(A) and 8(E) above, no credit will be given and Titles returned late will be destroyed by the Company. Titles in respect of which credit has not been given cannot be displayed for sale after the off sale date.

(G) Any invoice that is not paid by the relevant date will be liable to a surcharge of £15.00 together with interest at 6% over Royal Bank of Scotland plc base rate from time to time until payment in full. Supply may be stopped for non payment by the relevant date. Supply of Titles and/or Goods may also be stopped if the Company reasonably believes that the Customer will not be able to pay any invoice(s) on the relevant due date(s) taking into account the results of any credit search made against the Customer by the Company pursuant to these Conditions of Sale.

9. OWNERSHIP/RISK

(A) Risk in the Titles, Material and Goods shall pass to the Customer once such Titles, Material and Goods have been delivered to the Premises, or such other pre-designated and agreed delivery point. In the absence of alternative arrangements, delivery on the doorstep or pavement immediately outside the Premises shall constitute delivery to an agreed delivery point. Ownership of the Titles, Material and Goods shall remain with the Company until the amount due under the invoice for them (and all other monies due to the Company) have been paid in full or as the Company otherwise agrees in writing. If at any time before such payment the Customer fails to pay any invoice timeously or the Customer should be wound up or a receiver, administrative receiver, administrator, liquidator or trustee in bankruptcy be appointed over the whole or part of the Customer's property or an execution or distress levied against the Customer, or the Customer is unable to pay its debts as they fall due or the Company reasonably believes that the Customer will not be able to pay any invoice(s) on the relevant due date(s), the Company shall be entitled to enter and repossess or trace the goods or the proceeds

of sale in the hands of the Customer or of any liquidator, receiver, administrative receiver, administrator or trustee in bankruptcy.

10. LIABILITY

TITLES

(A) Whereas the Company will endeavour to ensure supplies to the Customer in accordance with these Conditions of Sale it will in no circumstances be liable for any loss suffered by the Customer as a result of any failure or partial failure to so supply except that the Company will continue to operate the industry Fast Track Restitution process current at the Effective Date.

(B) In the event that, notwithstanding Clause 10(A) above, any liability (other than any amount due under said Fast Track Restitution) is incurred by the Company to the Customer, the Company's liability will be no greater than the margin of profit the Customer would have received on the sale of the relevant copies of a Title(s) less all costs incurred for the sale of the copies of that Title(s) or £75 in aggregate per default, whichever is the lower. Any payment by the Company under Fast Track Restitution will count towards that limit.

GOODS

(C) Nothing in these Conditions of Sale shall limit or exclude the Company's liability for:

(i) breach of the terms implied by section 12 of the Sale of Goods Act 1979 (title and quiet possession); or
(ii) defective products under the Consumer Protection Act 1987.

(D) Subject to Clause 10(C):

(a) the Company shall under no circumstances whatever be liable to the Customer, whether in contract, tort (including negligence), breach of statutory duty, or otherwise, for any loss of profit, or any indirect or consequential loss arising under or in connection with the supply of Goods; and

(b) the Supplier's total liability to the Customer in respect of all other losses arising under or in connection with the supply of Goods, whether in contract, tort (including negligence), breach of statutory duty, or otherwise, shall in no circumstances exceed the cost price of the Goods in question or £50 per default (whichever is the higher amount)

(E) The terms implied by sections 13 to 15 of the Sale of Goods Act 1979 and the terms implied by sections 3 to 5 of the Supply of Goods and Services Act 1982 are, to the fullest extent permitted by law, excluded from the terms of these Conditions of Sale.

11. TERMINATION OF SUPPLIES

(A) The Customer agrees to give twelve weeks' notice in writing to the Company before the closing of their account or substantially reducing supplies.

(B) In the event of an actual or proposed permanent cessation of supplies of a Title to the Company, and irrespective of the circumstances giving rise thereto, the Company may terminate supplies to the Customer of that Title without liability by giving the Customer such notice in writing as is reasonable in the circumstances, provided that such notice does not take effect prior to the date when the Publisher ceases to supply the Company.

(C) Notwithstanding the provisions of Clause 11(B) or Clause 12 and without prejudice to the Company's other rights and remedies, a Customer's supplies of any or all Titles and/or Goods may be terminated forthwith without liability to the Company in the following circumstances:

(i) with respect to Titles, on the termination of the Company's agreement with the Publisher of such Titles and with respect to Goods on the termination of the Company's agreement with the supplier of such Goods;

(ii) upon the Customer's breach of any of these Conditions of Sale or where such a breach is capable of remedy upon the Customer's failure to remedy such breach within seven days of being given written notice of such breach by the Company;

(iii) the Customer has made false claims or actions in respect of receipt, non-receipt, shortage of supplies or returns or in respect of other documents or matters where in the Company's reasonable opinion the claim or action has been made other than through genuine error or where the Customer has colluded with any party in any act of dishonesty;

(iv) the Customer is unable to pay its debts as they fall due, has a receiver, administrative receiver, administrator, trustee in bankruptcy or similar official appointed over all or any of its assets, or is wound up or is in the process of being wound up or, becomes bankrupt, or is dissolved or the Company believes that the Customer will not be able to pay any invoice(s) on the relevant due date(s);

(v) the Customer fails to pay his account regularly in full on the due day.

(D) The Company may upon six weeks prior written notice at any time terminate supplies of any or all Titles and/or Goods to the Customer.

