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Ministry
of Defence

JSP 886
DEFENCE LOGISTICS SUPPORT CHAIN MANUAL

VOLUME 4
MATERIEL ACCOUNTING

PART 7
LOANS

VERSION RECORD		
Version Number	Version Date	Version Description
1.0	30/10/12	Publication as main document (See warning).
1.1	14/04/14	Loss of item loaned to individual attached to a unit.

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Contents

Contents	2
CHAPTER 1: INTRODUCTION	3
BACKGROUND	3
POLICY	3
GENERAL	4
OWNERSHIP AND POINTS OF CONTACT	5
LINKED PUBLICATIONS	5
SUPERSEDED PUBLICATIONS	6
CHAPTER 2: RESPONSIBILITIES AND PROCESS	7
RESPONSIBILITIES	7
PROCESS	7
Authority	7
Security	7
Financial	7
Loan Criteria	8
Repayment	8
Materiel Accounting	8
Loss or Damage Whilst on Loan	9
Unserviceability of Items Whilst on Loan	9
Extension of the Loan Period	10
Final Withdrawal from Loan	10
CHAPTER 3: PROCEDURES	11
MATERIAL SUPPLIED BY CRISP	11
Loans to Units	11
External to MOD	11
MATERIAL SUPPLIED BY SS3	11
External Loans	11
MATERIAL SUPPLIED BY SCCS	12
MATERIAL SUPPLIED BY MJDI	12
MANUAL PROCEDURES	12
ANNEX A TO CHAPTER 3: APPLICATION FOR LOAN OF SS3 MATERIEL	14
ANNEX B TO CHAPTER 3: AGREEMENT TO THE TERMS OF LOAN OF MINISTRY OF DEFENCE MATERIEL	15

**This document, JSP 886:
The Defence Logistics Support Chain Manual, has been archived.
For Logistics policy, please refer to the Defence Logistics Framework (DLF)
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CHAPTER 1: INTRODUCTION

WARNING

**THE POLICY AND PROCESS FOR LOANS IS CURRENTLY BEING
REVIEWED AND MAY CHANGE**

**ANYONE NEEDING FURTHER EXPLANATION OR OFFERING SUGGESTIONS
FOR THE POLICY ARE ASKED TO CONTACT**

DES JSC SCM-SCPol- Materiel Accounting 1

BACKGROUND

1. A loan is an issue of materiel, normally without charge, for a particular purpose and for a specified period, at the end of which the item is returned. Loans can comprise single items, a schedule of items or modules and equipments complete with Complete Equipment Schedules (CESs) or role equipment. Materiel can be loaned to Units or individuals, with or without request, from both internal and external sources for military, recreational or welfare purposes in addition to that supplied to achieve their primary role. Materiel can also be loaned to organisations outside of the MOD in support of the MOD's strategic objectives.

POLICY

2. It is MOD Policy that:
- a. The loan of materiel is to be authorised.
 - b. All loans are subject to the correct Materiel Accounting Policy and Procedures laid down in JSP 886. These are principally Volume 4 Part 1: Fundamentals of Materiel Accounting and Volume 3 Part 15: Supply Chain Transactions.
 - c. Loans are to be for a specified period and for the purpose for which the materiel was intended.
 - d. The sub loaning of materiel is not allowed without the permission of the authorising authority and the Lending unit.
 - e. Holders of loaned materiel are financially responsible for any loss or damage whilst in their custody.
 - f. With the exception of fair wear and tear, loaned materiel is to be maintained and returned in the condition in which it was received
 - g. Ammunition is not to be loaned except to MOD contractors and UK Defence manufacturers, and then only in accordance with the terms of the contract and JSP 482: MOD Explosive Regulations.
 - h. Standing Orders or Instructions issued by FLCs in respect to the operation of Loan Pools are to be compliant with the Policy and Processes contained in this Part.

