



Registration of a Charge

Company name: **MERTHYR HOLDINGS LIMITED**

Company number: **06330412**

Received for Electronic Filing: **30/07/2018**



X7BA3OD6

Details of Charge

Date of creation: **25/07/2018**

Charge code: **0633 0412 0002**

Persons entitled: **GWENT HOLDINGS LIMITED (COMPANY NO: 10119615)**

Brief description: **A FIXED CHARGE OVER ALL ESTATES OR INTERESTS IN ANY FREEHOLD AND LEASEHOLD PROPERTY NOW AND IN THE FUTURE VESTED IN OR CHARGED TO THE COMPANY. A FIXED CHARGE OVER ALL INTELLECTUAL PROPERTY OF THE COMPANY, WHETHER PRESENT OR FUTURE, REGISTERED OR UNREGISTERED.**

Contains fixed charge(s).

Contains floating charge(s) (floating charge covers all the property or undertaking of the company).

Contains negative pledge.

Authentication of Form

This form was authorised by: **a person with an interest in the registration of the charge.**

Authentication of Instrument

Certification statement: **I CERTIFY THAT SAVE FOR MATERIAL REDACTED PURSUANT TO S.859G OF THE COMPANIES ACT 2006 THE ELECTRONIC COPY INSTRUMENT DELIVERED AS PART OF THIS APPLICATION FOR REGISTRATION IS A CORRECT COPY OF THE ORIGINAL INSTRUMENT.**

Certified by: **KELLY JOHNSON, VWV LLP (THE COMPAY'S SOLICITOR)**



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 6330412

Charge code: 0633 0412 0002

The Registrar of Companies for England and Wales hereby certifies that a charge dated 25th July 2018 and created by MERTHYR HOLDINGS LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 30th July 2018 .

Given at Companies House, Cardiff on 1st August 2018

The above information was communicated by electronic means and authenticated by the Registrar of Companies under section 1115 of the Companies Act 2006



Companies House



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES

Dated 25 **July 2018**

Debenture

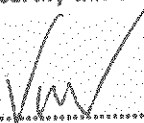
between

Merthyr Holdings Limited

and

Gwent Holdings Limited

We certify this to be a true copy of the original


.....

Veale Wasbrough Vizards LLP
Narrow Quay House, Narrow Quay, Bristol BS1 4QA

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This deed is dated 25 July 2018

Parties

- (1) **Merthyr Holdings Limited** being a company incorporated and registered in England and Wales (with company number 06330412) whose registered office is at Cwmbargoed Disposal Point, Fochriw Road, Merthyr Tydfil, Glamorgan (**Chargor**).
- (2) **Gwent Holdings Limited** being a company incorporated in England and Wales (with company number 10119615) whose registered office is at C/O Uhy Hacker Young Lanyon House, Mission Court, Newport, Wales, NP20 2DW (**Chargee**).

Agreed terms

1 Definitions and interpretation

1.1 Definitions

The definitions and rules of interpretation set out in this clause apply to this deed.

Charged Assets: means the assets charged / assigned to the Chargee under clause 3 of this deed.

Debts: means all book and other debts of the Chargor (present and future), all other monies due and owing to the Chargor (present and future) and the benefit of all rights, securities or guarantees in respect of such book and other debts.

Encumbrance: includes any mortgage, charge (fixed or floating), pledge, hypothecation or lien and any other arrangement or interest (whether by way of assignment, trust, title retention or otherwise) which has the effect of providing security (including, without limitation, the deposit of monies or property with a person with the intention of affording such person a right of set-off or lien).

Expenses: means all costs, expenses and liabilities (on a full indemnity basis), including (without limitation) reasonable and proper legal fees, from time to time paid or incurred by the Chargee (or any of its employees, officers or agents) or any receiver at any time in connection with the Charged Assets or the Secured Liabilities or in taking, perfecting, preserving, defending or enforcing this deed or in exercising any right or power under this deed.

