Date: 2016

(1) **Kobbs of Kendal Ltd**

(2) **Trustees of Kobbs of Kendal Ltd Retirement Benefits Scheme**

**Debenture**

relating to

**a £10,000.00 loan to finance business expansion**

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**THIS DEBENTURE** is made as a Deed on 2016

**BETWEEN:**

(1) **Kobbs of Kendal Ltd** a company registered in England under company number 08803897 whose registered office is at 44 Acre Moss Lane, Kendal, Cumbria, LA9 5QE (the **Borrower**); and

(2) **Trustees from time to time of Kobbs of Kendal Ltd Retirement Benefits Scheme**

established pursuant to the Trust Deed dated 14th April 2015 and made between the

Borrower as principal employer and Carl Glynn and Sylvi Vaisanen of 44 Acre Moss Lane, Kendal, Cumbria, LA9 5QE as the trustees (the **Lender**).

**WHEREAS**

(A) The Lender, a Small Self-Administered Scheme, at the request of the Borrower, a Principal

Employer, has agreed to provide the Borrower with a loan facility of £10,000.00 upon the terms

and subject to the conditions contained in the Loan Agreement;

(B) This Deed is Security for the payment and discharge of the Secured Liabilities.

**THIS DEED WITNESSES AS FOLLOWS:**

**1 DEFINITIONS AND INTERPRETATION**

1.1 In this Deed, unless the context otherwise requires, the following words shall have the

following meanings:

**Bank Balances** means all moneys (including interest) now and from time to time standing to

the credit of any account but excluding any current trading account now and from time to

time held by the Borrower with any bank, and the debts represented thereby;

**Book Debts** means all book and other debts of any nature whatsoever now or hereafter due

or owing to the Borrower (including, without limitation, the benefit of all amounts due or

owing from any government or governmental agency, whether by way of repayment or

refund or otherwise, but excluding amounts standing to the credit of any account of the

Borrower from time to time with any bank) whether or not the sum is such as would in the

ordinary course of business be entered in the books relating to such business and shall

include:

(a) the benefit of (including the proceeds of all claims under) all rights, securities and

guarantees of any nature enjoyed or held by the Borrower in relation to such debts;

and

(b) all monies becoming payable to the Borrower in respect of book debts under or by

virtue of any policy of insurance taken out by the Borrower against the non-payment

of book debts;

**Charged Assets** means all the property, assets and rights charged under this Deed;

**Debt** means all monies owed by the Borrower to the Lender pursuant to the Loan

Agreement;

**Encumbrance** means any mortgage, charge (whether fixed or floating), option, pledge, lien,

hypothecation, assignment, trust arrangement, title retention (other than title retention arising

in the ordinary course of business as a result of a supplier’s standard terms of business) or

other right having the effect of constituting security; and any agreement, whether conditional

or otherwise, to create any of the foregoing;

**Expenses** means all costs, charges and expenses (on a full indemnity basis) incurred by the

Lender or any Receiver or administrator at any time in connection with the Secured

Obligations or in taking or perfecting this Deed or in preserving defending or enforcing the

security created by this Deed or in exercising any power under this Deed or any other

security held by the Lender from time to time or otherwise with Interest from the date they

are incurred;

**Fixed Charged Assets** means together all the property, assets and rights charged under

clause 3.1.1; 3.1.2 and 3.1.3;

**Floating Charged Assets** means all the property, assets and rights charged under sub-clause

3.1.4);

**Insolvency Event** means (i) the taking of any action for or with a view to the making of an

administration order or the appointment of an administrator in respect of the Borrower or any

of its subsidiaries or (ii) the taking of any action for or with a view to the winding-up,

dissolution, liquidation reconstruction or reorganisation of the Borrower or any of its

subsidiaries or (iii) the Borrower or any of its subsidiaries becomes insolvent or is unable

to pay its debts or enters into a voluntary arrangement or other dealing with any of its

creditors with a view to avoiding, or in expectation of, insolvency or stops or threatens to stop

payments to creditors generally or (iv) an encumbrancer takes possession or an

administrative receiver, receiver or manager is appointed of the whole or any material part of

the assets of the Borrower and includes any equivalent or analogous proceeding by

whatever name known in whatever jurisdiction;

**Intellectual Property Rights** has the meaning given in clause 3.1.3(d);

**Interest** means interest at the highest rate(s) charged to the Borrower by the Lender from

time to time under any Relevant Agreement and so that interest shall be computed and

compounded as well after as before any demand made or decree or judgment obtained

under this Deed;

**Loan Agreement** means the £10,000.00 loan agreement dated the same date as this Deed

between the Lender and the Borrower as it is from time to time varied, supplemented or

substituted;

**LPA** means the Law of Property Act 1925;

**Receiver** means a receiver, receiver and manager appointed pursuant to the provisions of

this Deed;

**Relevant Agreement** means any agreement between the Borrower and the Lender relating

to Secured Obligations and includes the Loan Agreement;

