Date:

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|  | The Trustee of the Kobbs of Kendal Ltd Retirement Benefits Scheme as Lender |
|  | Kobbs of Kendal Ltd as Borrower |

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| Loan Agreement |
| relating to a Loan complying with the requirements of HMRC |

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This Agreement is made on

Between

1. The Trustee of Kobbs of Kendal Ltd Retirement Benefits Scheme (the Lender)
2. 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)

Recitals

The Lender has agreed to lend to the Borrower and the Borrower has agreed to accept a loan in the sum of £10,000.00 on the terms and subject to the conditions set out in this Agreement.

1. Definitions and Interpretation
   1. In this Agreement unless the context otherwise requires:

**Business Day** means a day other than a Saturday or Sunday on which Banks are open for business in London;

**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 trading 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;

**Event of Default** means an event as described in clause 9 of this Agreement;

**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 becoming insolvent or unable to pay its debts or entering into a voluntary arrangement or other dealing with any of its creditors with a view to avoiding, or in expectation of, insolvency or stopping or threatening to stop payments to creditors generally or (iv) an encumbrancer taking possession or an administrator, receiver or manager being appointed of the whole or any material part of the assets of the Borrower or any of its subsidiaries and includes any equivalent or analogous proceedings by whatever name known in whatever jurisdiction;

**Interest Payment Date** means the last day of an Interest Period;

**Interest Period** means a period of 12 calendar months starting (in the case of the first Interest Period) on the date on which the Loan is drawn down or (in the case of each subsequent Interest Period) on the last day of the immediately preceding Interest Period and ending on the numerically corresponding date in the third month thereafter provided that no Interest Period shall end after 18th April 2021;

**Loan** means the principal amount owed by the Borrower to the Lender from time to time pursuant to this Agreement;

**Potential Event of Default** means any event which, with the giving of notice and/or lapse of time and/or the making by the Lender of the relevant determination, would constitute an Event of Default;

**Security Documents** means the documents described in clause 6 and includes the security created thereby; and

1. Drawdown
   1. Subject to the Lender having received and found satisfactory not later than noon on the Business Day before the date of this Agreement:
      1. a copy of the memorandum and articles of association of the Borrower certified by a director or the secretary of the Borrower to be complete and up-to-date;
      2. a copy of a resolution of the directors of the Borrower, certified by a director of the Borrower to be in full force and effect as at a date no earlier than the day before the date of this Agreement approving this Agreement and authorising a person or persons to sign and deliver on behalf of the Borrower this Agreement, the Security Documents and any other communications or documents to be delivered by the Borrower hereunder; and
      3. the Security Documents duly executed;

the Lender will advance the Loan to the Borrower in one amount.

1. Repayment

The Borrower shall repay the Loan by 5 instalments of £3,000.00 (or, if less, the amount of the Loan outstanding) on 18th April each year, together with all interest accrued but unpaid in respect of the instalment repaid and together with, on the date of the last such instalment all other amounts payable under this Agreement (to the extent not already paid).

* 1. The Borrower may at any time on giving 14 days' notice to that effect (or paying 14 days interest in lieu of such notice) repay the principal sum or the balance then remaining outstanding together with any interest due to the date of such repayment but may not reborrow any amount so repaid.

1. Payments
   1. If any payment becomes due on a day which is not a Business Day, the due date of such payment will be extended to the next Business Day.
   2. All sums payable by the Borrower hereunder shallbe paid without any set-off, counterclaim, withholding or deduction whatsoever unless required by law, in which event the Borrower will simultaneously with making the relevant payment hereunder pay to the Lender such additional amount as will result in the receipt and retention by the Lender of the full amount which would otherwise have been receivable and will supply the Lender promptly with evidence satisfactory to the Lender that the Borrower has accounted to the relevant authority for the sum withheld or deducted.
   3. All payments under this Agreement shall be made, if to the Lender by electronic transfer and if to the Borrower by standing order.
2. Interest

Subject to clause 5.2 below, the Borrower shall pay interest on the amount of the Loan from time to time at the rate of 10% per annum.