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- i. All technical materiel that is being returned is to be conditioned and labelled using MOD Form 731 (or commercial equivalent) prior to being available for issue or entering the Reverse Supply Chain.
3. It is government policy to charge for goods and services provided by the MOD to the wider public sector or to the private sector.

GENERAL

4. Loans can be divided in to two categories:
 - a. **Internal Loans.** Items loaned within the same accounting UIN. These could include the loan of materiel held on Article in Use Accounts and are normally made only to members of that particular Unit.
 - b. **External Loans.** Items loaned external to an accounting UIN. This could include materiel loaned from one unit to another or loaned to external organisations or contractors. There are two types of External Loans:
 - (1) **External to Unit.** Materiel loans conducted between Accounting UINs. Includes Unit to Unit or Depot to Unit loans and may involve different Log IS.
 - (2) **External to MOD.** Materiel loaned to organisations external to MOD. Such loans are made either on Repayment terms or free of charge and can be made from either Depot or Unit stockholdings.
 - c. **Government Furnished Equipment (GFE).** Items loaned to MOD Contractors and MOD Agencies operating as Trading Funds. The Policy, Process and The Policy, Process and Procedure for the issue of GFE is contained in JSP 886 Volume 4 Part 4: Government Furnished Equipment.
 - d. **Military Aid to the Civil Authorities (MACA).** MACA is sub-divided into Military Aid to other Government Departments (MAGD), Military Aid to the Civil Power (MACP) and Military Aid to the Civil Community (MACC). The Policy, Process and Procedures for MACA are contained in JDP 02 Operations in the UK: The Defence Contribution to Resilience.
 - e. **Film or Television Productions.** Materiel Loaned to Film and Television Companies for non-news media projects. The Policy and Process for initiating, implementing and delivering non-news media projects is contained in JSP 579: Arrangements for Broadcasters, Film Makers and Other Media on Projects with the MOD.
 - f. **British Forces Youth Service.** Loans to officially recognised MOD Youth Centres, Youth Clubs, Projects, Play Centres, and Activity Centres are to be conducted in accordance with JSP 477: British Forces Youth Service.
 - g. **Other External Organisations.** Items loaned to other organisations not covered above, including Foreign Governments, Cadets Forces¹.
5. Loan Pools are managed by FLCs primarily in support of Readiness and Adventurous Training which are available to all 3 services. These can be held as

¹ Excluding Combined Cadet Forces.

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segregated stock or as earmarked stock and the status of assets (including items out on loan) against liabilities is to be visible for loan pool management purposes. The management, process and procedures for the loan of materiel held in Loan Pools are issued separately by FLCs in Standing Order (SO) or Instruction (SI).

6. Loan Pools have been established for:
 - a. Clothing, General Stores and Other Equipment.
 - b. Fleet Management including Operational Training Equipment Pack (OTEP) Fleet.
 - c. OTEP Equipment Loans.
 - d. Log IS Hardware.
 - e. Engineer Training Materiel.

OWNERSHIP AND POINTS OF CONTACT

7. The policy, processes and procedures described in JSP 886, the Defence Logistics Support Chain Manual are owned by ACDS LOGOPS. ACDS LOGOPS-Log Strat and Pol DH is responsible for the management of JSC policy on behalf of ACDS LOGOPS. DES IMOC SCM SCO Materiel Accounting is responsible for formulating policy process and procedures for Internal Loans.

8. Enquiries concerning the content of this instruction are to be addressed to:
 - a. Regarding the content to the policy sponsors:

DES IMOC SCM-SCO Materiel Accounting 1
Tel: Mil: 9679 81441, Civ: 030 679 81441
Email: [DES IMOC SCM-SCO-MatAcctg1](mailto:DES_IMOC_SCM-SCO-MatAcctg1)
 - b. Regarding the accessibility of the document:

ACDS LOGOPS-Def Log Pol-JSP886
Tel: Mil 9679 80953. Civ 030 679 80953
Email: [ACDS LOGOPS-Def Log Pol-JSP886](mailto:ACDS_LOGOPS-Def_Log_Pol-JSP886)

LINKED PUBLICATIONS

9. The following publications are linked to this instruction:
 - a. JDP 02: Operations in the UK: The Defence Contribution to Resilience.
 - b. JSP 368: The MOD Guide to Repayment.
 - c. JSP 482: MOD Explosive Regulations.
 - d. JSP477: British Forces Youth Service.
 - e. JSP 579: Arrangements for Broadcasters, Film Makers and Other Media on Projects with the MOD.