Insolvency Event: means the occurrence of any of the following events in relation to the Chargor:

- a) the Chargor suspends, or threatens to suspend, payment of its debts or is unable to pay its debts as they fall due or admits inability to pay its debts or is deemed unable to pay its debts within the meaning of section 123 of the Insolvency Act 1986; or
- b) the Chargor commences negotiations with all or any class of its creditors with a view to rescheduling any of its debts, or makes a proposal for or enters into any compromise or arrangement with its creditors other than for the sole purpose of a scheme for a solvent amalgamation of the Chargor with one or more other companies or the solvent reconstruction of the Chargor; or
- c) a petition is filed, a notice is given, a resolution is passed, or an order is made, for or on connection with the winding up of the Chargor other than for the sole purpose of a scheme for a solvent amalgamation of the Chargor with one or more other companies or the solvent reconstruction of the Chargor; or

- d) a creditor or encumbrancer of the Chargor attaches or takes possession of, or a distress, execution, sequestration or other such process is levied or enforced on or sued against, the whole or any part of its assets and such attachment or process is not discharged within 14 days; or
- e) an application is made to court, or an order is made, for the appointment of an administrator or if a notice of intention to appoint an administrator is given or if an administrator is appointed over the Chargor; or
- f) a floating charge holder over the assets of the Chargor has become entitled to appoint or has appointed an administrative receiver; or
- g) a person becomes entitled to appoint a receiver over the assets of the Chargor or a receiver is appointed over the assets of the Chargor; or
- h) any event occurs, or proceeding is taken, with respect to the Chargor in any jurisdiction to which it is subject that has an effect equivalent or similar to any of the events mentioned in sub-paragraphs (a) to (g) (inclusive).

Insured Risks: means fire, storm, tempest, flood, earthquake, lightning, explosion, impact, aircraft and other aerial devices and articles dropped from them, riot, civil commotion, malicious damage, landslip, subsidence, burst pipes, environmental pollution, terrorist acts and other such risk as the Chargee may from time to time require to be insured.

Interest Rate: means 5% per annum.

Loan Agreement: means the agreement setting out the terms of a £500,000 loan facility between (i) the Chargee and (ii) the Chargor, dated on or around the same date as this deed.

LPA: means the Law of Property Act 1925.

Real Property: means all the freehold and leasehold property (present and future) vested in or charged to the Chargor or in which it otherwise has an interest.

Relevant Currency: means in relation to each of the Secured Liabilities the currency in which it is from time to time denominated.

Secured Liabilities: means all the Chargor's obligations to the Chargee of any kind and in any currency under the terms of the Loan Agreement or otherwise and "Secured Liability" means any one of these obligations.

Secured Obligations: means the moneys due, owing or incurred or other liabilities referred to in clause 2 and all other liabilities, the payment and discharge of which are subject to covenants, undertakings and agreements contained in this deed.

Securities: means all shares, stock, warrants, debentures and other securities (certificated or uncertificated and whether held in the name of the Chargor or by a nominee) of the Chargor (present and future), including its shareholding in Merthyr (South Wales) Limited and all income and rights deriving from or attaching to the same.

Security: means the security constituted by this deed.

Security Period: means the period starting on the date of this deed and ending on the date on which the Chargee (acting reasonably and in good faith) is satisfied that all the Secured Liabilities have been unconditionally and irrevocably paid and discharged in full and no further Secured Liabilities are capable of being outstanding.

1.2 General interpretation

In this deed references to:

- 1.2.1 the "Chargor" or the "Chargee" where the context admits include a reference to its respective successors, assigns and / or transferees;
- 1.2.2 persons include bodies corporate, unincorporated associations and partnerships in each case whether or not having a separate legal personality;
- 1.2.3 this deed or to a provision of this deed, or any other document are references to it as amended or supplemented, whether before the date of this deed or otherwise.

