

**ITS INTERIORS LIMITED
STANDARD CONDITIONS OF SUB CONTRACT**

1. Execution of Sub-Contract Works

The Sub-Contractor shall perform all the obligations imposed upon or undertaken by the Contractor under the Principal Contract in respect of the work and materials referred to in the Sub-Contract Order as directed by the Contractor and to the satisfaction at all times of the Supervising Officer and the Contractor, except in so far as these conditions modify the conditions of the Principal Contract.

2. Relationship of the Sub-Contract to the Principal Contract

The Sub-Contractor shall be deemed to have full knowledge of the drawings, specifications, bills of quantities, stipulations and conditions of the Principal Contract and agrees to be bound by and perform the same excepting only as varied by these conditions in the same way and in all respects as if the Sub-Contractor were the Contractor under the Principal Contract and to relieve the Contractor of all liability in respect thereof. In the event of any breach non-observance or non-performance by the Sub-Contractor, the Contractor is to have the same rights in all respects against the Sub-Contractor, the Sub-Contractor's plant, hired plant or hire purchase plant and effects on the site and otherwise as the Employer or Main Contractor (as the case may be) under the Principal Contract has against the Contractor.

The Contracts (Third Party Rights) Act 1999 shall apply to this Sub-Contract and was entered into after the date of passing of this Act, being 11th November 1999.

3. Other Conditions

No conditions put forward by the Sub-Contractor which in any way amend these conditions will be accepted as part of the Sub-Contractors offer unless specifically agreed to in writing by the Contractor.

4. Progress and Completion

The Works are to be commenced within 7 days after the Sub-Contractor is instructed to proceed and are to be completed within the Sub-Contract period only subject to such fair and reasonable extension of time as the Contractor shall allow where the Works are delayed by causes which result in an extension of time under the Principal Contract, or which are due to some act, omission or default on the part of the Contractor.

The Works are to be carried out diligently and in such order, manner and time as the Contractor may reasonably direct so as to ensure completion of the Works or any portion thereof within the Sub-Contract period or such extended period as may be allowed. If the Sub-Contractor is in breach of the foregoing they shall without prejudice to and pending the final determination or agreement between the parties as to the amount of the loss or damage (if any) suffered or to be suffered by the Contractor in consequence thereof forthwith pay or allow to the Contractor such sum as the Contractor shall bona fide estimate as the amount of such loss or damage such estimate to be binding and conclusive upon the Sub-Contractor until such final determination or agreement.

5. Maintenance and Defects Liability

The Sub-Contractor undertakes (a) to maintain at their own expense the Works, both during the progress of the Works, and until the Supervising Officer and Contractor has passed these finally and (b) to make good at their own expense, to the Supervising Officer's and Contractor's satisfaction, any defects or faults arising therein, at a time to be decided by the Contractor, but before the expiry of Defects Liability period of the Principal Contract.

6. Use of Scaffolding

The Sub-Contractor shall at their own risk have free use for themselves and for their employees of the Contractor's scaffolding and ladders which may be available upon the site or already in position and undertakes to make good at their own expense any damage, loss or injury suffered by the Contractor or others as a result of such use.

7. Temporary Services, Workshops and Offices

The Sub-Contractor will, at their own risk, be permitted the free use, in common with others engaged upon the site, of any available water supply and temporary plumbing, but they are to provide to approval and at their own expense, any requisite temporary site office, or workshop accommodation, together with the necessary equipment, lighting, power, fuel, etc. Electric power supply and equipment used on site shall not exceed 110v A.C. single phase.

8. Welfare Facilities

The Sub-Contractor will be permitted the free use of any temporary welfare accommodation and/or services (including First Aid facilities and treatment) which the Contractor or Employer may provide on the site in conjunction with the Works provided that any such use or treatment shall be at the sole risk of the Sub-Contractor who shall indemnify the Contractor and Employer and/or their employees against any claim for loss, damage or personal injury arising therein.

9. Cutting Away

In no circumstances whatsoever shall any cutting away be done without the prior written authority of the Contractor's Agent or General Foreman. The Sub-Contractor shall be responsible for any damage occasioned as a result of cutting away carried out without this prior authority having been obtained.

10. Sub-Surface

The Sub-Contractor shall, where applicable satisfy themselves before commencing the works, as to the suitability of the surfaces on which the Sub-Contractor is to carry out, fix or lay the work.

11. Responsibilities and Indemnities in respect of Injury, Damage or Loss

The Works, materials, tools, plant, scaffolding, machinery and buildings of the Sub-Contractor, the subject of or used in connection with the Sub-Contract, whether at their workshop or on the site, shall be at the Sub-Contractor's risk for every description of loss or damage and the Sub-Contractor shall be responsible for and shall with all possible speed make good at their own expense any loss or damage that may occur, and indemnify the Contractor against all claims. The Sub-Contractor shall also indemnify the Contractor against all claims and/or cost, in respect of:

- (i) Any injury, loss or damage to persons, to the new and/or old and adjoining premises, or their occupants, or to the Contractor's or other Sub-Contractor's plant or materials caused by the Sub-Contractor's Works or by the execution thereof by their workmen.
- (ii) Any breach, non-observance, non-performance by the Sub-Contractor, their servants, or agents of the provisions of the Principal Contract or any of them.
- (iii) Any act, omission or neglect of the Sub-Contractor, their servants or agents which involve the Contractor in any liability under the Principal Contract.

