LONDON CYCLE HIRE SCHEME AGREEMENT

Schedule 12 – Asset Management

SCHEDULE 12

Asset Management

1. **Items to be included in the Asset Register**

1.1 The Service Provider shall create, maintain and update the Asset Register in accordance with paragraph 6 *(Updates to Asset Register)* below.

1.2 For each LCHS Asset, the Asset Register shall include the details set out in paragraph 2 *(Details to be Included)* below.

1.3 In addition, the Asset Register shall contain details of:

(A) all security devices and security keys used by the Service Provider;

(B) any communications or connectivity infrastructure provided as part of, or in relation to, the LCHS Assets, Service Systems and Services; and

(C) any other items identified in the Service Provider Solution to be provided by the Service Provider for the purpose of the provision of the LCHS Assets, Service Systems and Services.

2. **Details to be Included**

2.1 The Asset Register shall include such details as TTL and the Service Provider may agree from time to time.

2.2 The Service Provider shall ensure that a unique identity number is allocated to each LCHS Asset and that, as a minimum, the Asset Register includes the following details:

(A) identity of who owns each LCHS Asset, i.e. whether the LCHS Asset is a:

(1) TTL Asset; or

(2) Service Provider Asset;

(B) the Service Element that the LCHS Asset is used for;

(C) the physical location of each LCHS Asset;

(D) a full description of the LCHS Asset;

(E) the purchase date of the LCHS Asset;

(F) the purchase price of the LCHS Asset;

(G) all sums:

(1) received from TTL in respect of each TTL Asset calculated in accordance with paragraph 3 *(Calculation of amounts paid in respect of TTL Assets)* below of this Schedule 12; and

        (2)   amounts outstanding from TTL in respect of each TTL Asset (such record to be updated promptly by the Service Provider following payment of each Milestone Payment by TTL);

(H)   the Service Provider's purchase order number for the LCHS Asset;

(I)   the supplier of the LCHS Asset;

(J)   the anticipated life expectancy of the LCHS Asset;

(K)   the condition of the LCHS Asset, e.g.:

        (1)   new; or

        (2)   used;

(L)   details of:

        (1)   the maintenance and support arrangements in place in respect of the LCHS Asset, such details shall include:

            (a)   name of Sub-Contractor providing such support; and

            (b)   expiry date of Sub-Contract;

        (2)   maintenance and refurbishment history of each LCHS Asset;

(M)   the warranty details for each LCHS Asset (and its associated components);

(N)   the manufacturer's serial number for each LCHS Asset;

(O)   the current status/usage, e.g.:

        (1)   stock item;

        (2)   live;

        (3)   test systems;

        (4)   disposed;

        (5)   missing;

        (6)   out of service; and

        (7)   in maintenance.

2.3   In terms of the Service Systems, the Asset Register shall also include the following:

(A)   type of Service System:

        (1)   Software application used to develop Service System;

        (2)   Specially Written Software contained within the Service System; and

(B)   installation date;

(C)   version number;

(D)   release number and release date;

(E)   owner of the Intellectual Property Rights in such Service System;

(F)   if Intellectual Property Rights are licensed, details of the licensor, cost of licence and date of expiry;

(G)   whether such Software is Escrow Software. If so, details of the:

    (1)   latest version placed in escrow; and

    (2)   related Documentation placed in escrow.

3.   **Calculation of amounts paid in respect of TTL Assets**

3.1   As one of the criteria for the achievement of each Milestone, the Service Provider shall be required to provide details of the amounts properly incurred by the Service Provider in purchasing the:

(A)   Service Provider Assets; and

(B)   TTL Assets,

prior to the date of achievement of the Milestone.

3.2   The amount to be recorded as paid by TTL in respect of each TTL Asset in the Asset Register at any time shall be calculated as:

$$\text{ARA} = \text{APP} \times \text{AMSP}$$

where:

ARA   =   the amount to be entered in the Asset Register as the sums received from TTL in respect of such TTL Asset;

APP   =   the purchase price properly incurred by the Service Provider in purchasing the relevant TTL Asset;

AMSP   =   the aggregate Milestone percentage, being:

Milestone	AMSP for each TTL Asset procured as at the date of achievement of such Milestone
Milestone 13(B): Local Acceptance Tranche 1 - Installation	[Information Redacted]
Milestone 19(B): Local Acceptance Tranche 2 - Installation	[Information Redacted]
Milestone 27: Commissioning Acceptance	[Information Redacted]

3.3 Where any TTL Asset is replaced or repaired by the Service Provider during the Term, such replacement or repaired TTL Asset (and all associated parts used in such replacement or repaired TTL Asset) shall be deemed to have been:

(A) substituted in place of the original TTL Asset; and

(B) paid for by TTL as if it were the original TTL Asset, as calculated in accordance with this paragraph 3.

4. **Basis of depreciation**

4.1 The Net Book Value of Service Provider Assets will be depreciated on a straight-line basis (cost / life) from the Month after purchase and in accordance with generally accepted accounting practice.

4.2 Depreciation of the Service Provider Assets shall not be charged to, or a cost borne by, TTL.

5. **Compliance with Statement of Requirements and Service Provider Solution**

5.1 At all times, the Service Provider shall ensure that all LCHS Assets used comply with the provisions of the:

(A) Statement of Requirements; and

(B) Service Provider Solution.

6. **Updates to Asset Register**

6.1 The Service Provider shall:

(A) update the Asset Register:

(1) each Month; and

(2) in any event, within ten (10) Working Days of an acquisition and/or disposal of an LCHS Asset;

(B) send a copy of the updated Asset Register to TTL's Representative each Month.