2 Secured obligations

- 2.1 The Chargor covenants with the Chargee that it shall on demand pay or discharge to the Chargee the Secured Obligations.
- 2.2 The Secured Obligations are:
 - 2.2.1 the Secured Liabilities;
 - 2.2.2 the Expenses; and
 - 2.2.3 any interest accrued on the Secured Obligations. Interest shall accrue on the Secured Obligations at the Interest Rate, from (and including) the date on which such obligations become due or (in the case of any Expense) the date of the Chargee's expenditure, until (but excluding) the date of actual payment by the Chargor. Interest shall accrue daily and is calculated on the basis of the actual numbers of days on which interest has accrued and of a 365 day year.

3 Security

- 3.1 As a continuing security for the discharge and punctual payment of the Secured Obligations and with full title guarantee, the Chargor:
 - 3.1.1 charges to the Chargee by way of fixed charge all estates or interests in any freehold and leasehold property now and in the future vested in or charged to the Chargor;
 - 3.1.2 charges to the Chargee by way of fixed charge all rents receivable from any lease granted out of any Real Property;
 - 3.1.3 charges to the Chargee the benefit of all covenants and rights relating to the Real Property and the benefit of all easements serving or relating to such property;
 - 3.1.4 charges to the Chargee by way of fixed charge all fixtures and fittings from time to time attached to any Real Property to the extent that they are not subject to a charge under clause 3.1.1;
 - 3.1.5 charges to the Chargee by way of fixed charge all the plant, machinery, vehicles and computer equipment of the Chargor (present and future) not regularly disposed of in the ordinary course of business together with all right, title and interest of the Chargor under any agreements relating to the purchase, lease, hire purchase or maintenance of the same (to the extent permitted under the terms of those agreements);
 - 3.1.6 charges to the Chargee by way of fixed charge all furniture, furnishings, equipment, tools and other chattels of the Chargor (present and future) not regularly disposed of in the ordinary course of business together with all right, title and interest of the

Chargor under any agreements relating to the purchase, lease or hire-purchase of the same (to the extent permitted under the terms of those agreements);

- 3.1.7 charges to the Chargee by way of fixed charge the benefit of all licences, consents and authorisations held or utilised by the Chargor (present and future) in connection with its business or the use of any of its assets;
- 3.1.8 charges to the Chargee by way of fixed charge all the goodwill and uncalled capital of the Chargor (present and future);
- 3.1.9 charges to the Chargee by way of fixed charge all the Securities not regularly disposed of in the ordinary course of business;
- 3.1.10 charges to the Chargee by way of fixed charge all choses in action, claims and intellectual property rights (including contract rights in patents, inventions, copyrights, design rights, trademarks, service marks, database rights, confidential information, know-how, domain names and business names) of the Chargor (present and future);
- 3.1.11 charges to the Chargee by way of fixed charge all the Debts;
- 3.1.12 charges to the Chargee by way of fixed charge all negotiable instruments at any time drawn, issued or endorsed in favour of, or held by or on behalf of, the Chargor, including any such instruments which at any time have been deposited with the Chargee (whether or not endorsed to the Chargee);
- 3.1.13 charges to the Chargee by way of fixed charge the proceeds of each policy of insurance (present and future) issued in relation to the Charged Assets; and
- 3.1.14 charges to the Chargee by way of floating charge all the undertaking and all property, assets and rights of the Chargor (present and future) wherever situate not from time to time subject to a mortgage or fixed charge under this deed.

4 Enforceability of security

- 4.1 The whole of the monies hereby secured shall become immediately payable and the security granted under this deed shall immediately be enforceable, upon the happening of any one of the following events:
 - 4.1.1 the failure of the Chargor to observe any of the covenants and obligations contained in this deed or the Loan Agreement following reasonable notice in writing from the Chargee of such failure;
 - 4.1.2 an Insolvency Event occurs in relation to the Chargor;
 - 4.1.3 the Chargor failing, on demand, to pay or discharge the Secured Obligations to the Chargee when due.