12. Employers' Liability and Third Party Insurances

(i) The Sub-Contractor shall adequately insure against Employer's Liability, Public & Products Liability with a minimum indemnity cover of £5 million for any one occurrence arising out of the execution of the works.

(ii) The Sub-Contractor is to provide copies of the policies together with Method Statement and Risk Assessments for inclusion in the Construction Phase Health & Safety Plan prior to commencement of the works. The Sub-Contractor will also produce demand, if requested, receipts for premiums.

(iii) In the case of neglect by the Sub-Contractor to effect the insurances ITS Interiors Ltd will deny the Sub-Contractor access to the site, terminate the contract immediately and withhold any monies that may be due or pending under the contract.

13. Determination of Sub-Contract

The Contractor may summarily determine by written notice this Sub-Contract either wholly or in part without payment or compensation to the Sub-Contractor, other than that to which they may be entitled under the terms and conditions of the Sub-Contract for works already executed, if the Sub-Contractor:

- (a) fails within 7 days' notice in writing from the Contractor to proceed diligently with the Works to the reasonable satisfaction of the Contractor and at all times in such a manner as will not, in the opinion of the Contractor, prejudice the completion of the whole or any portion of the work under the Principal Contract and accordance therewith.
- (b) refuses, delays or fails after 7 days written notice from the Contractor or other extended time notified by the Contractor in writing forthwith to rectify any defective workmanship and/or materials to the Supervising Officer's and Contractor's satisfaction.
- (c) fails to complete and deliver up the whole or any portion of the Works by the time or times specified; or by such extended time or times as may be allowed by the Contractor.
- (d) fails to withdraw immediately, at the request of the Contractor, any one or more of their employees to whom the Contractor objects or whose presence on the works may contravene the conditions of the Principal Contract, or may cause labour disputes and to replace such employees immediately by others against whom there is no such objection.
- (e) makes any arrangements with their creditors, has a Receiving Order made against them, executes a Bill of Sale, or commits an act of bankruptcy; or, being a limited company, goes into liquidation and a Receiver appointed.
- (f) fails within 7 days' notice in writing from the Contractor to comply with any of the obligations on the part of the Sub-Contractor herein contained.
- (g) in the event of the Principal Contract being determined for any reason. The Contractor may, without prejudice to the provisions of Clauses 2, 4 and 13 hereof claim damages against the Sub-Contractor in respect of any breach of the provisions of sub-clauses (a), (b), (c), (d), (e), (f) and (g) hereof.

14. Provisions in case of Determination

Upon determination under the foregoing clause the Sub-Contractor shall not remove any of its equipment, materials or property on the Site, and notwithstanding anything contained in these conditions shall be entitled to no further payment until completion of the Sub-Contract Works by the Contractor or by others whereupon the Sub-contractor shall become entitled to payment for Works executed by the Sub-Contractor subject always to the right of the Contractor to set off all loss and damage suffered or to be suffered by the Contractor by reason of such determination and subject further to any other right of set off which the Contractor may have under this Contract. For the Purpose of such completion, the Contractor shall have the free use of the Sub-Contractor's equipment, materials and property on the site without the responsibility to the Sub-Contractor for fair wear and tear thereof and of any materials or fabricated work lying at the Sub-Contractor's Works or Workshops which have been brought or fabricated for the purpose of this Sub-Contract.

15. Payments

(a) All payments to the Sub-Contractor shall be subject to retentions at such rates and for such periods as, under the provisions of the Principal Contract the Employer or Main Contractor (as the case may be) is entitled to make such retentions against the Contractor. Detailed applications for payment are to be rendered to the Contractor by the Sub-Contractor in duplicate. All interim payments shall be on account only and these shall not be held to signify approval by the Contractor and/or the Supervising Officer of the whole or any part of the Works executed nor shall any final payment prejudice any claim the Contractor may have in respect of any defects in the Works whenever such defects may appear.

(b) Payments shall be made to the Sub-Contractor on a regular basis, and unless otherwise specified within this Sub-Contract or the documents attached hereto, by no later than the end of the month following the month of application. Provided that the Contractor shall have no liability to make such payment for any part of the Works to the extent that the contractor has applied for payment of an amount under the Principal Contract, but the Employer is insolvent and has failed to make payment in full to the Contractor in accordance with the terms of the Principal Contract in respect of such amount.

(c) Should there be a deduction in the amount to be paid due, or apparently due, to the default of the Sub-Contractor then payment shall only be made after a decision of an Adjudicator has been obtained authorising such payment. Any such adjudication must be instigated by and take place directly between the Sub-Contractor (in the name of the Main Contractor if necessary) and the Employer if the Employer is also withholding monies for the same, or apparently for the same, default or any loss or damage arising from any such default. For the avoidance of doubt this is a circumstance in which payment is to be made as set out as Section 109(2) of the Housing Grants Construction and Regeneration Act 1996.