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- f. JSP 886 Volume 3 Part 13: Return of Equipment and Materiel.
- g. JSP 886 Volume 3 Part 15: Supply Chain Transactions.
- h. JSP 886 Volume 4 Part 4: Government Furnished Equipment.
- i. JSP 886 Volume 4 Part 6: Losses.
- j. SCMI 12.1: Loan Account Procedures and Management.
- k. Stores System Basic Procedure (SSBP) 1709: Special Issues.

SUPERSEDED PUBLICATIONS

10. The following publications are being considered for cancellation as this document matures:

- a. JSP 886 Volume 4 Part 102: Transfers and External Loans.
- b. JSP 886 Volume 4 Part 206: Loan of Army Materiel.
- c. JSP 886 Volume 4 Part 324: Loan Procedures.

CHAPTER 2: RESPONSIBILITIES AND PROCESS

RESPONSIBILITIES

1. **Approving Authority.** The approving authority (see Paragraph 4 below) is responsible for ensuring that all loans are appropriate to the nature of the requirement, not excessive and for agreed periods. In the case of external loans, they are responsible for determining if loan charges are to be made, assessment of costs and initiating of recovery action.
2. **Lending Account Holder.** The Lending Account Holder is responsible for ensuring that all requests/instructions for the loan of materiel is authorised. They are to monitor² such loans to ensure that materiel is returned within the agreed loan period and arranging, where necessary, for returned materiel to be conditioned.
3. **Borrowing Account Holder.** The Borrowing Account Holder is responsible for adherence to all terms and conditions in respect to a loan including the return of the materiel within the agreed loan period and in the condition in which it was received. They are responsible for exercising proper control of the loan materiel and for progressing any losses or damage not due to fair wear and tear which occurs during the period the materiel is held on loan.

PROCESS

Authority

4. The minimum level of authority for each loan is as follows:
 - a. **Internal Loans.** Authorised by the Account Holder³. Items held on Articles in Use (AinU) are to be approved by the AinU Holder.
 - b. **External to Unit Loans.** Authorised by Formation/HQ or owning PT, via the chain of command.
 - c. **External to MOD Loans.** Authorised by the owning PT. Any requests received from outside bodies for the loan of equipment held on unit charge, are to be referred via the chain of command to the PT for that equipment.

Security

5. If it is proposed to authorise a loan of any materiel which might have security implications, prior approval must be obtained from the appropriate security branch or, in the case of loans to outside bodies where export is involved, from the Defence Export Services Organisation. Any equipment loaned which was originally purchased from USA sources may be subject to International Traffic in Arms Regulations (ITAR), and the Account holder are to seek appropriate advice from the owning PT.

Financial

6. Advice is to be sought from the appropriate Financial Department if it is proposed to authorise a loan of any material which has been subject to Import Duty Waiver.

² Registers are to be maintained when not monitored by Log IS.

³ For Defence Logistics Roles see JSP886 Vol 3 Part 15 – Transactions.

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Loan Criteria

7. The approval of each loan will be dependent upon the merits and nature of the requirement, and that:
- a. The materiel is available and not earmarked or required for Unit or other Service commitment.
 - b. There is no detriment to operational effectiveness or existing repair programmes.
 - c. Staff resources are available to process the loan issue.