**Secured Obligations** means the Debt, together with all or any liabilities which are for the

time being and from time to time due, owing or payable, or expressed to be due, owing or

payable, in whatsoever manner to the Lender by the Borrower, whether present or future,

actual or contingent, together with Interest and Expenses, and all other charges which the

Lender may charge or incur in respect of any of those matters, pursuant to the Debt;

**Securities** has the meaning given in Clause 3.1.3(a)

**Security** means the security constituted by this Deed;

1.2 In this Deed, unless the context otherwise requires:

1.2.1 references to this Deed or to any other agreement or document shall be construed

as references to this Deed or, as the case may be, such other agreement or

document, in each case as amended, supplemented, restated or novated from time

to time;

1.2.2 references to clauses, sub-clauses and schedules are references to the clauses

and sub-clauses of, and schedules to, this Deed;

1.2.3 references to a **judgment** shall be construed so as to include any judgment, order,

injunction, decree, determination or award of any court or any judicial,

administrative or governmental authority or body;

1.2.4 references to a **person** shall include any person, firm, Borrower, corporation,

unincorporated body of persons or any state or government or any agency thereof;

1.2.5 references to statutes and other legislation include all modifications, re-enactments

and amendments thereof; and

1.2.6 references to times of the day are to London time;

1.2.7 the expressions **Borrower** and **Lender** where the context admits include their

respective transferees, successors and assigns;

1.2.8 words in the singular include the plural and vice versa and words in one gender

include any other gender.

1.3 Words and expressions defined in the Loan Agreement shall have the same meanings when

used in this Deed.

1.4 The headings in this Deed are inserted for convenience only and shall be ignored in

construing this Deed.

1.5 The Borrower intends this document to be a deed and agrees to execute and deliver it as a

deed.

**2 PAYMENT COVENANT**

2.1 The Borrower covenants with the Lender that it will pay and discharge to the Lender, the

Secured Obligations immediately on demand as and when the same are expressed to be

payable or otherwise fall due for payment.

**3 SECURITY**

3.1 The Borrower with full title guarantee and by way of continuing security for the payment and

discharge of the Secured Obligations charges in favour of the Lender:

3.1.1 by way of first legal mortgage all the freehold and leasehold property of the

Borrower (including the property described in Schedule 1) now vested in it together

with all buildings and fixtures (including trade and other fixtures and tenants

fixtures) and fixed plant and machinery owned by the Borrower and from time to

time in or on such property and the proceeds of sale of such assets;

3.1.2 by way of first fixed equitable charge all freehold or leasehold property of the

Borrower acquired by the Borrower at any time after the date of this Deed together

with all buildings and fixtures (including trade and other fixtures and tenants

fixtures) and fixed plant and machinery owned by the Borrower and from time to

time in or on any such property and the proceeds of sale of such assets;

3.1.3 by way of first fixed charge:

(a) all stocks, shares, bonds, loan capital and other securities both present

and future belonging to the Borrower (including stocks or shares acquired

pursuant to scrip dividends) and all rights relating to them (the

**Securities**);

(b) all Book Debts;

(c) all the goodwill and uncalled capital of the Borrower both present and

future;

(d) all patents, patent applications, trade marks, trade mark applications,

trading names, brand names, service marks, copyrights, rights in the

nature of copyright, moral rights, inventions, design rights, registered

designs, all trade secrets and know-how, computer rights, programmes,

systems, tapes, disks, software, all applications for registration of any of

them and other intellectual property rights held or to be held by the

Borrower or in which it may have an interest and the benefit of all present

and future agreements relating to the use of or licensing or exploitation of

any such rights (owned by the Borrower or others) and all present and

future fees, royalties or similar income derived from or incidental to any

of the foregoing in any part of the world (the **Intellectual Property**

**Rights**);

(e) all the Borrower’s right, title, interest and benefit in and under or in

connection with any contracts or policies of insurance or indemnities

taken out now or hereafter by or on behalf of the Borrower or (to the

extent of its interest) in which the Borrower has an interest, and all claims

of whatsoever nature relating thereto and returns of premium in respect

thereof;

(f) all present and future plant and machinery not otherwise charged under

this clause 3 and all other present and future chattels of the Borrower

(excluding any of the same for the time being forming part of the

Borrower's stock in trade or work in progress); and

(g) all Bank Balances;

3.1.4 by way of floating charge, the undertaking and all other property, assets and rights

of the Borrower both present and future including without limitation those referred

to in sub-clauses 3.1.1 to 3.1.3 if and insofar as the security on those property,

assets and rights shall for any reason be ineffective as security of the nature

described in those clauses.

3.2 Paragraph 14 of Schedule B1 to the Insolvency Act 1986 applies to any floating charge

created by or pursuant to this Deed (and each such floating charge is a qualifying floating

charge for the purposes of the Insolvency Act 1986).