(d) Final payment shall not become due until the Sub-Contractor has provided all documentation required under the CDM Regulations for the purposes of this Sub-Contract and such documentation has been accepted by the Main Contractor. For the avoidance of doubt this is a circumstance in which payment is to be made as set out as Section 109(2) of the Housing Grants Construction and Regeneration Act 1996.

(e) Further, and in addition to the provisions of Condition 4 hereof, if the Sub-Contractor shall cause the Contractor loss by reason of any breach of this or any other Contract between the parties or by any tortious act or by any breach of statutory duty giving rise to a claim for damages or indemnity or contribution by the Contractor against the Sub-Contractor, or the Contractor shall become entitled to payment from the Sub-Contractor under this or any other contract between the parties, then without prejudice to and pending the final determination or agreement between the parties as to the amount of such loss, indemnity or contribution or payment the Sub-Contractor shall forthwith pay or allow to the Contractor such sum as the Contractor shall bona fide estimate as the amount of such loss, indemnity or contribution or payment such estimate to be binding and conclusive upon the Sub-Contractor until such final determination or agreement.

16. Overtime, Night Gangs etc

No overtime is to be worked without the Sub-Contractor first obtaining the consent in writing of the Contractor. No payment for authorised overtime or nightwork will be made unless the Sub-Contractor is so advised in writing by the Contractor and, if the Sub-Contractor is so advised, they will be reimbursed only with the net additional rate for time incurred, including any net additional costs of Employer's Liability and Third Party insurances.

17. Variations and Extra Works

(a) The Sub-Contractor shall make such variations to the Sub-Contract Works whether by way of addition, modification or omission as may be ordered in writing by the Contractor. No variation shall vitiate this Sub-Contract, and no other variations shall be carried out or paid for. Should the Sub-Contractor carry out unauthorised variations they may be asked to undo any modifications without payment for the cost of doing so nor compensation for the delay caused.

(b) The value of all variations shall be ascertained by measurement and by reference to the rates and prices specified in this Sub-Contract for like or analogous work, but if there are no such rates or prices, or if they are not applicable, then such value shall be a fair and reasonable valuation in all the circumstances.

No daywork will be permitted except where, in the opinion of the Contractor, it would be unfair to value such work at other than daywork rates.

(c) Where work is to be carried out on a daywork basis, payment shall be at the rates and prices specified in the Sub-Contract for such work or, in the absence of any such rates and prices, at a fair and reasonable rate in all the circumstances.

(d) Where the Sub-Contractor considers they have claim to daywork, due notice must be given to the Contractor prior to its execution in order to facilitate checking the time and materials expended thereon, and all daywork sheets shall be rendered on the day the work is executed.

(e) The signature of the Contractor's foreman will not be recognised as authorising a variation or extra order, nor be considered conclusive evidence either as to hours worked or materials supplied, unless written confirmation is received from the Contractor.

18. Annual Holidays

Attention is drawn to the fact that under the Annual Holidays Agreement the Contract may be closed down for a period or periods whilst the Sub-Contractor's work is in progress.

19. Removal of Rubbish, etc

The Sub-Contractor shall at all times keep access to the Sub-Contract Works clear, and shall clear away all rubbish resulting from the execution of those works to a central skip provided by the Main Contractor or their Client unless site conditions dictate that Sub-Contractors are to make their own arrangements for the removal and disposal of their own rubbish. On completion of the Sub-Contract Works, the Sub-Contractor shall remove from the site all their plant and tools and shall leave clean and tidy all areas made available to them for the purpose of executing the Sub-Contract works.

20. Safety, Health & Welfare

The Sub-Contractor shall at all times comply with all obligations imposed upon them by statute or common law. In particular, but without prejudice to the generality of the foregoing, the Sub-Contractor shall observe the provisions of the Health & Safety at Work Act 1974 and of any Regulations made thereunder, with regard to the Sub-Contract Works.

21. Arbitration

If any dispute or differences shall arise between the parties concerning this Sub-Contract, such dispute or difference shall be and is hereby referred to the arbitration of a person to be agreed between the parties or, failing agreement, a person appointed at the request of either party by the President for the time being of the Chartered Institute of Arbitrators. No arbitration proceedings are to be commenced (unless the Contractor decides otherwise in writing) until after the date of the completion of the Works. Any arbitration shall take place under the Construction Industry Model Arbitration Rules currently in force.

22. Adjudication

Statutory Adjudication under the Housing Grants Construction and Regeneration Act 1996 shall be under the current rules for the Technology and Construction Solicitors Association (TeCSA), or if different, the same rules as are specified in the Principal Contract, completion of an adjudication is a condition precedent to the starting of Arbitration proceedings under the above clause.

23. Applicable Law

This Sub-Contract is subject to English law and the jurisdiction of the English courts.