* 1. Interest pursuant to clause 5 shall accrue from day to day and shall be calculated on the basis of the number of days elapsed and a year of 365 days.
  2. In the event of default by the Borrower in the payment of any sum due pursuant to this Agreement on the date due for payment the Borrower shall pay interest on that sum (and if such sum is the Loan or part thereof, in substitution for the interest payable under clause 5 above) from the due date for such payment until actual payment (whether before or after judgment) at the rate of 1.5% per annum above the rate payable pursuant to clause 5 such interest to be compounded monthly.

1. Security

The Loan shall be secured by a Debenture to be executed by the Borrower in favour of the Lender forthwith following execution of this Agreement.

1. Representations and Warranties
   1. The Borrower represents and warrants to the Lender as follows:-
      1. the execution of this Agreement on behalf of the Borrower has been validly authorised and the obligations expressed as being assumed by the Borrower under this Agreement and under the Security Documents constitute valid, legalandbinding obligations of the Borrower which are enforceable against the Borrower in accordance with their terms;
      2. neither the execution and delivery of this Agreement and the Security Documents by the Borrower nor the borrowing of the maximum amount of the Loan hereunder nor the performance or observance of any of its obligations hereunder or under the Security Documents will:
         1. conflict with, or result in any breach of, any law, statute, regulation, indenture, mortgage, trust deed, agreement or other instrument, arrangement, obligation or duty by which the Borrower is bound; or
         2. cause any limitation on any of the powers whatsoever of the Borrower, howsoever imposed, or on the right or ability of the Directors of the Borrower to exercise such powers, to be exceeded;
      3. the Borrower is not in default under any law, statute, regulation, indenture, mortgage, trust deed, agreement or other instrument, arrangement, obligation or duty by which it is bound;
      4. the audited profit and loss account of the Borrower for the year ended 2014 and the audited balance sheet of the Borrower and its subsidiaries as at that date give a true and fair view of the results of the operations of the Borrower for that period and the financial position of the Borrower as at that date and there has been no material adverse change in the business, assets, condition or operations of the Borrower since that date;
      5. there exists no Encumbrance over the whole or any part of the undertaking or assets, present or future, (including uncalled capital) of the Borrower or any of its subsidiaries except the security under the Security Documents.
   2. The representations and warranties set out in clause 7.1 shall survive the execution of this Agreement and the making of the Loan hereunder and shall be deemed to be repeated on each Interest Payment Date in each case with reference to the facts and circumstances then subsisting as if made at each such time, except that upon any such deemed repetition and warranty in clause 7.1.4 the same shall be deemed mutatis mutandis to refer to the most recent accounts of the Borrower.
2. Covenants
   1. The Borrower covenants that so long as any liability remains outstanding under this Agreement:
      1. it will not create or permit to subsist any Encumbrance over the whole or any part of its undertakings or assets, present or future, (including uncalled capital) except the Security Documents;
      2. it will give the Lender notice in writing forthwith upon becoming aware of the occurrence of any Event of Default or other event which with the giving of notice and/or lapse of time and/or upon the Lender making the relevant determination, would constitute an Event of Default;
      3. it will prepare and provide to the Lender:
         1. the audited annual report and accounts of the Borrower within four months after the end of each financial year; and
         2. such other information and documents concerning the Borrower's investments and financial position and prospects as the Lender may from time to time reasonably require;
      4. it will provide the Lender promptly with such other financial information relating to the Borrower and its subsidiaries or any of them as the Lender may from time to time reasonably require; and
      5. it will properly and adequately insure with insurers of good repute against such risks, in such manner and to such extent as is prudent having regard to the nature and extent of its business and duly pay all premiums or other sums payable in respect of any such insurance.
3. Events of Default
   1. The Loan and all interest on it will become due and payable or repayable forthwith on demand by the Lender in any of the following events:
      1. if the Borrower fails to pay any sum under this Agreement when due or the Borrower is in breach of any other provision of this Agreement or of the Security Documents; or
      2. if any representation or warranty made or deemed to be made by the Borrower in this Agreement or in any statement delivered or made pursuant hereto is incorrect when made or deemed to be repeated; or
      3. if a material adverse change occurs, in the opinion of the Lender in the financial condition, results of operations or business of the Borrower; or
      4. if any other indebtedness of the Borrower is not paid when due or becomes due or capable of being declared due prior to its stated date of payment; or
      5. the happening of an Insolvency Event; or
      6. if it becomes unlawful or impossible for the Lender to make, maintain or fund the Loan as contemplated hereby or any of the obligations expressed as being assumed by the Borrower hereunder ceased to be valid, legal and binding and enforceable against the Borrower in accordance with its terms.
4. Costs