Repayment

8. The MOD general charging policy for loans made to organisations external to MOD is set out JSP 368: MOD Guide to Repayment. This type of loan can be referred to as:
- a. **Prepayment.** Refers to a loan of materiel, which is subject to a hire or rental charge which is payable in advance. A deposit may also be required.
 - b. **Repayment.** Refers to a loan of materiel, which is subject to a hire or rental charge payable in arrears. A deposit may be required before the item of materiel is supplied.
 - c. **Replacement.** Refers to a loan of materiel to a contractor for use other than on MOD contracts for which a charge is to be made either at stated intervals or when it is returned. The contractor is to replace it with an identical item from new production.
9. Authorising Authorities are to determine if loan charges are to be made in accordance with JSP 368, assess any costs and initiate recovery action in accordance with their individual TLB Finance Instructions.
10. FLC units instructed to loan materiel on Repayment terms are to execute them as per Approving Authorities instructions. Where recovery action is being performed centrally by the Approving Authority, Issue Vouchers are not to include any pricing information. If local recovery has been requested, Issue Vouchers are to be annotated with the total loan charge. Units are to seek guidance from their respective cash account officers regarding methods of payment available.

Materiel Accounting

11. Materiel loaned to units or organisations outside of the Lending Accounting UIN are to be removed from the Materiel Account by way of an external loan issue and brought to account by the Borrowing unit. The return of loaned materiel is to be made in the same way. This will also ensure that full Consignment/Asset Tracking can be achieved and alignment between Log IS and Through Life Engineering Management Systems. The authority for the loan is to be annotated on all accounting records.
12. Discrepancies revealed during these transactions are to be dealt with in accordance with JSP 886 Volume 3 Part 15 Chapter 7: Discrepancies.

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13. Materiel loaned to individuals or department/sections within an Accounting UIN is to remain on the Materiel Account and issued as Articles in Use (AinU)⁴. Where issue to AinU is not practicable or inappropriate (i.e short term loans of less than 5 days), a manual record of the loan is to be maintained on MOD Form 3352A: Loan Record Book or MOD Form 3352B: Loan Record Card as preferred. Mechanisms should be in place to ensure that materiel is returned within the agreed timescales and that all items are returned before the individual leaves the unit.

Loss or Damage Whilst on Loan

14. Loss or damage to materiel on loan is to be brought to the attention of the Lending Account Holder and Approving Authority (if different) and, where appropriate, disciplinary action is to be considered. Loss action, in accordance with JSP 886 Volume 4 Part 6: Losses, is to be initiated as follows:

a **Internal Loans.** By the Account Holder

b. **External to Unit Loans.** By the Borrowing Account Holder. Where necessary financial write off is to be conducted by the Borrowing unit. A copy of the completed loss report is to be forwarded to the Lending Account Holder to support replacement demands.

(1) **Unit to Attached Personnel not held on Unit Strength.** Where loss has occurred by an individual external to the lending unit, and it is deemed that that the loss was the result of an act, or omission by the individual(s), suitable reimbursement is to be considered. The lending unit is to raise an Issue Voucher for the lost equipment and forward to the individual's parent unit supported by all appropriate documentation. The parent unit is to receipt the lost equipment to the parent account, and is then to conduct appropriate Write-Off action, ensuring that suitable reimbursement is considered. Once completed, the unit is to provide a copy of the completed loss report and cleared receipt to the Lending Account Holder to support replacement demands.

(2) **Unit to Unit.** Where necessary, financial write-off is to be conducted by the Borrowing unit. Once completed, the unit is to provide a copy of the completed loss report to the Lending Account Holder to support replacement demands.

c. **External to MOD Loans.** By the authorising PT. Where financial recovery at full cost has not been achieved, financial write off is to be conducted by the authorising PT. A copy of the completed loss report is to be forwarded to the Lending Account Holder to support replacement demands.

Unserviceability of Items Whilst on Loan

15. Items that become unserviceable during the period of a loan are to be brought to the attention of the Lending Account Holder and authorising authority (if different) who are to arrange for it to be conditioned in accordance with relevant Engineering Documentation and, where appropriate, recorded on the appropriate Through Life Engineering Management System. Should that inspection reveal that fair wear and tear is responsible;

⁴ Including Temporary Personal Holding.