5 Restrictions on dealing

- 5.1 The Chargor will not without the prior written consent of the Chargee do any of the following:
 - 5.1.1 (except in favour of the Chargee) create or permit to arise or continue any Encumbrance affecting any of the Charged Assets nor increase nor extend any liability of the Chargor secured on any of the Charged Assets;

- 5.1.2 dispose of or part with its interest in any of the Charged Assets charged by clauses 3.1.1 to 3.1.13 inclusive or, following conversion of the floating charge created by clause 3.1.14 to a fixed charge in accordance with clause 7, the Charged Assets charged by clause 3.1.14; or
 - 5.1.3 dispose of the Charged Assets charged by clause 3.1.14 other than in the ordinary course of its ordinary business or as set out in the Loan Agreement while the floating charge remains uncrystallised; or
 - 5.1.4 grant or accept a surrender of, or vary, any lease or licence of, nor part with or share possession or occupation of, the Real Property nor reduce any sum payable under them or consent to any assignment or underletting of any interest in the Real Property.
- 5.2 If the Chargee does consent to the creation of a mortgage or charge on the Charged Assets it may require a priority agreement or deed with the mortgagee or chargee. In the case of registered land this will require registration and will be a public document.
- 5.3 The Chargor applies and agrees that the Chargee may apply during the Security Period for a restriction to be entered on the register of any Real Property which is registered land that no disposition of the registered estate by the proprietor(s) of the registered estate or by the proprietor(s) of any registered charge is to be registered without a written consent signed by the proprietor for the time being of the charge created by this deed in favour of the Chargor referred to in the charges register.

6 Representations and warranties

- 6.1 The Chargor represents and warrants to the Chargee that:
- 6.1.1 it is not insolvent or in liquidation or administration or subject to any other insolvency procedure and no receiver, manager, trustee, administrator, custodian or analogous officer has been appointed in respect of all or any part of its property, undertaking or assets;
 - 6.1.2 it has the appropriate power to enter into and perform this deed;
 - 6.1.3 it has taken all necessary action to authorise the execution, delivery and performance of this deed and its obligations under this deed constitute valid, legal and binding obligations and their performance will not contravene any provision of its memorandum and articles of association (or other constituting documents) or any law or other obligation binding upon it;
 - 6.1.4 so far as it is aware no approval, authorisation, consent, licence, permit or registration of or with any government, judicial or other authority or other third party is required in connection with the execution, performance, validity or enforceability of this deed;
 - 6.1.5 so far as it is aware it holds (and has at all times complied with in all material respects) all authorisations required to enable it to carry on its business and it is not aware of any event or circumstance which could reasonably be expected adversely to affect its right to hold and / or to obtain renewal of all such authorisations and / or to obtain any new authorisations which will be required in the future to enable the Chargor to carry on its business; and
 - 6.1.6 it has complied in all material respects with all applicable laws and regulations.

7 Floating charge

- 7.1 The Chargee may at any time by written notice to the Chargor convert the floating charge created by this deed into a fixed charge as regards any of the Charged Assets specified in the notice if the Chargee (acting reasonably and in good faith) considers those assets to be in danger of being seized or sold under any form of distress, attachment, execution or other legal process or to be otherwise in jeopardy. For the avoidance of doubt only, the Chargee shall be deemed to have (validly) given such notice in the event that the Chargor:
- 7.1.1 is deemed by a court of competent jurisdiction to be unable to pay its debts as they fall due within the meaning of section 123 of the Insolvency Act 1986; or
 - 7.1.2 suspends in respect of its creditors generally, rather than any particular creditor or class of creditors making payments of its obligations (present or future, actual or contingent) for the payment or repayment of monies whether as principal or surety or announces an intention so to do; or
 - 7.1.3 resolves (in a meeting of its directors) to approve the proposal of a corporate voluntary arrangement to its creditors; or
 - 7.1.4 requests or suffers the appointment of any receiver, receiver and manager, administrative receiver or like official over any of its assets; or
 - 7.1.5 gives notice of any meeting of the company, such meeting to be held to consider a resolution to present an application for an administration order and such resolution is passed or such application is presented over the company; or
 - 7.1.6 goes into liquidation within the meaning of section 247 of the Insolvency Act 1986 or any step is taken (including without limitation, presenting any petition, passing any resolution or convening any meeting) with a view to the liquidation, winding up or dissolution of the company save for any winding up petition which is in the reasonable opinion of the company frivolous or vexatious and being contested in good faith and is withdrawn within 14 days and prior to being advertised; or
 - 7.1.7 suffers any attachment, sequestration, distress or execution to affect any of the company's assets and is not discharged within 28 days or any creditor properly exercises any power or right of sale, transfer or to go into possession over any of the company's assets where such power or right was given by way of security; or
 - 7.1.8 ceases or threatens to cease to trade; or
 - 7.1.9 breaches clause 5.1 above or takes any step with a view to breaching the restrictions in that clause.
- 7.2 The floating charge created by this deed will be converted to a fixed charge immediately if any subsequent ranking floating charge is converted to a fixed charge.
- 7.3 Paragraph 14, Schedule BI Insolvency Act 1986 shall apply to the floating charge contained in this deed.