**4 CONVERSION OF FLOATING CHARGE**

4.1 The Lender may at any time, by notice to the Borrower, immediately convert the floating

charge created by clause 3.1.4 into a fixed charge as regards such of the Charged Assets as

shall be specified in that notice (whether generally or specifically).

4.2 The floating charge created by clause 3.1.4 will, without notice from the Lender, be deemed

to have been automatically converted into a fixed charge with effect immediately prior to the

occurrence of such event:

4.2.1 in respect of any Floating Charged Assets which are the subject of any disposal or

Encumbrance entered into or permitted to exist in breach of Clause 5.1 or in

respect of which any person levies or attempts to levy any distress, attachment,

execution or other legal process;

4.2.2 in respect of all the Floating Charged Assets, if and when the Borrower ceases to

carry on business or to be a going concern; and

4.2.3 in respect of all the Floating Charged Assets, on the making of an order for the

compulsory winding-up of the Borrower or on the convening of a meeting for the

passing of a resolution for the voluntary winding-up of the Borrower or if an

administrator of the Borrower is appointed or the Lender receives notice of an

intention to appoint an administrator of the Borrower or on the appointment of a

receiver, receiver and manager or administrative receiver in respect of the

Borrower or over all or any of the Borrower’s assets.

**5 RESTRICTIONS ON DEALING AND DEPOSIT OF DEEDS AND DOCUMENTS OF TITLE**

5.1 The Borrower shall not without the previous written consent of the Lender:

5.1.1 sell, give or share possession of, grant or agree to grant any lease or tenancy of, or

accept or agree to accept a surrender or any variation or addition to the terms of

any lease or tenancy of, or, assign or otherwise dispose of all or any part of the

Fixed Charged Assets;

5.1.2 sell, assign or otherwise dispose of all or any part of the Floating Charged Assets

except in the ordinary course of business; or

5.1.3 create or attempt to create or permit to arise or subsist any Encumbrance upon any

part of the Charged Assets.

5.2 The Borrower shall immediately deposit with the Lender and the Lender shall hold and retain

all deeds and documents of title relating to the Fixed Charged Assets.

**6 FURTHER SECURITY**

6.1 The Borrower (at its own cost) will on demand in writing by the Lender execute and deliver in

such form as the Lender may reasonably require:

6.1.1 a legal mortgage of any freehold or leasehold property of the Borrower which is not

effectively charged by clause 3.1 and of any freehold or leasehold property

acquired by the Borrower after the date of this Deed; and

6.1.2 a fixed charge of any Floating Charged Assets.

**7 COVENANTS OF THE BORROWER**

7.1 During the continuance of this Security, the Borrower shall:

***Charged Assets***

7.1.1 keep all buildings forming part of the Fixed Charged Assets in good and substantial

repair and condition and keep all plant, machinery, fixtures, implements and other

effects on it or elsewhere in good state of repair and in good working order and

permit the Lender or any person nominated by it at all reasonable times to enter

upon all land and buildings forming part of the Fixed Charged Assets mortgaged

under clauses 3.1.1 and/or 3.1.2 and view the state of them;

7.1.2 perform and observe all covenants and stipulations restricting or otherwise

affecting the Fixed Charged Assets and punctually pay all rents, licence fees,

duties, registration charges and all outgoings of whatsoever nature in respect of

the Fixed Charged Assets;

7.1.3 not pull down or remove any building or erection erected or to be erected on all or

any part of the Fixed Charged Assets or the fixed plant and machinery and other

fixtures or fittings upon it respectively or any of them without the previous written

consent of the Lender except in the ordinary course of repair and maintenance or

improvement or otherwise in the course of and for the bona fide purpose of

carrying on the business of the Borrower;

7.1.4 notify the Lender in writing immediately upon the Borrower becoming aware that all

or any part of the Fixed Charged Assets mortgaged or charged under Clauses

3.1.1 or 3.1.2 is by reason of substances in on or under it in such a condition that

significant harm is being caused or there is a significant possibility of such harm

being caused to any living organism or to property or that pollution of controlled

waters is being or is likely to be caused and not take any action which might result

in all or part of the Fixed Charged Assets being in such a condition;

***Insurance***

7.1.5 insure and keep insured such parts of the Charged Assets as are of an insurable

nature against all such risks as are normally insured against by prudent companies

carrying on similar businesses to that of the Borrower. Such insurance shall be

effected in such office and generally in such manner as the Lender shall approve

and the Borrower shall cause the interest of the Lender to be noted on the policies

which shall, unless otherwise agreed by the Lender, be delivered to and retained

by the Lender and shall duly pay the premiums and other sums of money payable

in respect of any such insurance and immediately after every such payment

produce to the Lender the receipt for them;

7.1.6 procure that all moneys which may at any time after the date of this Deed be

received or receivable by the Borrower under any insurance in respect of the

Charged Assets, or any of them whether or not effected pursuant to this sub-clause

shall be applied at the Lender’s option either in replacing, restoring or reinstating

the property destroyed or damaged or towards the discharge of the Secured

Obligations provided that, prior to the occurrence of an Event of Default the Lender

agrees that such proceeds shall be applied in replacing, restoring or reinstating the

property destroyed or damaged;

7.1.7 pay or cause to be paid any monies referred to in clause 7.1.6 above to the

Lender, or if the same are received by the Borrower, hold such monies on trust for

the Lender, to be applied in accordance with clause 7.1.6;

7.1.8 not do or permit or suffer to be done or omitted to be done anything that might

render any of its insurances void, voidable or unenforceable.

