

The Family Grapevine

Prospectus & Agreements 2007



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The Family Grapevine Publishing System and Grapeworks Management System
www.thegrapevine.co.uk telephone 01749 678393 info@thegrapevine.co.uk

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Your Publication

The Family Grapevine Ltd sells licences to self employed editors who wish to publish their own edition of our branded magazine, The Family Grapevine, in an exclusive territory. The first magazine 'The East Surrey Family Grapevine' was published in 1996.

The Family Grapevine magazine is a phonebook or telephone directory targetted directly at families with children of all ages. It contains comprehensive free listings on a wide variety of subject matter. As a general rule we do not include editorial. Including editorial dilutes our niche product and forces us needlessly into competition with other magazines.

The Family Grapevine Ltd currently has nearly 30 licensed publications in print. Most editors publish one magazine in one area although some editors have purchased further territories. Each editor earns money to pay for the printing and other operating costs, and thereafter for profit, by selling adverts for their publications.

Editors can extend their earnings by selling online advertising. We are currently trialling OnlineGrapevine, a new web advertising facility. This is proving popular with some editors as there are no print costs, just the small effort of designing a new advert.

What does it cost?

This is not a franchise. There are no commissions or royalties relating to your income. Your licence gives you exclusive rights to operate within your territory and use our brand. You will be independent and self employed but you will not be on your own.

Your licence purchase fee relates directly to the number of publications we have in print at the time you join us, so it reflects the strength and experience of our group. Fees are as follows:

20 to 29 publications £3,500.

30 to 39 publications £4,000.

40 to 49 publications £4,500.

50 or more publications £5,000.

From January 2007, we are introducing a modest monthly fee for all new Editors, of just £50 a month. This will cover all members' facilities including our fantastic Knowledgebase, an online guide which is packed full of useful advice. You will also get access to our private editors' forum, a huge range of templates and reference documents and Grapeworks, our amazing software which runs every aspect of your business. You won't need any other accounting or contact management packages.

Although it may seem daunting at first, Grapeworks will save you a great deal of time and effort and is central to the success of our system. Grapeworks is written in Microsoft Access and is supplied in an 'Open Source' format which requires Access 2003.

From mid 2007 Grapeworks will be replaced by a new fully fledged management application with even more facilities. This new system will not require Access. The application is integrated with online advertising and includes advanced features to help you to maximise your income.

Your Territory

We have invested considerable energy in setting territories which we feel have the right qualities to develop a viable and potentially lucrative business. Your area must be large enough to sustain a viable business, but not so large as to lose its local flavour. Our territories are designated mainly using district council boundaries. The population in each of our territories is usually between 100,000 and 250,000.

When signing our agreement you promise to operate only within your licenced territory. Your territory is controlled by the location of business and services included in your free listings and the places where you distribute copies. We have no concept of exclusive advertising territories, ownership of leads or poaching of advertisers.

Support and Advice

You may find some parts of the job daunting, particularly cold calling for sales or mastering new software, particularly InDesign and Photoshop. It is critical that the level of support you receive is appropriate to your ability and your determination.

Extensive support is provided via the knowledgebase and on a peer to peer basis via our forum, which is available to all members. In addition you may benefit from external forums, courses, users' guides and instruction manuals. Support does not take the form of training.

Your Decision

Do not base your investment on what you hope will happen. Base it on realistic assessment, conservative estimates and common sense. There is no room for dreaming or arrogance. The first year will be the hardest. Be realistic about the potential. If you need £20,000 a year to pay the mortgage, how long it will take to achieve this? You will be working hard, often under pressure. Frequently work will compete with the demands of your family.

Take time to find out what our editors really do, not what you think, or want to believe, they do. Be realistic about what you want out of the business, what you are prepared to put into it and what support you will need.

Previous editors have failed for various reasons, (but none in recent years). Reasons probably include not using our management software, paying insufficient attention to our advice, not maintaining adequate records, not devoting enough time and energy to the business, thinking it would be handed to them on a plate, underestimating the effort and willpower required, dealing with rejection and giving away too many deals from the outset.

Once you have made your decision and we have approved your application we will issue an invoice. On receipt of payment, together with the signed agreement which forms part of this prospectus, you will be ready to begin.

What happens if I want to stop?

If you decide to give up and you sell your business yourself, we will charge you £250 for the reassignment of your rights to your buyer. Your buyer must agree to pay monthly fees for services as outlined above. If we sell your area for you we will give you a refund of part or all of your purchase price up to a maximum of £1000 in the event of a successful sale.

What should I do first?