8 Insurance

- 8.1 Except where insured by the lessor of any Real Property, the Chargor will insure all of the Charged Assets (which are of an insurable nature) against:
- 8.1.1 the Insured Risks;

- 8.1.2 loss of rents payable by the tenants or other occupiers of the Real Property for a period of three years;
 - 8.1.3 third party and public liability; and
 - 8.1.4 any other risks normally insured against by persons carrying on the same class of business as that carried on by it.
- 8.2 Any insurance must be in a sum or sums not less than the replacement value of the Charged Assets. For this purpose, "replacement value" means the total cost of rebuilding, reinstating or replacing those Charged Assets in the event of their being completely destroyed, together with any relevant architects' and surveyors' fees.
- 8.3 Any insurance required under this clause must be with a reputable insurance company or underwriters.
- 8.4 Subject to the provisions of any lease or prior charge of all or part of the Charged Assets, all monies received or receivable under any insurance must be applied:
 - 8.4.1 in replacing, restoring or reinstating the Charged Assets destroyed or damaged or in any other manner which the Chargee may agree (or in reimbursing the Chargor where the Chargor has already met the cost of such replacement, restructuring or reinstatement); or
 - 8.4.2 if the Chargee so directs and the terms of the relevant insurances allow, in or towards satisfaction of the Guaranteed Liabilities.
- 8.5 The Chargor will use all reasonable endeavours to procure that a note of the Chargee's interest is endorsed upon all policies of insurance maintained by the Chargor and will ensure that such insurance policy contains such provisions for the protection of the Chargee as the Chargee may from time to time reasonably require.
- 8.6 The Chargor will not do or permit anything to be done or omit to do or permit not to be done anything which may make void or voidable any policy of insurance in connection with any Charged Assets.
- 8.7 The Chargor will promptly pay all premiums and do all other things necessary to keep each policy of insurance in respect of the Charged Assets in force.
- 8.8 The Chargor will, promptly on demand by the Chargee, produce to the Chargee the policy, certificate or cover note relating to any insurance policy and the receipt for the payment of the last premium.

9 Covenants

9.1 Book debts

- 9.1.1 The Chargor will not without the prior written consent of the Chargee deal with its Debts otherwise than by collecting them in the ordinary course of business and will not charge, factor, discount or assign any of its Debts in favour of any third party.

9.2 Intellectual property

- 9.2.1 The Chargor shall at all times observe and perform all covenants and stipulations affecting its intellectual property rights and where commercially justifiable and reasonable to do so in the circumstances diligently pursue applications for their protection and any licence or any rights or benefits relating to them and preserve, maintain and renew, when necessary or desirable, all such licences and rights and

not, without the Chargee's prior written consent, permit any of them to be abandoned or cancelled or to lapse.

10 Deposit of documents

- 10.1 The Chargor will from time to time deposit with the Chargee all deeds and documents of title relating to the Charged Assets and such other documents relating to the Charged Assets as the Chargee may from time to time require.

