

TERMS OF ENGAGEMENT

1. Introduction

These Terms of Engagement apply to all work carried out by Yuill & Kyle Solicitors and their successors, as howsoever constituted ("the Company") for our clients unless otherwise agreed in writing by you with an associate of the Company. If we have already commenced work on your matter then, unless you notify us immediately in writing to the contrary, you agree that these Terms of Engagement apply retrospectively from the start of our work for you.

2. Quality Service

- 2.1 In all our dealings with our clients we aim to provide a high quality service, to find out what our clients want, and achieve it. We try to work quickly and efficiently and hope you will find us friendly and approachable and that our fee represents good value for money.
- 2.2 The work which we undertake for you may involve the recoveries of monies due to you and take the form of either an undefended or defended court action. In all instances you should be aware that, notwithstanding that we may have received a Decree on your behalf, the ultimate success in recovering these monies will depend upon the debtor's ability to pay. In all of these situations you will still be liable to pay our fees, judicial expenses (where appropriate) and disbursements as detailed in these Terms of Engagement.

3. Contacting Us

We are open from 9am to 12.30pm and 1.30pm to 5pm, Monday to Friday. Our telephones are answered from 9am to 12.30pm and from 1.30pm to 5pm, Monday to Friday. If the person concerned is unable to take your call, or if we are closed for a local or statutory holiday, you can leave a message on our answering machine/voicemail service. Our fax line is open at all times and we can also be contacted on our E-mail address as detailed in our correspondence.

4. Instructions

- 4.1 Instructions may be given to us in writing, or via our website at www.debtscotland.com, or via our extranet at www.ykonline.co.uk. We may well ask you to confirm in writing the terms of verbal instructions given to us. If there is any change in your instructions you must notify us immediately. If you wish anyone other than yourself to give us instructions or information, we will require confirmation of this in writing. Work will be carried out in undefended matters by various members of our paralegal team. In the event of the case being defended it will be passed to one of our qualified solicitor litigators. At any stage of the proceedings, whether or not defended, the matter may be referred to a litigator if there is considered to be any degree of complexity. Where the matter is referred to one of qualified Solicitor litigators, then the matter will not be considered 'an undefended Court Action' for the purposes of Clause 6 headed "Charges and Expenses" hereof.
- 4.2 In the event of your instructing us on behalf of a principal, you will be primarily responsible and liable for all sums due to us as constituted in these Terms of Engagement. Should you thereafter wish us to re-direct accounts or bills to the principal, we shall not be obliged to do so. If we do agree to this, any sums due to us will remain your primary responsibility.

5. Payments to Account and Disbursements

- 5.1 We reserve the right to require payments to account. Where a payment to account has been requested, work will not commence or continue on the matter until we receive payment of the sum so requested, or such lesser amount as may be agreed. The amount of any payment to account will be assessed by the partner dealing with the matter on the basis of a pre-estimate of the costs which will be incurred in dealing with this matter as a whole or alternatively the costs that will be incurred over a period notified to you when the request is made. However, payments to account should not be considered as an estimate of our total costs unless you are advised to the contrary.
- 5.2 There may be certain other expenses, including payments we make on your behalf (known as disbursements) such as court fees, expert's fees, Counsel's fees, Sheriff Officers' fees and Local Agents' fees which you will have to pay. VAT is payable on certain expenses.

If a payment is requested to account of a disbursement, that disbursement will not be incurred until such time as the payment to account has been received. We will endeavour to identify disbursements when an estimate is given.

6. Charges and Expenses

- 6.1 All matters other than an undefended Court Action.

Our charges are based on the time we spend in dealing with a case. Time spent on your affairs will include meetings with you and perhaps others; any time spent traveling; considering; preparing and working on papers; correspondence, attendance at Court; negotiations and making and receiving telephone calls. We record time in units of 6 minutes.

Our current hourly charging rates are as follows: -

Partner	£260.00
Associate Partner & Senior Solicitor	£230.00
Qualified Solicitor	£190.00
Paralegal Team Leader	£130.00
Paralegal	£100.00

These rates are subject to periodic review.

If, for any reason, a matter does not proceed to completion, we will charge you for work done and expenses incurred.

In addition to the time spent, we may take into account a number of factors which include the complexity of issues, the speed at which action must be taken, the location where the work is undertaken, the expertise or specialist knowledge which the case requires and, if appropriate, the value of the property or subject matter involved.

Any estimate that may be given will be a probable fee based on our experience of the work you have asked us to do. If the work turns out to be more complicated or takes longer than we anticipated then we may require to increase our estimate to take account of this. We will inform you as soon as possible about this. Sometimes we will need confirmation of your ability to fund a transaction, and a deposit may be requested. However, in any situation where we are involved in negotiations with third parties our charges will be issued in terms hereof.