- 1). Have you seen a copy of The Family Grapevine? Download one from www.thegrapevine.co.uk or ask one of our editors to send you one. You should certainly look at any editions which adjoin your proposed area.
- 2). Have you spoken to any of our editors? Get their details from our website and call a few for a chat. If you don't have the nerve for this you should seriously question whether you have the nerve to make literally hundreds of cold calls over the forthcoming weeks.
- 3). Call the Inland Revenue's Helpline for the Newly Self Employed on 08459 15 45 15. Ask for a booklet called "Working for Yourself - The Guide" and while you are on the phone ask for any other advice you need.
- 4). Consider whether you want to use your own title or call your publication The Family Grapevine. This is a good question to discuss with existing editors.
- 5). You will need a separate bank account for your business, so start looking around for accounts with low charges, free banking or that pay interest. If you have a Limited Company your account must be in the Limited Company name. Don't open your account until you have confirmed your publication title.
- 6). Consider taking a P.O. Box, (a Private Box), at your local sorting office. This provides you with privacy, an easily remembered address for your readers and advertisers and a way for family or colleagues to collect your mail when you are away. For an extra fee the post office can forward P.O. Box mail to your home address. For details call Royal Mail Sales on 08457 950 950.
- 7). Do you have an accountant? You would be well advised to appoint one at the outset. There are many firms which deal with small businesses and can help you to manage your affairs in a sensitive and tax efficient manner. We cannot recommend an accountant.
- 8). Start travelling around your area collecting local publications including directories, parish magazines, guides, leaflets, booklets, newspapers etc..
- 9). Go out collecting phone numbers. Take a notepad and pen with you. Try local council offices, county councils, social services, education authority offices, libraries, ante-natal clinics, health centres, hospitals (outpatients, friends desk), doctors' surgeries, dentists, church halls, village halls, newsagents' noticeboards, shop windows, supermarket noticeboards, leisure centres, tourist offices, school noticeboards, the local MENCAP office.
- 10). Don't say that you belong to The Family Grapevine until you are signed up.
- 11). Don't call any advertisers. There's an awful lot of advice you need in our Knowledgebase and you shouldn't start before you have read it.
- 12). Don't start entering contacts, listings etc. in your own database, excel file or any other file. You will simply be wasting time, as you will be entering all this information in your Grapeworks database soon.
- 13). Don't start doing research via websites until you have read the information in the Knowledgebase on copyright.

You'll Need...

- Up to date Windows PC with Internet access (preferably broadband) and some form of backup, e.g. a CD writer. If buying a new computer make sure it is Vista compatible (Vista is the new operating system from Microsoft).
- A good email account with unrestricted use and which allows large attachments (not AOL or Hotmail). You will get a yourname@thegrapevine.co.uk email address with its own mailbox and webmail service.
- Colour inkjet or laser printer for printing proofs, invoices, statements etc. and a supply of ink or toner.
- Scanner capable of at least 600dpi (dots per inch).
- Internet Browser and Email software.
- Microsoft Access 2003, (not required from mid 2007).
- Adobe InDesign CS2, or CS3 when released.
- Adobe Photoshop CS2, or CS3 when released. Adobe Elements is not suitable.
- Acrobat Reader. This is included with many other Adobe products and is available as a free download. The full version of Acrobat is not required.
- Microsoft Word is highly recommended as it is frequently used by advertisers to supply text or copy.
- Telephone and answerphone. A second phone line and a fax are useful, but neither are essential.
- A4 paper.
- Self seal plain and window envelopes for letters and C4 envelopes or polylopes for sending out publications.
- Folders and files for paperwork.

The Mythical Bus Accident

New group members sometimes worry about what would happen if the directors, Nikki and Sheridan, 'disappeared' or got run over by a bus. In the future we may appoint other Directors and Shareholders in which case the loss of one or both directors would have no affect at all on either your business or your membership of the group. Assuming that additional directors and/or a secretary had not been appointed, the company would be dissolved. All editors would then be free of ties and technically 'out on their own', but all automated management services would continue and it is more than likely that the group would reform with its own management.

Potential Income

Publishing is a demanding job, generally requiring full time commitment, but our business model is well refined with proven success. If you can devote time and energy to your publication you will be able to achieve a substantial income commensurate with your efforts. Typically a first edition can expect to break even on its costs. Our top editors turn over in excess of £50,000. Your main expense will be printing, followed by postage, telephone, other office expenses (stationery) and petrol. Figures can be supplied as a guide, but any figures we supply can in no way represent a firm indication or guarantee of the potential income for your business. We cannot and will not guarantee your success. Only one person can make your business succeed, and that's you!

Agreement for the purchase and operation of The Family Grapevine Ltd. Licence

The parties hereto agree and covenant as follows:

This Agreement supercedes all previous Agreements and represents the whole of the Agreement between the parties hereto with respect to its subject matter. The Seller hereby grants to the Buyer exclusive rights to operate The Family Grapevine Ltd. Business System within the Territory specified herein. The Seller sells transfers and conveys to the Buyer for good and sufficient consideration online access to the current Knowledgebase and various documents selected at the discretion of the Directors to assist in the operation of the business system.