***Book Debts and Bank Balances***

7.1.9 subject, and without prejudice, to the obligations of the Borrower to the Lender in

respect of any invoice discounting or other arrangement for the sale or assignment

of Book Debts to the Lender, get in and realise all Book Debts and pay into its bank

accounts all monies which it may receive in respect of the Book Debts and other

debts charged by this Deed and pay or otherwise deal with such monies standing

in such account in accordance with any directions from time to time given in writing

by the Lender;

7.1.10 if called upon by the Lender execute a legal assignment of such Book Debts to the

Lender in such terms as the Lender may require and give notice of such

assignment to the debtors from whom the debts are owing or incurred and take

such other steps as the Lender may require to perfect such legal assignment;

7.1.11 deal with such Book Debts in accordance with any directions from time to time

given in writing by the Lender and in default of and subject to any such directions

deal with them only in the ordinary course of getting in and realising them (but not

sell, assign, factor or discount them in any way);

7.1.12 except with the prior written consent of the Lender, not withdraw all or any part of

the sums from time to time standing to the credit of the Bank Balances;

7.1.13 permit any person with whom the Borrower holds Bank Balances to furnish directly

to the Lender from time to time upon request full statements and particulars of all

the Borrower’s accounts with such person and such other financial statements and

information respecting the assets and liabilities of the Borrower as are from time to

time available to such person; and

**7.1.14** forthwith give notice of the fixed charge created by clause 3, and such instructions

as the Lender may direct to any person with whom the Borrower holds Bank

Balances in such form as the Lender may require.

**8 CONTINUING OBLIGATIONS**

8.1 Save where the provisions of this clause are inconsistent with or conflict with the terms of

any Relevant Agreement or to the extent that compliance with this Deed would constitute a

breach or default under a Relevant Agreement from time to time (in which case the Relevant

Agreement shall prevail to the extent of any such inconsistency or conflict), the Borrower will:

8.1.1 deliver to the Lender copies of its trading and profit and loss account and audited

balance sheet in respect of each financial year (and also that of the Borrower's

holding Borrower (if any) and each of its subsidiaries) as soon as the same

become available and in any event no later than three months (or such longer

period as the Lender may agree in writing) after the end of each financial year and

also from time to time such other financial statements and information as the

Lender may reasonably require;

8.1.2 promptly notify the Lender of its acquisition of any freehold or leasehold property;

8.1.3 not without the previous written consent of the Lender redeem or purchase any of

its own shares or issue any redeemable shares or create and issue any loan stock;

and

8.1.4 comply in all material respects with the terms of all applicable laws, including

common law, statute and subordinate legislation, European Community

Regulations and Directives and judgements and decisions of any court or authority

competent to make such judgement or decision compliance with which is

mandatory for the Borrower including without limitation all environmental laws,

legislation relating to public health, town & country planning, control and handling

of hazardous substances or wastes, fire precautions and health and safety at work.

**9 SECURITIES**

9.1 Unless and until the Security becomes enforceable, or the Lender otherwise directs:

9.1.1 all voting and other rights attaching to the Securities may be exercised by the

Borrower, or shall be exercised in accordance with its direction, for any purpose

not inconsistent with the terms of this Deed;

9.1.2 the Borrower shall not permit any person other than the Lender or its nominee or

any receiver or administrator to be registered as the holder of any Securities; and

9.1.3 all cash dividends, interest and other distributions paid in respect of the Securities

shall be paid into the Nominated Account.

**10 LAND REGISTRY**

10.1 The Borrower consents to the entry of the following restriction against the Borrower’s title to

the Property at HM Land Registry and shall provide the Lender with all necessary assistance

and/or documentation to permit entry of the restriction:

*“No disposition of the registered estate by the registered proprietor of the registered estate*

*or by the proprietor of any registered charge is to be registered without a written consent*

*signed by the proprietor for the time being of the charge dated in favour of the*

*Proprietor referred to in the charges register or, if appropriate, signed on such proprietor’s*

*behalf by its secretary or conveyancer.”*

**11 BREACH OF COVENANT**

11.1 If the Borrower defaults in repairing or keeping in repair or insuring all or any part of the

Charged Assets or in observing or performing any of the covenants or stipulations affecting it

whether imposed under this Deed or otherwise, the Borrower shall permit the Lender to enter

on the Fixed Charged Assets mortgaged or charged under clauses 3.1.1 or 3.1.2 and effect

such repairs or comply with or object to any notice served on the Borrower in respect of the

Charged Assets or effect such insurance or generally do all such acts and pay all such costs,

charges and expenses as the Lender may consider necessary to prevent or remedy any

breach of covenant or stipulation or to comply with or object to any such notice.