In the event of your wishing to abandon an action, you will be responsible for our costs in concluding such a process.

6.2 Undeferred Matters

In relation to undefended actions, we charge an extra judicial fee as detailed in our website. These charges can be seen on www.debtscotland.com. In addition, if we do not recover the judicial expenses from the defender, then these will be charged to you. Details of the Judicial Expenses are regulated by the appropriate Act of Sederunt and vary from time to time. You should also be aware in the event of our not recovering Sheriff Officer or Local Agents' fees from the Defender, then these will be charged to you. These charges will be applicable once the appropriate court action has been drafted by us notwithstanding that it may not have been dispatched to the appropriate court for warranting. In relation to actions against an individual or partnership, we will obtain a bankruptcy search and such other searches as we reasonably deem necessary against the Defender once court action is initiated and once we commence judgment enforcement at a fee of £6 per bankruptcy search. Fees incurred for other searches will be discussed and agreed with you. These fees may be subject to adjustment and we shall advise you should they be amended, such alterations always requiring to be reasonable.

6.2.1 If you wish us to proceed with an insolvency matter, whether this relates to the issue of a statutory demand for payment or a bankruptcy or liquidation petition, you will be quoted a block fee. This fee covers the preparation, service and lodging of the appropriate papers. It does not cover negotiations with either you or the debtor, the fees for which will be charged in terms of 6.1 hereof.

6.3 Private Limited Companies

If we are given instructions by a private limited company then, unless otherwise agreed with you in advance, it is a condition of our accepting these instructions that the Directors are personally jointly and severally liable along with the Company for payment of our fees and costs and any interest thereon.

6.4 Deduction of Fees and Disbursements at Source

Where we receive sums which belong to you we shall be entitled to deduct from those sums all outstanding fees and outlays before sending you the balance.

6.5 Experts and Other Third Parties

We may be required to instruct third parties on your behalf such as expert witnesses, sheriff officers, process servers or lawyers outwith our jurisdiction. Where such persons are instructed on your behalf we will do so as your duly authorized agent. We are not

responsible for any act or omission of such third parties unless we agree this in writing before the issue of any instructions.

6.6 Counsel and Counsel's Fees

You agree that we may instruct Counsel as we consider appropriate and without the necessity of further authorization. We have an obligation to pay Counsel's fees promptly after the work is done and a fee note rendered. We may invoice you separately for these fees upon receipt of Counsel's fee note.

6.7 Invoices and VAT

Invoices and VAT are payable within 14 days from the date of the invoice. We will add VAT (where applicable) to our charge at the rate that applies when the work is done.

Without prejudice to 4.2 hereof, please note that we are required to address our invoices to our client only. If, therefore, you have agreed with another party that it will be responsible for your legal fees, you should be aware that the invoice will nonetheless be addressed to you as our client and we will be obliged to look to you for payment of our costs, notwithstanding any agreement you may have with a third party. The consequence of this is that Value Added Tax is not recoverable by the third party.

6.8 Interim Bills

6.8.1 It is our standard practice to issue bills on a monthly basis or on such intervals as may be convenient at our discretion. Interim bills represent a payment to account of the costs of your case, including disbursements, with reference to the work done to the date of invoice in cases where an overall evaluation of our charges cannot be made until the matter is completed, when the factors mentioned in paragraph 6.1 and 6.2 above will be taken into account. An Interim Bill is therefore only a request for payment to account of the final bill to be delivered at a later stage and is not intended to be a final bill in its own right. Your statutory rights will only run from delivery of the final account. Please note that the final invoice may exceed the aggregate amount of interim bills previously rendered.

6.8.2 Interim bills are payable within 14 days from the date of the invoice and we reserve the right to withdraw from the matter and render a final invoice at any time in the event that interim bills are not settled upon the due date. However, if an interim bill relates solely to disbursements incurred by us then this will require to be paid within 7 days from invoice date.

6.9 Final and Specific Period Invoices

6.9.1 Final invoices will be rendered after the conclusion of the matter to which they relate or at another appropriate time and will cover all work carried out during the period specified in the invoice ("specific period invoices"). Further work carried out after an invoice has been rendered will be separately charged at an appropriate point.

6.9.2 Payment terms are 14 days from the date of invoice. We reserve the right to charge interest for late settlement at the rate allowed on judgment debts from time to time.