Grapeworks Software

The Seller agrees to the Buyer's use of Grapeworks, The Family Grapevine Ltd.'s management software written in Access, subject to the terms and conditions set out in the attached End User Licence Agreement.

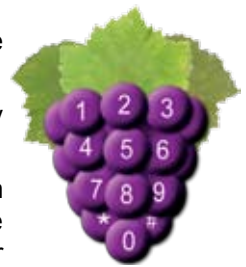
The Family Grapevine Group

The Buyer is hereby admitted to Membership of The Family Grapevine Group, subject to payment of the current monthly membership fee, if any. Membership includes a listing of the Buyer's publication on The Family Grapevine's website, access to the Members' area of the website and a variety of online resources.

Trade Marks, Logos and Publication Titles

The Buyer is hereby licensed to use (1) the 'grapepad' Trade Mark illustrated right (2) the Trade Mark "The Family Grapevine" and (3) any associated logos subject to the following conditions:

- 1). that the Trade Marks and logos are only used in conjunction with the publication of a family telephone directory.
- 2). that the Buyer does not in the reasonable opinion of the Company engage in any activity which could bring the Trade Marks and logos into disrepute, or act in any way which could damage or conflict with the interests of the Company, the group as a whole, or any individual Member of the Group
- 3). that the Buyer does not in the reasonable opinion of the Company misuse or in any way impair the goodwill associated with the Trade Marks and logos
- 4). that the Buyer does not take any action to contest the validity or ownership of the Trade Marks and logos.
- 5). that the Buyer accepts that all rights relating to the exploitation of the Trade Marks and logos through or on the world wide web, internet or through any other electronic means will solely and exclusively belong to The Family Grapevine Ltd.



The Buyer is hereby licenced to use the Publication Title "The (Territory Name) Family Grapevine" or "The Family Grapevine, (Territory Name)". The Buyer is expressly prohibited from using any other title used by an existing Member or Members without the written permission of the existing users. This permission may be granted or withdrawn at any time on the strength of a clear majority decision of all existing users. In the event that any users of a title shall wish to exercise their right to grant or withdraw permission to any individual user then the right of the Company to grant or withdraw permission shall prevail.

Rights and Termination

The Buyer's rights in this Agreement will expire at the end of the first full calendar year subsequent to the date of this Agreement and annually thereafter. Renewal will be granted in accordance with the then current Agreement subject to appraisal of the Buyer's most recent publication which must have been published during the preceding year and subject to continued payment of the current monthly membership fee, if any.

All rights permissions and memberships conferred by this agreement may be withdrawn at the sole discretion of The Family Grapevine Ltd. if the Buyer fails to abide by these Terms and Conditions or acts in any way which could damage or conflict with the interests of the Company, the group as a whole, or any individual Member of the Group.

In the event that the Buyer sells the territory the Buyer's rights may be reassigned on payment of an administration fee of £250. In the event that the Seller resells the territory the Buyer will receive a refund of of part or all of your purchase price up to a maximum of £1000. This refund is only payable if and when the Buyer's operational data (free listings, advertising contacts, sales information etc.) is supplied to the The Family Grapevine Ltd.

Upon the termination of this Agreement for any reason (and for the purposes of this paragraph the failure by either party to renew the membership upon its expiry shall be deemed a termination) the Editor shall immediately cease to use in any way whatsoever any and all of the Trade Marks and logos which are or may be associated with the Company.

The terms of this Agreement shall be governed by and construed in all respects in accordance with the laws of England and Wales and the parties agree to submit to the exclusive jurisdiction of the courts of England and Wales.

Title

The Buyer's Publication will have the following title

.....

Territory

The Buyer's Territory is defined as follows

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The Buyer undertakes to publish only free entries that are regarded as the distinguishing entries for this territory. The full definition of these 'free entries' is given in the online documentation and forms part of this agreement.

The Buyer agrees to not to distribute publications outside the above territory.

Agreement

The terms of this agreement shall be governed by and construed in all respects in accordance with the laws of England and Wales and the parties agree to submit to the exclusive jurisdiction of the Courts of England and Wales. The Family Grapevine Ltd. reserves the right to supersede the terms represented here in any subsequent edition of the Prospectus or the Terms and Conditions.

Signed (Buyer's signature)

Signed by (Buyer's name)

of (Buyer's address)

.....