**12 REPRESENTATIONS AND WARRANTIES**

12.1 The Borrower represents and warrants to the Lender as follows as at the date of this Deed

and at all times during the continuance of this Deed:

12.1.1 the Borrower is a limited liability company duly organised, validly existing and not in

liquidation, administration or receivership or otherwise insolvent or unable, and has

the power to own its property and assets and to carry on its business as it is now

being conducted;

12.1.2 the Borrower is not insolvent or unable to pay its debts within the meaning of

section 123 of the Insolvency Act 1986 and will not become so in consequence of

entering into and performing its obligations under, this Deed;

12.1.3 the Borrower has the power to enter into, and perform its obligations under, this

Deed and the transactions contemplated hereby and thereby and has taken all

necessary action to authorise the entry into and performance of its obligations

under, this Deed;

12.1.4 the obligations of the Borrower under this Deed constitutes (or, will when executed

constitute) a legal, valid and binding obligation of the Borrower enforceable in

accordance with its terms and the Security is (subject only to the making of all

necessary registrations thereof) and will remain, until fully discharged valid, legal,

binding and enforceable and will have the priority and ranking which it is expressed

to have;

12.1.5 the entry into and performance by the Borrower of its obligations under this Deed

do not and will not conflict with:

(a) any law or regulation or any judgment;

(b) the Memorandum or Articles of Association (or other statutes) of the

Borrower; or

(c) any agreement or document to the Borrower is a party or which is binding

upon it or any of its assets,

nor result in the creation or imposition (other than in favour of the Lender pursuant

hereto or thereto) of any Encumbrance on any of its assets pursuant to the

provisions of any such agreement or document;

12.1.6 all authorisations, approvals, consents, licences, exemptions, filings, registrations,

notarisations and other matters, official or otherwise, required in connection with

the entry into, performance, validity and enforceability of this Deed and (subject

only to all necessary registrations thereof being made) the security hereby

constituted have been obtained or effected and are in full force and effect and

there are no circumstances which indicate that any of the same are likely to be

revoked in whole or in part;

12.1.7 no Encumbrance exists over all or any of the Charged Assets; and

12.1.8 the Borrower is the sole beneficial owner of the Charged Assets.

**13 ENFORCEMENT**

13.1 The Security shall become enforceable and the powers conferred by section 101 LPA as

extended and varied by this Deed shall become exercisable upon and at any time after:

13.1.1 the occurrence of an Insolvency Event or any event under any Relevant

Agreement which would entitle the Lender to demand immediate payment of any

monies outstanding thereunder; or

13.1.2 the Lender shall have demanded payment of and/or discharge and/or provision for

any of the Secured Obligations.

**14 APPOINTMENT OF A RECEIVER / ADMINISTRATOR**

14.1 At any time after:

14.1.1 the Security shall have become enforceable; or

14.1.2 the Lender shall in its absolute discretion determine that all or any part of the

Security shall be in jeopardy; or

14.1.3 if so requested by the Borrower,

the Lender may by writing under the hand of any director of the Lender appoint (free from the

restrictions imposed by Section 109(1), LPA) any person (or persons) to be a Receiver of the

Charged Assets or any part or parts of them (with power to authorise any joint Receiver to

exercise any power independently of any other joint Receiver) and/or appoint or apply for the

appointment of any person who is appropriately qualified as administrator of the Borrower

14.2 Any Receiver shall be the agent of the Borrower and the Borrower shall be solely

responsible for his acts or defaults and for his remuneration. Such agency shall continue

until the Borrower shall go into liquidation and thereafter such Receiver shall act as principal

and shall not become the agent of the Lender.

14.3 The Lender may from time to time by writing under its hand remove any Receiver appointed

by it and may whenever it may deem it expedient appoint a new Receiver in the place of any

Receiver whose appointment for any reason have terminated and may from time to time fix

the remuneration of any Receiver appointed by it.

14.4 Any appointment over part only of the Charged Assets will not preclude the Lender from

making any subsequent appointment of a Receiver over any part of the Charged Assets over

which an appointment has not previously been made by it.

**15 POWERS OF MORTGAGEES AND RECEIVERS**

15.1 The powers conferred on mortgagees and on receivers by the LPA and any other statute

shall apply to this Security except in so far as they are expressly or impliedly excluded and

where there is any ambiguity or conflict between the powers contained in the LPA or any

other statute and those contained in this Deed the terms of this Deed shall prevail.