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the repair is to be undertaken at public expense. Should the repair be such that the borrower stands to lose the materiel for an unacceptable time, then the Authorising authority may withdraw the materiel and loan another item of the same type as a new loan, on the same terms and for the remainder of the original loan period.

Extension of the Loan Period

16. Extensions of the loan period are to be considered by the relevant authority on request. The Lending Account Holder is to be informed of any extension approved to enable loan records to be amended.

Final Withdrawal from Loan

17. On return from loan all technical materiel is to be conditioned to establish its Materiel Condition prior to being returned to stock/AinU or re-loaned.

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CHAPTER 3: PROCEDURES

MATERIAL SUPPLIED BY CRISP

Loans to Units

1. Items issued to Units on loan from the CRISP BIS are known as 'Temporary Issues'. All demands for Temporary Issues are to be supported by RN Form S130 – Application for Change of Allowance of Accountable Stores endorsed 'Temporary Issue' and authorised by the Unit's Commanding Officer. The original Demand Reference Number and full reasons for the requirement are to be shown on the Form S130. The period of loan is not to exceed 12 months.
2. On receipt of RN form S130, demands are to be processed in accordance with Supply Chain Management Instruction (SCMI) No 12.1 Loan Account Procedures and Management⁵.
3. On completion of the loan period items are to be returned in accordance with JSP 886 Volume 3 Part 13: Returns. Issue Vouchers are to be endorsed with 'Ex Temporary Loan' and the original Form S130 Reference Number.

External to MOD

4. The procedures for requesting and processing of external loans from the CRISP BIS are contained in SCMI 12.1: Loan Account Procedures and Management.

MATERIAL SUPPLIED BY SS3

External Loans

5. Applications for a loan of SS3 BIS materiel is to be submitted in the form of Annex A. Applications should be made at least 6 weeks, or 3 months in the case of B Vehicles, before the date of requirement, and forwarded as follows:
 - a. **Service Units.** Whether bidding on their own behalf or as loan sponsors for outside bodies, Service Units are to submit the request to the relevant PT and send one copy to their divisional/district or equivalent formation HQ.
 - b. **Defence Agencies.** Send one copy to the respective Systems Controller for onward transmission to the owning PT.
 - c. **Outside Bodies (or their loan sponsor).** Send one copy to the owning PT.
6. The Form of Agreement at Annex B is to be used in conjunction with the loan application whenever a hire charge is involved.
7. Loan Application from Regular or Reserve Forces. Applications for a loan of materiel to enable a unit to perform military duties should contain specific details at Annex A Paragraph 7, e.g. Service training. Details should also be given when the application applies to Royal and Service occasions, sports events and fixtures, which are officially sponsored by MOD.

⁵ SCMI 12.1 is out of date. It is dated 1999 and refers to BR1029, JSP 336, etc.

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8. The Approving Authority dealing with the loan is to examine the application to ensure:
 - a. The requirement is reasonable.
 - b. Details quoted are correct.
 - c. The period of loan requested is acceptable having regard to the circumstances outlined in the application.
9. Once the Approving Authority is satisfied with the completeness of the application, he is to decide on the type of loan to be made. When an application for a loan is approved, the PT is to raise an Issue Order and forward it to LCS Ops – Special Issues Section who process the loan in accordance with Stores System Basic Procedure (SSBP) 1709: Special Issues.
10. When an application for a loan is rejected, the application and letter explaining the reasons for rejection are to be returned to the originator, or if necessary the sponsor HQ for applications not received direct.
11. Near the end of the loan period, LCS Ops – Special Issues Section will forward AF G8623: Loan Return Dockets to the borrowing unit or establishment which is then responsible for returning the materiel by the end of the authorised loan period to the place nominated on the AF G8923. Packages containing returned loan stores are to be marked 'LOAN STORES' in 50mm high block letters.