11 Power to remedy

- 11.1 If the Chargor fails to comply with any of the covenants or obligations set out in this deed and such failure is not remedied promptly to the satisfaction of the Chargee, the Chargor will allow the Chargee, its agents or contractors to take such action on behalf of the Chargor as may be necessary to ensure that such covenant or obligation is complied with without becoming liable to account as a mortgagee in possession.

12 Powers of the Chargee

- 12.1 The Chargee may without restriction grant or accept surrenders of leases or licences of the Real Property and grant, vary or reduce any sum payable under any leases or licences.
- 12.2 The Chargee may, if this document has become enforceable:
- 12.2.1 under the hand of any official or manager or by deed, appoint or remove a receiver or receivers of the Charged Assets, fix and pay the fees of a receiver and remove any receiver so appointed and appoint another in his place, but any receiver will be deemed to be the agent of the Chargor and the Chargor will be solely responsible for the receiver's acts, defaults and remuneration; and
 - 12.2.2 without notice appoint any one or more persons to be administrator of the Chargor pursuant to Paragraph 14, Schedule B1 Insolvency Act if this deed becomes enforceable. Any appointment under this clause shall be in writing, signed by a duly authorised officer of the Chargee. The Chargee may (subject to any necessary approval from the court) end the appointment of any administrator in writing and appoint a replacement for any administrator whose appointment ends for any reason.
- 12.3 The Chargee may under the hand of any official or manager or by deed appoint an administrator of the Chargor.
- 12.4 All or any of the powers conferred on a receiver by clause 13 may be exercised by the Chargee without first appointing a receiver or notwithstanding any such appointment.
- 12.5 The Chargee will not be liable to account to the Chargor as mortgagee in possession for any money not actually received by the Chargee and if the Chargee or any receiver takes possession of the Charged Assets it or he may at any time relinquish such possession. The Chargee will not be liable, by reason of entering into possession of a Charged Asset to account as mortgagee in possession or for any loss on realisation, howsoever arising, or for any default or omission for which a mortgagee in possession might be liable.
- 12.6 The Chargee may as it thinks fit exercise any rights attaching to the Securities for the purpose of preserving their value or realising them but otherwise the Chargee will only exercise such rights in accordance with the Chargor's instructions.
- 12.7 No purchaser or other person will be obliged or concerned to see or enquire whether the right of the Chargee to appoint a receiver or the right of the Chargee or any receiver to

exercise any of the powers conferred by this deed has arisen or become exercisable nor be concerned with notice to the contrary or with the propriety of the exercise or purported exercise of such powers.

- 12.8 This deed does not confer any rights on any person who is not a party to this deed pursuant to the Contracts (Rights of Third Parties) Act 1999.
- 12.9 The Secured Obligations shall for the purposes of all powers implied by statute to have become due and payable within the meaning of section 101 of the LPA immediately on the execution of this deed and section 103 of the LPA (restricting the power of sale) and section 93 of the LPA (restricting the right of consolidation) shall not apply to this deed.
- 12.10 The Chargor must indemnify the Chargee for any losses, liabilities, expenses and taxes incurred in connection with the exercise of any of its powers under this clause 12, and / or in the actual or attempted preservation or enforcement of any rights under this deed.

13 Receivers

- 13.1 Any receiver appointed by the Chargee under clause 12.2 will (in addition to all powers conferred on him by law) have the following powers exercisable upon such terms and conditions as he thinks fit:
- 13.1.1 to take possession of and generally to manage the Charged Assets and any business of the Chargor;
 - 13.1.2 to enter into, carry into effect, complete, deliver, perform, repudiate, rescind or vary any deed, contract, transaction or arrangement to which the Chargor is or is to be a party;
 - 13.1.3 to carry out on any Real Property (or on any other property which it may in his opinion be necessary or desirable to work upon) any new works or complete any unfinished works of building, reconstruction, maintenance, furnishing or equipment and to apply for and obtain all planning permissions, building regulation approvals and other permissions, consents or licences as may be necessary or desirable for such purposes;
 - 13.1.4 to purchase or acquire any land and purchase, acquire, grant or release any interest in or right over land and enter into, take or release the benefit of covenants (positive or restrictive) binding on or benefiting the Real Property;
 - 13.1.5 to sell, lease, licence, surrender or accept surrenders of leases or licences of, charge or otherwise deal with and dispose of the Charged Assets without restriction including (without limitation) power to dispose of any fixtures separately from the land;
 - 13.1.6 to carry into effect and complete any transaction by executing deeds or documents in the name of or on behalf of the Chargor;
 - 13.1.7 to insure the Charged Assets and any works and effect indemnity insurance or other similar insurance and obtain bonds or give commitments, guarantees, indemnities and security;
 - 13.1.8 to call any uncalled capital of the Chargor with all the powers conferred by the articles of association of the Chargor in relation to calls;
 - 13.1.9 to engage, rely on the advice of and discharge advisers, consultants, officers, managers, agents, workmen and others;