15.2 Any Receiver shall have the powers conferred on administrative receivers (notwithstanding

that such Receiver is not an administrative receiver) by section 42 and Schedule 1,

Insolvency Act 1986 including without limitation the power to purchase or acquire any land

and purchase, acquire or grant any interest in or right over land and the power to borrow any

monies and secure the payment of any monies in priority to the Borrower’s obligations and

liabilities under this Deed.

15.3 In the event of any action, proceedings or steps being taken to exercise or enforce any

powers or remedies conferred by any prior mortgage, charge or encumbrance against the

property charged by this Deed or any part of it, the Lender may redeem such mortgage,

charge or encumbrance or procure the transfer of it to itself and may settle and pass the

accounts of the prior mortgagee, chargee or encumbrancer and any accounts so settled and

passed shall be conclusive and binding on the Borrower and all principal monies, interest,

costs, charges and expenses of and incidental to such redemption and transfer shall be paid

by the Borrower to the Lender on demand.

15.4 Any Receiver may (but shall not be obliged to) carry out such acts and do such things in

relation to all or any of the Charged Assets which such Receiver considers necessary or

desirable to maintain the value of such Charged Assets or to maintain the efficacy of the

security constituted by this Deed over the Charged Assets. Without prejudice to the

generality of the foregoing and any other power conferred upon any Receiver, any Receiver

may:

15.4.1 obtain all planning permissions, building regulation approvals and other

permissions, consents or licences for the development of the Charged Assets or

any of them as it shall in its absolute discretion think fit;

15.4.2 carry out repairs, alterations or additions to the Charged Assets or any of them as it

shall in its absolute discretion think fit; and

15.4.3 negotiate for compensation with any authority which may intend to acquire or be in

the process of acquiring the Charged Assets or any of them and make objections

to any order for the acquisition of the Charged Assets or any of them and represent

the Borrower at any enquiry held to consider such objections or otherwise relevant

to such acquisition.

In carrying out such acts and doing such things such Receiver may employ agents,

contractors, workmen, surveyors, architects, lawyers and such other persons as he thinks fit

to advise on all acts in relation to it. The costs incurred by such Receiver in carrying out

such acts or doing such things (including without limitation the costs of the services obtained

from any persons in any way relating to it) shall be reimbursed to such Receiver by the

Borrower on demand on a full indemnity basis and until so reimbursed shall carry interest at

the default rate of interest referred to in the Loan Agreement accruing from the date of them

being incurred by such Receiver.

15.5 All the powers of a Receiver under this Deed may be exercised by the Lender following

demand under this Deed whether as attorney of the Borrower or otherwise and whether or

not any Receiver shall have been appointed.

**16 APPLICATION OF MONIES BY RECEIVER**

16.1 All monies received by any Receiver shall (subject to the rights and claims of any person

having prior rights thereto,) be applied by him in the following order:

16.1.1 in payment of the costs, charges and expenses of and incidental to the

appointment of the Receiver and the exercise of all or any of his powers and of all

outgoings paid by him (subject always to the discharge of any liability having

priority to them);

16.1.2 in payment of remuneration to the Receiver at such rates as may be agreed

between him and the Lender at or at any time after his appointment;

16.1.3 in discharge of the Secured Obligations in whatever order the Lender may in its

discretion determine;

16.1.4 the surplus (if any) shall be paid to the Borrower or other person entitled to it,

and neither the Lender nor any Receiver shall be bound (whether by virtue of section 109(8)

LPA, which is varied accordingly, or otherwise) to pay or appropriate any receipt or payment

first towards interest rather than principal or otherwise in any particular order as between any

monies secured by this Deed.

**17 LENDER’S LIABILITY**

17.1 Neither the Lender nor any Receiver appointed as above shall, in the absence of negligence

or fraud, by reason of its or the Receiver’s entering into possession of all or any part of the

Charged Assets be liable to account as mortgagee in possession or be liable for any loss on

realisation or for any default or omission for which a mortgagee in possession might be

liable.

**18 SALE**

18.1 Section 103 LPA shall not apply to this Deed nor to any sale by the Lender or a Receiver

under that Act and the Secured Obligations shall be deemed to have become due, and the

statutory power of sale and appointing a Receiver under sections 101 and 109 of the LPA

(as varied and extended under this Deed) shall as between the Chargee or such Receiver

and a purchaser from the Chargee or such Receiver arise and be exercisable at any time

after the execution of this Deed provided that the Chargee shall not exercise this power of

sale until the Chargee shall have demanded payment of any of the Secured Obligations or

after any breach by the Chargor of any of the provisions of this Deed or the occurrence of an

Enforcement Event but this proviso shall not affect a purchaser or put him upon enquiry

whether such monies have become payable or such appointment has been made.

**19 FURTHER ASSURANCE AND ATTORNEY**

19.1 The Borrower shall from time to time execute and do all such assurances and things as the

Lender may reasonably require for perfecting this Security and after the monies secured by

this Deed shall have become payable for facilitating the realisation of all or any part of the

Charged Assets and for exercising all powers, authorities and discretions conferred by this

Deed or by law on the Lender or any Receiver or administrator appointed by it.