MATERIAL SUPPLIED BY SCCS

12. For the loan of materiel from the SCCS BIS, the PT is to notify the DES JSC SCM-SCPol - Platform Support Team - Government Furnished Spares cell of the item details, quantity, delivery address and contract reference. DES JSC SCM-SCPol Platform Support Team - Government Furnished Spares Cell are to action such requests in accordance with the process guide contained at JSP 886 Volume 4 Part 4, Chapter 4, Annex A.

MATERIAL SUPPLIED BY MJDI

13. MJDI provides the capability to fully manage the loan of materiel. These include:
 - a. **Internal Loans.** Loans from stock accounts to AinU accounts or Temporary Personal Holdings (TPH) and loans between AinU Accounts.
 - b. **External Loans.** Loans from stock or Ainu Accounts to other Accounting UINs or Organisations external to the MOD. MJDI sets up dues in/dues out between accounts to enable the loan to be monitored and provide alerts at the end of the loan period.
14. The procedures for conducting MJDI loans are contained in the MJDI User Guide.

MANUAL PROCEDURES

15. Where it is not practicable for an item being loaned to be issued to an AinU, manual records are to be maintained. Such loans are to be recorded on either MOD Form 3352A (Loan Record Card) or MOD Form 3352B (Loan Record Book) as appropriate to the particular circumstances of the Account.

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16. The following procedure applies:
- a. The Accountant or AinU Holder completes the issue columns of the Loan Record ensuring that all items are recorded and that individuals contact details are correct. When serially numbered items are issued, the serial numbers are to be recorded on the loan record.
 - b. The expected return date is to be recorded on the loan record.
 - c. The individual signs the Loan Record acknowledging responsibility for the items.
 - d. The Accountant or AinU holder is to monitor loan records to ensure that the items are returned within the agreed timescales and that the items are returned prior to the individual leaving the Unit.
 - e. Upon return from loan the Account Holder is to complete the Return columns of the Loan Record after ensuring that the item(s) are in the correct condition commensurate with the purpose of the loan.
17. Loan records may be destroyed once all loans recorded on them have been completed.

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ANNEX A TO CHAPTER 3: APPLICATION FOR LOAN OF SS3 MATERIEL

1. Unit/organisation/person applying for a loan: [Note 1]				
2. Army units only: Insert establishment number:				
3. Is this application for renewal of an existing loan?: Yes / No				
3a. Address for correspondence:				
3b. Address for stores: (If different from Paragraph 3a)				
4. Materiel required. (If more space is needed attach a separate schedule laid out in the following manner):				
Domestic Management Code (DMC)	NSN Reference	Unit of Issue (UI)	Short Item Name	Quantity
5. Period of Loan. Give actual dates for:				
5a. Date issue required.				
5b. Date materiel is to be returned.				
6. Purpose or justification. (Give here full details of the use to which the materiel listed in Paragraph 4 is to be put and why it is required).				
7. Renewal of existing loans. State:				
7a. Reference number and date of the original application for the present loan.				
7b. Originator, reference and date of existing loan authority.				
7c. Issuing depot etc and issue order number for existing loans.				
Certification by applicant: I certify that the details given in this application are to the best of my knowledge complete and accurate. I understand as borrower that I will be held financially responsible for any loss or damage to loaned materiel while it is in my custody, fair wear and tear being the sole exception, and that it will be maintained by me in the condition in which it was received. To the best of my knowledge materiel of a similar nature to that listed in Paragraph 4 above is not available on hire or for sale from acceptable civilian sources.				
Signature:			Name in capitals:	
Rank/appointment:			Contact Telephone Number:	
Date of application:			Applicants reference/file number:	
Loan approval is given for the issue of the items listed in Paragraph 5 above, (items not available/not approved are shown deleted).				
Signature:			Appointment:	
Date:			Unit stamp:	
Note:				
1. Where applicable insert UIN or Contractors Name and Address Code (NCAGE)				

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ANNEX B TO CHAPTER 3: AGREEMENT TO THE TERMS OF LOAN OF MINISTRY OF DEFENCE MATERIEL