6.9.3 In relation to 6.1 hereof, the following disbursements are not included within the hourly charging rate set out above and will be separately charged: -

- (a) Ordinary post charges; and
- (b) Ordinary telephone and facsimile expenses.

Courier charges are not included and will be itemized on our final invoice.

Traveling and waiting time is charged at our current hourly rate.

6.9.4 Detailed breakdowns of costs are available upon request.

7 Expenses in Court Actions

Particularly in relation to matters which are undefended, if we act on your behalf in connection with a court action in which you are partly or wholly successful, it may be possible to recover expenses from your opponent. In practice, only a proportion of your expenses are likely to be recoverable. You are liable for our fees and for outlays incurred on your behalf whether or not you are successful in an action but credit will be given for all expenses recovered from your opponent. However, in relation to undefended matters, we will retain all judicial expenses recovered from the Defender all as provided for in 6.2.

8. Authority to Act

In the absence of specific contrary instructions from you, we shall be entitled to assume that those who hold themselves out as having authority to instruct us do have such authority.

In particular, we shall be entitled to assume that: -

- If the client is a company, we may take instructions from any officer,
- If the client is a partnership, we may take instructions from any partner; and
- If there are joint clients (e.g. husband and wife or more than one individual shareholder), we may take instructions from either or any of them.

9. Communication

In the absence of specific contrary instructions from you, we shall be entitled to communicate with you and with any relevant third parties (e.g. fellow advisers on your particular transaction or matter), and to take instructions from you, by telephone post, facsimile, e-mail and any other form of electronic and/or internet communication.

We may require you to confirm oral instructions to us in writing or by e-mail.

The information contained within this Terms of Engagement letter contains information that the Company is required to provide to our clients under the Solicitors (Scotland) (Client Communication) Practice Rules 2005 and subsequent correspondence should be read in conjunction with this Terms of Engagement letter.

10. Scope of Engagement

We shall not be responsible for any failure to advise or comment on any matter which falls outside the scope of our engagement or your specific instructions. We may set out the scope of our engagement or your instructions in a separate letter to you ("the Scope of Engagement Letter").

11. Client to Provide Information

We request that you provide us, as speedily as possible, with all information and documentation which is relevant so that we are properly briefed and in a position to carry out your work, and any further information which we reasonably request. In providing us with information and/or when instructing us, you should not assume that we have knowledge of any relevant factual matters or background, even if the same information has been given to us previously in the course of a different engagement. We are entitled to rely on information provided by you or by third parties on your behalf as being complete, accurate and current, not misleading.

The nature of legal work, particularly court work, often makes it difficult to estimate precisely how long something will take to complete. When we discuss your requirements at the outset we will also discuss time scales. Please remember that quite often the speed at which work can be completed is affected by the co-operation (or lack of it) we receive from other people outwith our control.

12. CONFIDENTIALITY AND LEGAL PRIVILEGE

Subject as provided in these Terms of Engagement, we will not disclose to any person any confidential information relating to you or to any matter handled by us on your behalf, except: -

- in the proper conduct of that matter; or
- if such information is in the public domain otherwise than by reason of improper disclosure by us; or
- where we are required to do so by law or by the rules of any applicable professional body or regulatory authority; or
- where we are ordered to do so by order of a court of competent jurisdiction; or
- with your express consent

Similarly, we will not pass on or use for your benefit confidential information obtained from anyone else. If, on your authority, we are working with other professional advisers or persons, we will be entitled to assume that we may disclose any such confidential information to them. However, unless we receive your instructions to the contrary, we shall be entitled to pass anonymised credit information arising out of representing you to third parties.

We acknowledge that e-mail and other modes of electronic and/or internet communication are not yet secure or error free communication channels and that information communicated in this way could be intercepted, lost, destroyed, arrive late or incomplete or otherwise be

adversely affected or unsafe to sue. You acknowledge that mobile telephone communications are not secure and that communications on a mobile phone are capable of being intercepted. We shall not be liable for any loss or damage which you may suffer or incur as a result of our proper use of any such communication channels. We will take all reasonable steps to ensure that confidentiality is maintained in all our mobile and land line communications, in e-mail or other electronic and/or internet communications with you. We will use all reasonable procedures to check for the then most commonly known viruses before sending information electronically. We will not use encryption technology or other additional security unless you advise us in writing that you wish us to do so, in which case you will reimburse us for any extra charges that we incur in complying with your request.

13. Use of Information

We may obtain personal data from you when you become a client of the Company and during our relationship. This may concern you personally or relate to other persons, such as employees or agents.

Whenever you engage us to act for you in any matter or provide us with any information (including personal data), you consent to our use of all such information for the purposes of performing for you the legal services that you have requested we provide. We may also use the information you provide to us for administration and internal training purposes.

