

SCHEDULE T
ASSETS

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SCHEDULE T**ASSETS****1. INTRODUCTION**

- 1.1 This Schedule describes how Assets shall be treated under the Contract and identifies the responsibilities of the Parties in relation to the transfer of Assets. Assets consists of two (2) categories, as follows:

1.1.1 Legacy Assets; and

1.1.2 IDENT1 Assets.

- 1.2 The Legacy Assets are a subset of the Assets. The Legacy Assets shall be the assets required by the Contractor to provide the Services from TOR-NAFIS under the Contract. Subject to Clause 2.1 below, at TOR NAFIS, the Contractor shall provide a list of all the Legacy Assets existing at TOR NAFIS as a deliverable under Schedule O:21 (**Documentation**). Unless otherwise expressly stated, all references to Legacy Assets in the Contract shall be to the list of Legacy Assets provided to the Authority by the Contractor at TOR NAFIS.

- 1.3 The IDENT1 Assets are a subset of the Assets. The IDENT1 Assets shall be those additional Assets added to the Legacy Assets from time to time during the Term. For the avoidance of doubt, solely to the extent that any Legacy Assets are replaced with new Assets during the Term and/or any Legacy Assets are upgraded during the Term, all such replacements of and/or upgrades to the Legacy Assets shall be deemed IDENT1 Assets provided such replacements and/or upgrades are required and made in accordance with the terms of the Contract.

- 1.4 The Contractor shall update the Legacy Asset list with all IDENT1 Assets added, replaced or upgraded as described in Clause 1.3 above from time to time during the Term. Such updated list shall be the list of all Assets.

- 1.5 Clause 2 below contains provisions relating to the Legacy Assets.

- 1.6 Clause 3 below contains provision relating to the IDENT1 Assets.

- 1.7 Clause 4 below describes the treatment of Assets during the Term.

- 1.8 Clause 5 below describes the transfer of Assets from the Contractor to the Authority, Successor Contractor, or a Police Force(s) (as applicable) upon expiry or upon the expiry of an extension to the Contract.

- 1.9 Clause 6 below describes the transfer of Assets from the Contractor to the Authority, Successor Contractor, or a Police Force(s) (as applicable) upon Termination pursuant to Clauses 43 and 44 of Schedule B (**Conditions of Contract**).

2. LEGACY ASSETS AT COMMENCEMENT OF CONTRACT

- 2.1 The list of all Legacy Assets shall be provided at TOR NAFIS. If the list of Legacy Assets provided at TOR-NAFIS is incorrect or the Parties identify any omission from such list, the Parties shall update the list of Legacy Assets, without any cost to the Authority, in accordance with Schedule L (**Change Control Procedures**).

2.2 Title and risk in the Legacy Assets shall remain with the Contractor during the Term of the Contract, subject always to the Authority's rights contained within Clauses 14 and 44 of Schedule B (**Conditions of Contract**). To the extent that the Parties identify any Legacy Assets that are not owned by the Contractor at TOR-NAFIS, the Parties shall, if required, execute the required documentation to transfer the Legacy Assets prior to or at TOR NAFIS (unless a date after TOR NAFIS is agreed by the Parties) in accordance with Schedule L (**Change Control Procedure**). Each party shall be liable for its own costs in relation to preparing the required documentation under this Clause 2.2.

2.3 The Contractor acknowledges that there will not be any assets transferring to the Contractor in respect of the SAFR Services delivered in Scotland (including assets relating to the Livescan services provided in Scotland prior to the Effective Date) at the relevant TOR dates or during the Term unless otherwise agreed by the Parties in accordance with Schedule L (**Change Control Procedure**).

2.4 Unless otherwise agreed, the Contractor shall only use the Legacy Assets for the sole purpose of delivery of the Services to the Authority.

3. IDENT1 ASSETS

3.1 The Contractor is responsible for providing all the IDENT1 Assets required under the Contract for the provision of the Services.

3.2 The provision of IDENT1 Assets (including any refresh of such IDENT1 Assets as described in Schedule D (**Detailed Operational Requirements**)) is included in the Service Charges identified in Schedule E (**Pricing**) of this Contract.

3.3 Title and risk in the IDENT1 Assets shall remain with the Contractor during the Term of the Contract, subject always to the Authority's rights contained within Clauses 14 and 44 of Schedule B (**Conditions of Contract**).

3.4 If the Contractor wishes to provide any of the Services through the use of IDENT1 Assets not exclusively dedicated to the Services, it shall first obtain the prior written consent of the Authority.

3.5 In the event the Contractor wishes to procure and provide IDENT1 Assets above and beyond those provided under the Contract for the provision of the Services, the provision and disposition of such additional IDENT1 Assets will be agreed through Schedule L (**Change Control Procedure**).

3.6 Where a Bureau is removed from the scope of the Services, as detailed in Clause 14.2 of Schedule B (**Conditions of Contract**) or where a Police Force ceases to receive the Services (or part of the Services), as detailed in Clause 14.3 Schedule B (**Conditions of Contract**), the Authority or the relevant Police Force (or their respective nominees) shall be entitled to buy the applicable Assets that relate to the Services/Bureau removed from the scope of the Contract, for the Fair Market Value of such Assets, calculated in accordance with in Annex T-1.

