



## **4. Franchise Fees**

### **4.1 Joining Fee**

An Initial Fee (in the amount set out in the Schedule to the Franchise Agreement) is payable to the Franchisor upon signing of the Franchise Agreement. This Initial Fee is known as the "joining fee".

This is used to cover costs of issue and set up of the Franchise agreement, operations manual production, a 'start up package' consisting of selected stationery, promotional merchandise, 131 network setup and connection plus other administration charges incurred by the Franchisor. This money is held by the Franchisor. The Initial Fee will be refunded if the Franchisee terminates the Franchise Agreement within the "cooling-off" period provided for in the Franchise Agreement, taking into account the Franchisor's rights to deduct from the Initial Fee its reasonable expenses in accordance with the Franchising Code.

### **4.2 Contribution to Natrad's Marketing Fund**

Each Franchise is then required to contribute at 5.375% of gross turnover, with a current minimum of \$5,536 and a maximum of \$21,012 (increasing by CPI 01/01/08) payable in one year (as stipulated in the Agreement in clause 2.5). An invoice will be issued monthly, which must be paid by the end of that stated month.

The fund is expended on advertising, marketing campaigns conducted on behalf of Natrad stores and some staff recovery costs in undertaking duties relating to said campaigns and marketing activities. Financial statements are available for inspection at the premises of the Franchisor. The fund has been externally audited by Hurwath Assurance Services, Melbourne.

#### **Contributors**

Contributors to the Marketing Fund include Franchisees, the Franchisor, and outside suppliers of services to Franchisees. The Franchisor contributes to the Marketing Fund for businesses owned and operated by the Franchisor that are substantially the same as the Franchised business. The contribution is worked out in the same manner as for a Franchisee.

#### **Administration of the Fund**

The fund is administered and controlled by the Franchisor. These Marketing funds are spent on marketing, advertising, promotion of Natrad Auto Cooling Service Centres, and wage recovery costs for some Natra employees, directly involved with the Natrad franchise.

### **4.3 Other payments**

Franchisee shall be required to fund all costs related to the "Customer Interactive Warranty Registration" operations. These are currently charged at a rate of \$1.70 per NEW registration entered into the appropriate database.

Payments received directly relating to these charges, are debited to the Marketing Fund to cover associated costs such as postage, stationery and promotions of this program. These payments are invoiced each calendar month. These charges are non-refundable, and are on a "user pays" basis.