We may also disclose this information (including any personal data) to our professional advisers or other agents whom we use to perform certain functions on our behalf, for example to counsel, trade mark agents or companies' agents. We will only provide an adviser or an agent with personal data you have given us if it is required by them in order to perform any duties we have asked them to undertake.

If at any time during the course of your relationship with us, you provide us with any personal data relating to any third party, you will prior to disclosing it to us, ensure that all consents required by the Data Protection Act and related legislation have been obtained or, where such disclosure is otherwise permissible under the Act or related legislation, that the relevant requirements have been met. It is your sole responsibility to ensure that this information has been obtained in compliance with the Act and related legislation.

14. Proceeds of Crime Act, Money Laundering and Other Reporting

We are required by anti money laundering legislation to obtain proof of identity from clients for whom we act. Accordingly, you may be asked to supply us with requisite information. Any failure or delay on your part to provide us with any requested documentation or information may mean that we cannot act for you or must cease acting for you.

The Company has reporting obligations imposed on it under and in terms of the Proceeds of Crime Act 2002, the Money Laundering Regulations 2003, the Terrorism Act 2000 and related Statutory Instruments which, in certain circumstances require disclosure of confidential information to the authorities. In such circumstances we may be prohibited from notifying our clients of such a report and we may require to cease to continue to do any work on the client matter until such time as we receive formal authorization from the authorities to do so. We shall incur no liability to you for any loss, damages, penalties, interest, costs or charges which you may suffer or incur if we are so prohibited from acting or delayed in continuing to act on your behalf.

We reserve the right not to handle any money or other funds on your behalf or on behalf of any third party if we are not satisfied with the source of the money or funds and, in particular, if the money or the funds are not being paid to us from an account with a UK clearing bank. Please advise us without delay if you intend to transfer or arrange the transfer to us of any money or funds otherwise than from an account in your name with a UK clearing bank as we may not be able to complete any transaction or to conclude any proceedings on your behalf, and you may consequently suffer or incur loss, damages, penalties, costs, interest or charges if there is any delay in our accepting money or other funds on your behalf until we are satisfied with the source of the money or funds. We shall not be liable for any loss, damages, penalties, costs, interest or charges which you may so suffer or incur.

We reserve the right not to accept any payment sought to be made to us in cash.

15. Use and Purpose of Any Advice and Reports

Any advice given or report issued by us is provided solely for your use and benefit and only in connection with the matter on which we are advising you and for any purpose specified when giving the advice. You shall not provide such report or details of our advice to any third party without our prior written consent. Irrespective of whether we give such consent we shall assume no responsibility and have no liability to any third party to whom any advice or report is disclosed or otherwise made available, unless and to the extent otherwise expressly agreed in writing between us and such third party.

You shall retain responsibility for deciding on your use of and for implementation of our advice or recommendations and for choosing to what extent (if any) you wish to rely on that advice or those recommendations.

16. Ownership of Work Product/Papers

All work products, whether or not in writing, and all intellectual property rights and documentation (including working papers) developed by us during the course of the work carried out for you will be, and will remain, the sole and absolute property of the Company. We may adapt, develop or use such work products for other clients and in other engagements. We may destroy or retain them without reference to you.

We will store title deeds and original signed documents for you by prior agreement but may charge you for such a service. If we intend to charge you for such a service, we will notify you in advance.

17. Reports and Drafts

You may not place reliance on draft or interim reports and advice whether oral or written as our advice may vary considerably from the final report or advice in a matter. Any advice or report which is provided to you during the course of our retainer is for the benefit of the person to whom the engagement letter is addressed and no benefit may be conferred to another without our previous written consent.

18. Third Parties

If we engage others on your behalf (such as counsel, overseas lawyers and expert witnesses), whether in the UK or abroad, we will do so as your agent and we will not be responsible for any act or omissions of those other persons.

The terms on which we agree to conduct your matters (whether or not contained in these Terms of Engagement) are not intended to be enforceable by anyone but the parties to that agreement.

Where you are using third parties to provide information, advice or other assistance in support of the services we are providing to you, you will be responsible for the management of such person and their performance, including the timeliness and quality of their input and work.

19. Audit Enquiries

We reserve the right and would normally expect to charge for work undertaken in responding to requests for information either directly from you or from your accountants and/or auditors in respect of but not limited to whether we are instructed to act on your behalf and the nature of any outstanding retainers.

20. Conflict of Interest

Our clients may include persons who operate in your area or a related area. We retain the right to act for these clients, subject to our professional duties in relation to conflict of interests and our obligations of confidentiality referred to in these Terms of Engagement.