12. FORCE MAJEURE

(A) The Company may partially or totally suspend, with or without notice, any supply of any Title and/or Goods during any period in which the supply of such Title and/or Goods to the Company or by the Company may be either prevented or delayed or hindered through any circumstances beyond its control including, but without prejudice to the generality of the foregoing, any strikes, lock-outs, labour disputes of any kind, industrial action of any nature whatsoever (whether any of the foregoing relate to the Company's employees or others) fire, floods, storms, weather, health, acts of God, railway delays or cancellations, motor accident or serious traffic congestion, or any shortage or destruction of paper or petrol or diesel supply (or supply of any other necessary material or service) or if any Title is not published, and that the Customer will have no claim against the Company and the Company will not be liable to the Customer for any loss or damage howsoever arising or sustained as a result therefrom.

(B) If a strike, lock-out, labour dispute or industrial action by the employees of the Company occurs or any part of the Company's business is in any way affected, the Company may, with or without notice, withhold, reduce or suspend the supply of Titles and/or Goods to such extent as the Company shall, in its absolute discretion, think fit with a view to securing a return to normal business.

13. ASSIGNMENT

TITLES: TRANSFER OF ACCOUNT

(A) Save in circumstances of Sub-Retailing, the Customer may not effect any assignment, transfer, charge or subletting of all or any part of the supply of the Titles that it receives from the Company (a "Transfer") without the prior written approval of the Company and payment of all outstanding invoices. Such approval must have been requested at least 14 days before a proposed Transfer. Subject to a satisfactory credit rating, the new owner if they are an existing newsagent, may not be required to pay a deposit. In all other instances a deposit will be required and such deposit will be not more in value than

(a) the higher of two weeks full news supplies of the transferring business averaged over the preceding six months or three times the Company's relevant Minimum Sales Value plus (b) an appropriate deposit ranging from £350 to £600 as determined by the Company in respect of magazines. Any such deposit will be held as per the conditions laid out in Clause 3(C) Credit Risk Control.

(B) The Company must be given written notice of any change in the name and postal address of the Premises' proprietor, not less than fourteen days prior to any such change.

(C) Any person who becomes a Customer as a result of acceptance of supplies of Titles following a Transfer (whether or not approval to the Transfer had been obtained) shall at the option of the Company become fully responsible to the Company for any outstanding invoices in respect of the supply of Titles to the Customer in receipt of supplies immediately prior to the Transfer.

(D) This Clause is cross-referenced to the Company's "Change of Ownership Form" which will effectively advise any prospective purchaser of a newsagent's business that they and/or their legal representative should ensure that all outstanding accounts are settled prior to a transfer/purchase taking place otherwise the incoming proprietor/tenant/lessee will become responsible for the outgoing agent's outstanding accounts to the Company. The wording on the "Change of Ownership Form" is:

"You acknowledge that you have read the Conditions of Sale upon which you will accept supplies of Titles (as defined in the said Conditions of Sale). Your attention is drawn in particular to Clause 8(B) which sets out the way in which payment is to be made and also Clause 13 whereby you will be responsible for any outstanding debts as at the date you start accepting supplies of Titles and therefore you are strongly advised to ensure that all outstanding debts due to Menzies Distribution Limited from the person from whom you are acquiring the agency are settled before the change of agency."

ASSIGNMENT AND SUBCONTRACTING: GOODS

(E) The Company may at any time assign, transfer, charge, subcontract or deal in any other manner with all or any of its rights relating to the supply of Goods and may subcontract or delegate in any manner any or all of its obligations under these Conditions of Sale to any third party.

(F) The Customer shall not, without the prior written consent of the Company, assign, transfer, charge, subcontract or deal in any other manner with all or any of its rights or obligations in respect of the supply of Goods.

14. AGENCY/PARTNERSHIP

Nothing in these Conditions of Sale shall be taken as constituting the Customer as an agent or partner of the Company.

15. THIRD PARTY RIGHTS

A person (including a sub-retailer) who is not a party to these Conditions of Sale shall have no right under the Contracts (Rights of Third Parties) Act 1999 to rely upon or enforce any term herein. Notwithstanding the foregoing, relevant Publishers shall have the rights under that Act as set out in the last two sentences of Clause 8(A) only. Notwithstanding the relevant Publisher's rights under the last two sentences of Clause 8(A), the Company has the right to terminate these Conditions of Sale or amend, vary or waive these Conditions of Sale or any provision hereof without the consent of any Publisher.

16. INVALIDITY

The invalidity or unenforceability for any reason of any (or any part) of these Conditions of Sale shall not prejudice or effect the validity of the remainder.

17. WAIVER

No delay by the Company in exercising its rights or remedies shall operate as a waiver thereof. If the Company waives any breach of these Conditions of Sale such waiver should not be considered as a precedent in respect of subsequent breaches of the same or any other provision contained herein.

18. NOTICES

Any notice required or permitted to be given by either party to the other under these Conditions of Sale shall be in writing addressed to the other party, in the case of the Company at its supplying local depot or in the case of the Customer at the address for its Premises or such other address previously notified in writing to the party giving the notice. Any notice required to be given by the Company in writing can also be validly sent by fax or email where the Customer has provided relevant contact numbers or

addresses and may refer to other documents by reference to the Company's website(s). If the Company has made an email address on i-Menzies specifically available for notices to be served on the Company by a Customer, the Customer may serve any such notice on the Company by sending it to the Company at that address.

19. MISCELLANEOUS

(A) Where any monetary amount expressed herein or referred to by implication or reference is to be modified by the Company it may do so by notifying the Customer in writing without amending and reissuing these Conditions of Sale.

(B) Where applicable, VAT will be added to any payments due by one party to the other.