- 13.1.10 to purchase materials, tools, equipment, goods or supplies;
 - 13.1.11 to bring, continue or defend any claim, dispute, action or legal proceedings and enter into any arrangement or compromise;
 - 13.1.12 to redeem any security and to borrow or raise any money and secure the payment of any money in priority to the Secured Liabilities for the purpose of the exercise of his powers and / or defraying any costs or liabilities incurred by him in such exercise;
 - 13.1.13 to make any elections for value added tax purposes; and
 - 13.1.14 to do any other acts which he may consider to be incidental or conducive to any of his powers or to the realisation of the Charged Assets.
- 13.2 In the case of joint receivers any power may be exercised jointly or severally.
- 14 Application of receipts**
- 14.1 Any money received by the receiver will be applied in the following order:
- 14.1.1 in payment of all money borrowed by him and his expenses, liabilities and fees; and
 - 14.1.2 in or towards the remaining matters specified in section 109(8) of the LPA.
- 14.2 The application of moneys received by an administrator shall be governed by the Insolvency Act 1986.
- 15 Protection of security**
- 15.1 The Chargor will at its own cost at the Chargee's or any receiver's request execute any deed or document and take any action reasonably required (including any action against a third party) by the Chargee or any receiver to perfect or protect this security or its priority or further to secure on the Charged Assets, the Secured Liabilities or for facilitating the realisation of the Charged Assets or the exercise of any rights or powers of the Chargee or any receiver or to protect or enforce its rights relating to the Charged Assets.
- 15.2 The Chargor by way of security irrevocably appoints the Chargee and any receiver severally to be the attorney for the Chargor (with full power of substitution and delegation) in the Chargor's name and on the Chargor's behalf and as the Chargor's act and deed to sign or execute all deeds, instruments and documents and do all acts and things (including taking, continuing or defending any proceedings) as may be reasonably and properly required by the Chargee or any receiver pursuant to this deed or the exercise of any of their powers and the Chargor shall ratify anything done by an attorney under this clause in good faith.
- 16 Payments**
- 16.1 The Chargee will be entitled (but not obliged) at any time or times without notice (both before and after demand) to set off any liability of the Chargor to the Chargee against any liability of the Chargee to the Chargor (whether actual or contingent, present or future and irrespective of the branch or office, currency or place of payment) and may for such purpose convert, purchase or exchange any currency and estimate any unascertained obligation.
- 16.2 A certificate signed by an official of the Chargee as to the amount due or owing from the Chargor will be conclusive evidence against the Chargor except in the case of manifest error or any question of law.

17 Communications

- 17.1 Any communication to be given in connection with this deed will be in writing.
- 17.2 Any communication will either be delivered by hand or sent by first class pre-paid post or fax to the Chargee or the Chargor at its address or fax number shown on page 1 unless it has communicated another address or fax number to the other in which case it must be sent to the last address or fax number so communicated.
- 17.3 A communication sent by the Chargee under clause 17.2 will be deemed to have been received:
- 17.3.1 if delivered by hand, at the time of actual delivery; or
 - 17.3.2 if posted, on the second Business Day following the day on which it was despatched by pre-paid first-class post; or
 - 17.3.3 if sent by first class prepaid airmail, seven days after posting; or
 - 17.3.4 if sent by fax, when the Chargee's fax machine records a complete legible transmission.
- 17.4 A communication by the Chargor will be deemed made only when actually received by the Chargee.