21. Mailing Lists and Marketing

We will add your contact details (which, if you are a business, may include those of your directors, senior managers and other employees who provide us with instructions) to our marketing database, so that we can use this information to keep you informed about developments at the Company and legal developments in areas that we consider may most affect you, and to send you invitations to seminars or other events we feel might be of interest to you.

You becoming a client of the Company and your continuing relationship with us signifies your consent to this use. However, should you decide that you do not wish us to use any of your contact details in any of the ways referred to above at any time or wish us to amend or remove your contact details from our marketing database, please contact the Client Relations Partner.

22. Termination

Either of us may terminate our professional relationship in its entirety at any time by written notice given to the other.

In the event that you choose to terminate our professional relationship in its entirety you will pay us all fees and outlays and expenses incurred prior to such termination and due to the Company in accordance with these Terms of Engagement and our Scope of Engagement

letter(s), together with any further fees and outlays and expenses reasonably incurred by us in connection with the transfer of our files to another solicitor instructed by you, upon payment of which we will delivery up all deeds and documents as you may require.

In the event that you choose to terminate our instructions to act on your behalf with respect to a particular matter, but to continue our instructions to act on your behalf in other matters, you will pay us all fees and outlays and expenses incurred prior to such termination on the relevant matter and so due to us together with, if applicable, any further fees and outlays and expenses reasonably incurred by us in connection with the transfer of our file(s) in respect of that matter to another solicitor instructed by you.

In the event of our terminating the relationship, we shall be entitled to cease all work being undertaken on all matters being undertaken by us in which event you shall be liable for all fees, disbursements and expenses as herein detailed.

Any provisions of these Terms of Engagement and/or Scope of Engagement letter which by their nature extend beyond termination of our relationship or completion of the particular transaction or matter shall survive such termination or completion.

23. Invalidity

If any provision of these Terms of Engagement 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.

24. Acceptance of Terms of Engagement

Your continuing instructions to us will confirm your acceptance of these Terms of Engagement. If you are not prepared to accept these Terms of Engagement, you should contact the Client Relations Partner and the person dealing with your case in writing without delay. Unless otherwise agreed, these Terms of Engagement apply to any future instructions you may give to us.

25. Regulation of the Company

The Company is regulated by the Law Society of Scotland. If you would like to contact the Law Society of Scotland regarding the work undertaken on your behalf by the Company, the Senior Partner or Managing Partner would be happy to advise you of the role and contact details Law Society of Scotland in relation to your query.

26. Jurisdiction

Any dispute arising out of the provision of services by us to you shall be subject to the exclusive jurisdiction of the Laws of Scotland and the Scottish Courts. However, we shall, in our sole discretion, be entitled to raise proceedings in any jurisdiction we deem appropriate.

27. Independent fee assessment

The Auditor of Court is always available to provide a completely independent assessment of a fair fee for any piece of legal work carried out for a client. On occasions, to ensure that a file has been correctly charged, we may voluntarily send the file to the Auditor. Unless

otherwise agreed with you beforehand, we will in that event be responsible for payment of the Auditor's fee. Should you at any time be dissatisfied with the amount of a fee charged by us, then you are entitled to ask us to have the Auditor review your file and set an appropriate level of fee for the work done. In the event of your file being in electronic form, then viewing the file shall at our discretion be by electronic means through www.ykonline.co.uk. If the Auditor reduces the amount of our original fee we will only charge that reduced amount and the Auditor may require to meet his costs. If, however, the Auditor confirms that our fee is correct or undercharged, then you will be responsible for the Auditor's costs.

28. Outstanding Monies

You are entitled to change solicitors at any time but you are responsible for the fees and any other outstanding payments due to us until the time of change. We are entitled to hold any title deeds, files or other papers until payment.

29. The Solicitors (Scotland) (Client Communication) Practice Rules 2005

These Terms of Engagement form part of the information that the Company is required to provide you with in terms of the Solicitors (Scotland) (Client Communication) Practice Rules 2005.

The work that you have instructed the Company to undertake is as set out in the scope of the engagement letter.

The basis upon which fees will be charged including VAT and outlays is as set out in these terms of business and in particular Clause 6 of these Terms of Engagement.

The person who will be responsible for your work is Stephen Cowan, or such other Solicitor as notified by us to you. He will be assisted by other members of the Company whose details are available upon request to the Company.

Should you have any concern regarding the manner in which the way the work is being carried out, you should immediately contact Stephen Cowan, our Clients' Relations Partner or Helen McWilliams.