.....

on (date)

Signed (Seller's signature)

Signed by (Seller's name)

Director, for and on behalf of The Family Grapevine Ltd., Registered Company Number 5224457

Registered Office: The Family Grapevine Ltd., 11 Bell Close, Westbury Sub Mendip, Somerset, BA5 1ET

(Date)

Supplementary Information (required)

Buyer's Title (Mr / Mrs / Ms / Dr etc)

Buyer's Full Name

Buyer's Date of Birth

Buyer's Home Telephone Number

Buyer's Alternative Telephone Number(s)

Buyer's Email Address

Grapeworks Software - End User Licence Agreement

By installing Grapeworks, The Family Grapevine Ltd.'s Software, you are accepting the following licence agreement between The Family Grapevine Ltd. and you, the end user.

The word 'Software' is used throughout this document to refer to Grapeworks, a database comprising both forms (programs) and tables (data).

- 1. This is a single copy Software licence granted by The Family Grapevine Ltd. as part of a business system. The Software is licensed to you as the end user. It is not sold.**
- 2. This Software is copyrighted material. The copyright is owned exclusively by The Family Grapevine Limited, a company registered in the United Kingdom of Great Britain and Northern Ireland, with its postal address at 11 Bell Close, Westbury sub Mendip, Somerset, BA5 1ET, UK. Once you have paid any relevant fee, you may use the Software for as long as you like provided you do not violate the copyright and you follow these simple rules.**
- 3. You may use the Software on any computer for which it is designed so long as no more than one person uses it at any one time. You must pay for additional copies of the Software if more than one person will be using it at the same time on one or more computers.**
- 4. The Software must be kept in your possession or control. The Software must not be copied, other than as a legitimate backup copy for your personal use, passed on or sold.**
- 5. The Software is in an 'Open Source' format allowing you to make alterations to it. However if any changes are made to the Software other than those specifically instructed or permitted by The Family Grapevine Ltd. in the current Beginners' Guide or otherwise in writing the Company reserves the right to withdraw technical support for the Software.**
- 6. You may not rent or lease the Software to others. You may not install it on a computer network unless only one person can use it at a time or you have purchased additional licences.**
- 7. The Software must be installed on a computer with Access 2003. If any attempt is made to install the Software on a computer with any other version of Access The Family Grapevine Ltd. cannot be held liable for any loss or inconvenience whatsoever and may make charges to rectify any problems.**

Customer remedies during the warranty period

The Family Grapevine Ltd. will replace any magnetic media which proves defective in materials or workmanship without additional charge. In the case of an error of documentation, The Family Grapevine Ltd. will correct errors in the documentation without charge by providing addenda or substitute pages.

Limited Warranty

The Family Grapevine Ltd. warrants that the magnetic media on which the Software is recorded and the documentation provided with it are free from defects in materials and workmanship under normal use. The Family Grapevine Ltd. warrants that the Software itself will perform substantially in accordance with the specifications set forth in the documentation provided with it. These express warranties are made for a period of sixty (60) days from the date the Software is delivered to you as the first user. The Software has been designed for stand-alone computers operating under Microsoft Windows 98, ME, 2000 or XP. The Family Grapevine Ltd. does not guarantee the functioning of the Software in a networked environment.

No other warranties or liability for consequential damage

The Family Grapevine Ltd. does not warrant that the functions contained in the Software will meet your requirements or that the operation of the Software will be uninterrupted or error free. The warranty does not cover any media or documentation which has been subjected to damage or abuse by you. The Software warranty does not cover any copy of the Software which has been altered or changed in any way by you or others. The Family Grapevine Ltd. is not responsible for problems caused by changes in the operating characteristics of the computer hardware or operating system which are made after the delivery of the Software. Any implied warranties or conditions including any warranties or conditions of merchantability or fitness for a particular purpose are excluded. The Family Grapevine Ltd. shall not in any case be liable for special, incidental, consequential, indirect or other similar damages arising howsoever (including but not limited to such damages arising from any breach of these warranties) even if The Family Grapevine Ltd. has been advised of the possibility of such damages. Except in respect of liability which is by law incapable of exclusion, The Family Grapevine Ltd's aggregate liability whether of negligence, breach of contract, misrepresentation, inability to use the Software or otherwise shall in no circumstances exceed the licence fee paid for the right to use the licensed Software.

The warranties set forth above are in lieu of all other express and implied warranties, whether oral, written, or implied, and the remedies set forth above are your sole and exclusive remedies. Only an authorised officer of The Family Grapevine Ltd. may make modifications to this warranty, or additional warranties binding on The Family Grapevine Ltd. Accordingly, additional statements such as advertising or presentations, whether oral or written, do not constitute warranties or conditions by The Family Grapevine Ltd. and should not be relied upon as such. This warranty gives you specific legal rights and the provisions of this warranty do not affect or prejudice your statutory rights in any case where you are obtaining a licence otherwise than in the course of a business. The licence constitutes the entire agreement and understanding between the parties and supercedes any prior agreement or understanding whether oral or written, relating to the subject of this licence. This agreement may only be modified by a written agreement signed by The Family Grapevine Ltd.