18 Assignment

- 18.1 The Chargee may at any time assign or otherwise transfer all or any part of its rights under this deed in accordance with and subject to the terms of the Loan Agreement.
- 18.2 The Chargor may not assign or transfer any of its rights or obligations under this deed.
- 18.3 The Chargee may give such information relating to the Chargor as it thinks fit to any person proposing to take an assignment and / or transfer from the Chargee and / or to enter into contractual relations with the Chargee with respect to this deed.

19 Law and jurisdiction

- 19.1 This deed is governed by and construed in accordance with English law.
- 19.2 The parties irrevocably agree that the courts of England and Wales will have exclusive jurisdiction to settle any dispute which may arise out of or in connection with this deed in respect of any claim brought by the Chargor against the Chargee and will have non-exclusive jurisdiction in respect of any claim brought by the Chargee against the Chargor.

20 Currency

- 20.1 The Chargor's liability under this deed is to discharge the Secured Obligations in the Relevant Currency. If at any time the Chargee receives a payment (including by set-off) referable to any of the Secured Obligations from any source in a currency other than the Relevant Currency, then such payment will take effect as a payment to the Chargee of the amount in the Relevant Currency which the Chargee is able to purchase (after deduction of any relevant costs) with the amount of the payment so received.
- 20.2 If a payment is made under a court order or in satisfaction of a claim or proof and is treated by clause 20.1 as a payment of an amount which falls short of the relevant liability of the Chargor expressed in the Relevant Currency, the Chargor as a separate and independent obligation will on demand from time to time indemnify the Chargee against such shortfall

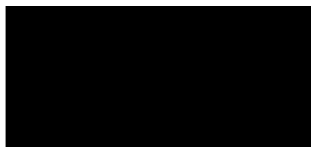
and pay interest at the Interest Rate on such shortfall from the date of such payment to the date on which the shortfall is paid.

21 Miscellaneous

- 21.1 Interest payable by the Chargor to the Chargee will accrue both before and after judgment on a daily basis and on the basis of a 365 day year and will be compounded (both before and after judgment) according to the usual practice of the Chargee or, if there is no such practice, monthly. After a demand, interest will also be calculated on the Secured Liabilities together with accrued interest as at the date of the demand.
- 21.2 The Chargee's rights and powers under this deed are cumulative and not exclusive of its rights under general law and will not be affected or impaired by any delay or omission by the Chargee in exercising them or any previous exercise of or failure to exercise any such rights or powers.
- 21.3 Each of the provisions of this deed will be severable and distinct from one another and if at any time any one or more of those provisions (or any part thereof) is or becomes invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired.
- 21.4 No variation of the terms of this deed will be valid unless it is in writing signed by the Chargor and confirmed in writing by the Chargee.
- 21.5 This deed may be executed in any number of counterparts, each of which, when executed, shall be an original, and all the counterparts together shall constitute one and the same instrument.
- 21.6 On the expiry of the Security Period (but not otherwise), the Chargor shall, at the request and cost of the Chargee, take whatever action is necessary to:
- 21.6.1 release the Charged Assets from the security constituted by this deed; and
 - 21.6.2 reassign the Charged Assets to the Chargor.

This deed is executed as a deed by the parties and is delivered and takes effect on the date at the beginning of this deed.

Signed as a deed and delivered by



for and on behalf of

Merthyr Holdings Limited

as Chargor in the presence of:

Signature of witness



Name

G. HEYDON

Address

THE LODGE HILLCREST

NEW INN NP40TA

Occupation

GROUNDSMAN

Signed as a deed and delivered by



for and on behalf of

Gwent Holdings Limited

as Chargee in the presence of:

Signature of witness



Name

G. HEYDON

Address

THE LODGE HILLCREST

NEW INN NP40TA

Occupation

GROUNDSMAN