19.2 The Borrower by way of security for the payment of the Secured Obligations and the

performance by the Borrower of its obligations under this Deed irrevocably appoints the

Lender to be the attorney of the Borrower in the name and on behalf of the Borrower to

execute and do any assurances and things which the Borrower ought to execute and do

under this Deed and generally to use the name of the Borrower in the exercise of all or any

of the powers conferred on the Lender or any Receiver and/or administrator appointed by it

under this Deed and the Borrower expressly authorises the Lender to pursue any insurance

claim relating to the Charged Assets in the name of the Borrower and to delegate all or any

of the powers conferred by this Deed upon it to any Receiver and/or administrator appointed

by it or to such other person or persons as it may in its absolute discretion think fit. The

Borrower ratifies and confirms and agrees to ratify and confirm whatever any attorney

appointed under this Clause properly does or purports to do in the exercise of all or any of

the powers authorities and discretions granted or referred to in this Deed.

**20 PROTECTION OF PURCHASER**

20.1 No purchaser, mortgagee or other person or Borrower dealing with the Lender or any

Receiver or its or his agents shall be concerned to enquire whether the monies secured by

this Deed have become payable or whether the power which such Receiver is purporting to

exercise has become exercisable or whether any money remains due on this Deed or to see

to the application of any money paid to the Lender or to such Receiver.

**21 NEW ACCOUNT**

21.1 At any time following:

21.1.1 the Lender receiving notice that the Borrower has encumbered or disposed of any

of the Charged Assets; or

21.1.2 the occurrence of an Insolvency Event in respect of the Borrower,

the Lender will be entitled to open a new account or accounts with the Borrower and no

money paid in or carried to the Borrower's credit in any such new account will be

appropriated towards or have the effect of discharging any part of the Secured Obligations. If

the Lender does not open a new account or accounts immediately on receipt of such notice

the Lender will nevertheless be treated as if it had done so at the time when it received such

notice and as from that time all payments made to the Lender will be credited or be treated

as having been credited to the new account or accounts and will not reduce the amount of

the Secured Obligations.

**22 SET-OFF**

22.1 The Lender may, without notice to the Borrower and without prejudice to any other right of

the Lender, set off any Secured Obligations actual or contingent and whether or not matured/

which are due and unpaid against any obligation (whether or not matured) owed by the

Lender to the Borrower.

**23 SUSPENSE ACCOUNT**

23.1 The Lender may place and retain on a suspense account for as long as it considers fit any

moneys received, recovered or realised under or in connection with this Deed without any

obligation on the part of the Lender to apply the same in or towards the discharge of the

Secured Obligations.

**24 CONTINUING SECURITY**

24.1 The Security shall be a continuing security for the Secured Obligations and shall not be

satisfied, discharged or affected by any intermediate payment or settlement of account

(whether or not any Secured Obligations remain outstanding thereafter) or any other matter

or thing whatsoever.

**25 COSTS AND EXPENSES**

25.1 All Expenses incurred by the Lender and all payments made by the Lender or any Receiver

appointed under this Deed in the lawful exercise of the powers conferred by this Deed

whether or not occasioned by any act, neglect or default of the Borrower shall carry interest

from the date of their being incurred or becoming payable at the rate per annum specified by

the Lender in writing from time to time not exceeding the highest rate of interest under any

Relevant Agreement and the amount of all such Expenses and payments and all interest on

them and all remuneration payable under this Deed shall be payable by the Borrower on

demand and shall be secured by this Deed. All such Expenses and payments shall be paid

and charged as between the Lender and the Borrower on the basis of a full indemnity and

not on the basis of a party and party or any other kind of taxation.

**26 INDEMNITY**

26.1 Each of the Lender and every Receiver, attorney, manager, agent or other person appointed

by the Lender under this Deed are entitled to be indemnified out of the Charged Assets in

respect of all liabilities and expenses incurred by it or him:

26.1.1 which arise in connection with all or any part of the Charged Assets from any

actual or alleged breach of law relating to the environment whether by the

Borrower, the Lender or a Receiver or by any other person unless caused by the

negligence or wilful default of the Lender or any such Receiver; and/or

26.1.2 in the execution or purported execution of any of the powers, authorities or

discretions vested in it or him pursuant to this Deed and against all actions,

proceedings, costs, claims and demands in respect of any matter or thing done or

omitted in any way relating to the Charged Assets;

and the Lender and any such Receiver may retain and pay all sums in respect of them out of

any monies received under the powers conferred by this Deed.

**27 RELEASE OF SECURITY**

27.1 The Lender shall be at liberty at its discretion to retain the Security for the period of one

month plus such statutory period within which any security or payment given or made in

respect of the Secured Obligations may be avoided or invalidated under any enactment

relating to bankruptcy, insolvency, winding-up or any similar process (including under

sections 238 to 245 (inclusive) of the Insolvency Act 1986) after the Secured Obligations

shall have been paid in full, notwithstanding any release, settlement, discharge or

arrangement given or made by the Lender on or as a consequence of such payment. If at

any time within such period after such termination, an Insolvency Event shall occur in

respect of the Borrower the Lender shall be at liberty, notwithstanding the above, to continue

to retain such security or any part thereof for and during such further period as the Lender in

its absolute discretion shall determine.