1. The Form of Agreement on pages 15-16 and attached to the loan application list of materiel, is to be completed by the Authorising Officer and signed by the Hirer, as defined in the preamble to it, before the loan authority is issued by the Authorising Officer.
2. It may not be altered except:
 - a. Where provision is made in this Agreement to the Terms of Loan (Paragraph 9).
 - b. Where Paragraph 6, second sentence does not apply, that sentence is to be deleted.
 - c. Where no schedule is attached under Paragraph 7, the last sentence is to be deleted.
 - d. Where provision is made in accordance with Paragraph 8 of this Pamphlet for the increase or reduction of the minimum hire charge; then the relevant part of the preamble and Paragraph 13 is to be changed.
 - e. Where provision is made in accordance with Paragraph 8 of this Pamphlet for an element of the charge to be reduced; then the preamble is to be altered to reflect this.
 - f. Where the loan is made outside the UK all reference to VAT is to be deleted.
3. All changes to the agreement are to be initialled by the Authorising Officer, before it is sent to the Hirer. All attachments must accompany the agreement along with all copies of it that are made.
4. The value [line 5] is to be the Basic Materiel Price of the materiel being loaned.
5. The Authorising Officer is to enter the sum required as the minimum hire charge, in the preamble and in Paragraph 13, except where Paragraph 2d of these notes has taken effect.
6. The introductory Paragraphs on this page are not to be sent to the Hirer; hence the agreement is printed on separate pages for ease of copying. Should that be reproduced by any process other than direct photocopying the wording is to be checked against the original by the Authorising Officer.

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AGREEMENT TO THE TERMS OF LOAN OF MINISTRY OF DEFENCE MATERIEL

1. (Name of Hirer) _____ (hereinafter called 'the Hirer') agrees to the following Terms and Conditions in respect of the loan by the Secretary of State for Defence (hereinafter called 'the Secretary of State') of materiel listed in the Schedule or the attached list, to the value of £ _____ for the period from (date) _____ to (date) _____ and to a total hire charge of £ _____, including VAT. A sum of £ _____ including a non-returnable advance in respect of the minimum hire charge, vide Paragraph 14 below, has been paid as requested.

STATEMENT OF STANDARD TERMS AND SPECIAL CONDITIONS FOR THE LOAN OF MINISTRY OF DEFENCE MATERIEL

Standard Terms

2. The Hirer shall agree not to make any claim against the Secretary of State, his servants or agents resulting from sickness or personal injury (including injury resulting in death) or loss of or damage to property from whatever cause sustained by the Hirer or by any other person employed by the Hirer or for whom the Hirer is responsible by reason of or arising out of or in any way connected with the loan or any journey undertaken in that connection.

3. The Hirer shall pay hire charges at the rate agreed with the Secretary of State for each loan and pay in addition for any losses or damage beyond fair wear and tear arising out of the loan.

4. The Hirer shall affect with an Insurer or Insurers a policy or policies of insurance under which the Secretary of State is also indemnified, to cover:

a. Third party liabilities in respect of injury (including injury resulting in death) to persons and damage to property in the sum of at least £100,000 in respect of any one accident or incident, and unlimited in total, arising out of the loan and any journey undertaken in connection with the loan.

b. Liabilities and indemnities in respect of injury (including injury resulting in death) to Crown employees employed in connection with the loan (based on a per capita rate of £35,000).

c. Damage to or loss of the Secretary of State's materiel on loan to the value declared by the Secretary of State occurring while the materiel is in the Hirer's custody or in transit to and from the issuing and receiving units as a result of Fire, Storm, Handling or other Accident.

Special Conditions

5. The hiring shall commence from the time the materiel leaves the Secretary of State's site and shall cease when the materiel returns to the aforesaid site or to such other site as the Secretary of State may require.

6. The Hirer shall at his own expense arrange for the transport of the materiel from the site to the place at which it is required and for the return thereof to its original site on expiration of the hiring. Provided that in the event of the Secretary of State requiring the materiel to be dispatched to another site the Secretary of State shall pay such excess costs as may be incurred by reason of the change.