The Borrower will pay, on demand and on a full indemnity basis, all costs and expenses (including stamp duty, VAT and any other relevant tax) which the Lender may from time to time incur in connection with this Agreement or the Loan or the Security Documents.

1. Notices

All notices which are required to be given hereunder shall be in writing and signed by or on behalf of the party giving it and shall be served by delivering it personally or sending it by pre-paid recorded delivery or registered post to the address of the recipient set out in this Agreement or such other address as the recipient may designate by notice given in accordance with the provisions of this clause 11. Such notices shall be deemed to have been received at the time of actual delivery.

1. Waiver

Time shall be of the essence in respect of the Borrower's obligations under or in respect of the Loan but no failure by the Lender to exercise, or delay by the Lender in exercising, any right or remedy under or in respect of this Agreement shall operate as a waiver of it, nor shall any single partial or defective exercise by the Lender of any such or remedy preclude any other or further exercise of that or any other right or remedy.

1. Indemnity

The Borrower will indemnify the Lender against all losses (including loss of margin) incurred by the Lender following any Event of Default and/or Potential Event of Default and/or arising from the Borrower repaying the Loan or any part thereof otherwise than on the last day of an Interest Period.

1. Entire Agreement
   1. This Agreement:
      1. constitutes the entire agreement and understanding between the parties with respect to the subject matter of this agreement; and
      2. (in relation to such subject matter) supersedes all prior discussion, understandings and agreements between the parties and their agents and all prior representations and expressions of opinion by any party (or its agent) to any other party (or its agent).
   2. Each of the parties acknowledges that it is not relying on any statements, warranties or representations given or made by any of them in relation to the subject matter hereof, save those expressly set out in this Agreement and that it shall have no rights or remedies with respect to such subject matter otherwise than under this Agreement save to the extent that they arise out of the fraud, fraudulent misrepresentation or fraudulent concealment of any party.
2. Law
   1. English law governs this Agreement.
   2. Each party hereby irrevocably submits to the exclusive jurisdiction of the courts of England in respect of any claim or matter arising out of or in connection with this Agreement.
3. Counterparts

This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

1. Third Party Rights

Only a Receiver has any right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any terms of this Agreement.

**This Agreement** has been entered into on the date stated at the beginning of this Agreement.

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| **Signed** **by** **Carl Glynn**  on behalf of **Kobbs of Kendal Ltd Retirement Benefits Scheme** |  |  |

Witness signature: ……………………………....

Name: ……………………………….

Address: ……………………………….

……………………………….

Occupation: ……………………………....

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| **Signed** **by** **Sylvi Vaisanen**  on behalf of **Kobbs of Kendal Ltd Retirement Benefits Scheme** |  |  |

Witness signature: ……………………………....

Name: ……………………………….

Address: ……………………………….

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Occupation: ……………………………....

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| --- | --- | --- |
| **Signed** **by Carl Glynn**  on behalf of **Kobbs of Kendal Ltd** |  |  |

Witness signature: ……………………………....

Name: ……………………………….

Address: ……………………………….

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Occupation: ……………………………....