**28 CONSOLIDATION**

28.1 The restriction on the right of consolidating mortgage securities which is contained in section

93, LPA shall not apply to the Security.

**29 NOTICES**

29.1 Any notice or other communication under, or in connection with the matters contemplated by,

this Deed shall, except as otherwise provided in this Deed, be addressed to the recipient and

sent:

29.1.1 if to the Borrower to it at:

address: 44 Acre Moss Lane, Kendal, Cumbria, LA9 5QE

fax number:

attention: Mr Carl Glynn

29.1.2 if to the Lender to it at:

address: Cranfords, 1 The Pavilions, Cranford Drive, Knutsford, Cheshire WA16 8ZR

fax number: 0844 410 0132

attention: Emma Dane

or, in any such case to such other address, fax number and/or attention, in each case in

Great Britain, as may from time to time be notified in accordance with this clause 29 by the

recipient in question to the party giving or making the same. Unless otherwise provided

herein, any notice or other communication to be given or made pursuant to this Deed may be

given or made by letter delivered personally or sent by first class post or by fax (confirmed, in

the case of a fax, by a letter delivered personally within, or despatched by first class post

within, 24 hours of the dispatch of such fax) and shall be effective at the time of receipt of

such letter or fax (whether or not any such copy or confirmation as aforesaid is given or

received). Receipt of a fax shall occur on receipt by the addressee of the complete text in

legible form.

29.2 A party shall not attempt to prevent or delay the service on it of a notice connected with this

Deed.

**30 APPOINTMENT OF INVESTIGATING ACCOUNTANT**

30.1 The Borrower will at its own cost at any time if so required by the Lender appoint an

accountant or firm of accountants nominated by the Lender to investigate the financial affairs

of the Borrower and those of its subsidiaries and report to the Lender. The Borrower

authorises the Lender itself at any time to make such appointment without further authority

being required from the Borrower as it shall think fit and in every such case the fees and

expenses of such accountants will be paid by the Borrower but may be paid by the Lender

on the Borrower’s behalf and the Lender may at the time of such appointment or at any time

after such appointment guarantee payment by the Borrower of such fees and expenses.

**31 MISCELLANEOUS**

31.1 The Lender may without discharging or in any way affecting the Security or any remedy of

the Lender grant time or other indulgence or abstain from exercising or enforcing any

remedy, security, guarantee or other right which it may now or in the future have from or

against the Borrower and may make any arrangement, variation and/or release with any

person or persons without prejudice either to this Deed or the liability of the Borrower for the

Secured Obligations.

31.2 The Lender shall have a full and unfettered right to assign the whole or any part of the

benefit of this Deed.

31.3 Each of the provisions of this Deed is severable and distinct from the others and if at any

time one or more of such provisions is or becomes invalid, illegal or unenforceable with

respect to the Borrower the validity, legality and enforceability of the remaining provisions

shall not in any way be affected or impaired by it.

31.4 The rights and remedies of the Lender provided by this Deed are cumulative and are not

exclusive of any rights powers or remedies provided by law and may be exercised from time

to time and as often as the Lender may deem expedient.

31.5 The Security shall be in addition to and shall not affect or be affected by or merge with any

other security, judgment, right or remedy obtained or held by the Lender from the Borrower

or any other person from time to time for the discharge and performance of any of the

Secured Obligations

31.6 Section 61, LPA and section 17, Interpretation Act 1978 shall apply to this Deed.

**32 GOVERNING LAW**

32.1 This Deed shall be governed by and construed in accordance with English law.

32.2 The Borrower for the benefit of the Lender irrevocably submits for all purposes in connection

with this Deed to the jurisdiction of the courts of England.

**IN WITNESS** whereof this Deed has been executed on the date first appearing at the head of page one.

**Schedule 1**

Title Number(s) Address or Description

**EXECUTED** as a Deed (but not delivered

until the date appearing at the head of

page 1) by

**Kobbs of Kendal Ltd** acting by:

Carl Glynn as Director \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Witness signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Address: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Occupation: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**SIGNED** as a Deed (but not delivered

until the date appearing at the head of

page 1)

by **Carl Glynn as Trustee of the** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Kobbs of Kendal Ltd Retirement Benefits Scheme** in the presence of:

Witness signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Address: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Occupation: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**SIGNED** as a Deed (but not delivered

until the date appearing at the head of

page 1)

by **Sylvi Vaisanen as Trustee of the** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Kobbs of Kendal Ltd Retirement Benefits Scheme** in the presence of:

Witness signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Address: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Occupation: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_