7. The Hirer shall supply the fuels, lubricants, oils and greases specified in the Annex attached by the Secretary of State for the operation and maintenance of the materiel. Where these are essential and obtained only from the Secretary of State's sources this is indicated in the attached Annex, together with the point of supply, whence they are to be collected by the Hirer, and prices.

8. The Hirer shall carry out at his own expense such running repairs as may be necessary to maintain the materiel in the same condition as it was when taken on hire by him, fair wear and tear excepted. Provided that the Secretary of State may at his discretion decide to service and inspect the materiel and the Hirer shall pay the additional costs incurred by the Secretary of State in so doing. This maintenance is to be carried out in accordance with the Secretary of State's Schedules and practices attached.

9. The Hirer shall inform the Secretary of State if any repairs are required to be done when by virtue of fair wear and tear such repairs are the responsibility of the Secretary of State and affect such repairs in accordance with the instruments given by or on behalf of the Secretary of State.

**This document, JSP 886:
The Defence Logistics Support Chain Manual, has been archived.
For Logistics policy, please refer to the Defence Logistics Framework (DLF)
via www.defencegateway.mod.uk/**

10. Under no circumstances shall the Hirer sub-let or loan the materiel to a third party.

11. In addition to any powers of termination given to the Secretary of State in this Agreement the hiring may be terminated by either party giving to the other 48 hours notice in writing. Hire charges will nevertheless not cease until the stores are received back into the Secretary of State's depot. The Secretary of State reserves the right to withdraw the materiel at any time without prior notice should the exigencies of the Service so require.

12. The Hirer shall at all times during the period of hire allow the Secretary of State or any person or persons authorised by him to have free access to the materiel for the purpose of inspection. The Secretary of State reserves the right to terminate the hiring at any time without prior notice to the Hirer and to remove the materiel from the custody of the Hirer if on inspection or other means it is revealed that the materiel is being misused or subjected to damage from any cause and in the event of the materiel being removed the cost of removal shall be payable by the Hirer.

13. If during the period of hire any of the materiel breaks down the Hirer shall have the option of terminating the hiring in respect of such materiel or of repairing the same by agreement with and at the cost of the Secretary of State provided that the breakdown was not occasioned by negligence of the Hirer.

14. At the time of acceptance of the Secretary of State's terms and conditions of loan the Hirer shall return this form duly signed and witnessed having paid an advance payment of £_____, in the form of a cheque made payable to _____, which shall be non-returnable and shall represent the minimum hire charge which will be levied in respect of any loss. The Secretary of State reserves the right to demand payment from the Hirer periodically but will take into account any advance payment. A final statement and/or bill will be sent to the Hirer by the Secretary of State as soon as practicable and expedient after the receipt of the materiel back into the Secretary of State's site. Payments due shall be made by the Hirer to the Officer duly appointed by the Secretary of State at the place and in the manner prescribed by that Officer, within 30 days, the Secretary of State may summarily determine this Agreement but shall retain the right to recover from the Hirer any monies due to him under this Agreement or damages for breach thereof.

15. If the Hirer shall suffer any execution of distraint whereby goods belonging to him shall be seized this Agreement shall automatically determine forthwith. Such determination of Agreement shall not affect the right of the Secretary of State to recover from the Hirer any monies due to him under this Agreement or damages for breach thereof.

16. The Hirer shall keep such records of hours worked and maintenance work carried out as may be required by the Secretary of State, in addition to any record required by law or statutory rule for the time being in force, and the said records shall be produced whenever required for the inspection of any Officer authorised by the Secretary of State.

17. If the materiel lent is a vehicle and the Hirer uses it upon the public roads he is to arrange the statutory vehicle insurance at his own expense.

ON BEHALF OF:

HIRER	WITNESS
Signature	Signature
Name	Name
Address	Address
Date	Date
Being duly authorised to sign on behalf of:	