4. TREATMENT OF ASSETS DURING TERM OF CONTRACT

4.1 During the Term of the Contract, the Contractor shall maintain appropriate records for control of the Assets (for provision of the Services in England, Wales and Scotland, including Livescan Services for Scotland only) to enable the Contractor to comply with its requirements relating to the Assets as identified in Schedule O (**Documentation**) and Schedule N (**Exit Strategy**).

- 4.2 During the Term, the Contractor shall maintain a list of the IDENT1 Assets used in relation to the delivery of the Services whether Contractor-owned or Contractor-leased. The level of detail and content to be maintained by the Contractor for the IDENT1 Assets shall, as a minimum, include the following.
- 4.2.1 the value of the Assets (fair market value and written down book value);
 - 4.2.2 original purchase price and date of purchase;
 - 4.2.3 the level of depreciation to date;
 - 4.2.4 their location;
 - 4.2.5 any leasing or other financing arrangements;
 - 4.2.6 the existing status as regards title ownership,
 - 4.2.7 whether such Assets are used exclusively in the performance of the Services; and
 - 4.2.8 any other relevant information, as appropriate.
- 4.3 For the avoidance of doubt, the Contractor shall not be required to provide the Legacy Assets list to the level of detail required under Clause 4.2 above.

5. TREATMENT OF ASSETS AT CONTRACT EXPIRY

- 5.1 Upon Termination of this Contract, at Contract expiry or expiry pursuant to any Contract extension, the Authority reserves the right, at its sole discretion, to acquire title to all Assets (i.e. the Legacy Assets and/or the IDENT1 Assets) owned by the Contractor in England, Wales and Scotland, including Livescan Services for Scotland only) or arrange for a Successor Contractor, or a Police Force(s) (as applicable) to acquire title.
- 5.2 Where the Authority exercises its right to acquire title, the acquisition price for the Assets described under Clause 5.1 above shall be one pound (£1). Where the Authority provides written notice to the Contractor that the Authority does not wish to exercise its entitlement to acquire such title, the Authority shall be entitled to (and the Contractor shall pay the Authority) the proceeds received from sale of the Assets to a third party/parties after deduction of any reasonable costs associated with completing the sale.
- 5.3 The purchaser of the Assets shall be liable for VAT, stamp duty and other taxes that are assessed against or incurred on the transfer of Assets from the Contractor to the purchaser.
- 5.4 Whenever the Contractor is required to transfer Assets to the Authority, Police Forces, Successor Contractor, or their nominees in accordance with the Contract, the Contractor shall provide appropriate information, as reasonable, including suitable warranties regarding condition and title, as detailed in Clause 4.2 above and the Contractor shall execute the appropriate required documentation to transfer such Assets to the Authority, Police Forces, Successor Contractor, or their nominees, as applicable. Each Party shall be liable for its own costs in relation to preparing the required documentation under this Clause 5.4.

6. TREATMENT OF ASSETS AT CONTRACT TERMINATION

- 6.1 Subject to Clause 6.2 below and the Authority's rights to acquire title to the Assets or to refuse to buy the Assets, as described in Clause 44 of Schedule B (**Conditions of Contract**) or the Authority's and/or Police Force's right to acquire title to the Assets as described in

Clause 14 of Schedule B (**Conditions of Contract**), the formula in Annex T-1 of this Schedule shall be used to calculate the Fair Market Value.

- 6.2 On any Termination or in respect of the Authority's and/or Police Forces right to acquire title to the Assets as described in Clause 14 of Schedule B and/or for the purpose of any calculations in accordance with Annex T-1, the Legacy Assets shall be transferred to the Authority for one pound (£1).
- 6.3 The purchaser of the Assets shall be liable for VAT, stamp duty and other taxes that are assessed against or incurred on the transfer of Assets from the Contractor to the purchaser.
- 6.4 Whenever the Contractor transfers Assets to the Authority or its nominees, it shall provide appropriate information, as reasonable, including suitable warranties regarding condition and title, as detailed in Clause 4.2 above.

The depreciated value of the IDENT1 Asset is based on the Contractor's cost of the relevant Asset depreciated over the Initial Term of eight (8) years, as set out below. The formula for calculating the Fair Market Value of an IDENT1 Asset is calculated by dividing 100% by the number of quarter periods remaining of the Initial Term and applying it to the original purchase price of the Assets, and therefore, in the example below, £200 original purchase price is depreciated by 3.125% per quarter (which is equal to £6.25 per quarter) over each quarter of the remainder of the Initial Term. By the end of the Initial Term, the £200 original purchase price will have depreciated to "0". To achieve a nil valuation at the end of the Initial Term in the second example in the table below, the original purchase price is depreciated by a higher amount to reflect the shorter period in which to depreciate the Asset to nil value by the end of the Initial Term as required under the Contract. The Parties acknowledge that the method for calculating the Fair Market Value under this Annex T-1 is an arithmetical calculation designed to reduce the value of the Asset to nil by the end of the Initial Term and is not a true accounting formula for depreciation as depicted in balance sheets.

Signature Version

