

TaxBox

Mentorship / Association Agreement



GR8 Business Trust
Reg no. IT434/01
Holder of the Taxco™ Trademark
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TaxBox MENTORSHIP AND ASSOCIATION AGREEMENT

By and between

Taxco Accountants and Tax Consultants Trust (Registration no: IT739/97),
or its successor in title, hereinafter referred to as “Taxco”, or the
“Mentor”, and domiciled at Taxco House, 81 Zastron Street,
Bloemfontein, 9301, Free State, South Africa

And

Physical address:

(Hereinafter referred to as “the Associate”.)

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1. INTERPRETATION

In this agreement:

1.1. Clause headings are for convenience and shall not be used in its interpretation;

1.2. Unless the context clearly indicates a contrary intention –

1.2.1. An expression which denotes –

1.2.1.1. Any gender includes the other genders;

1.2.1.2. A natural person includes an artificial person and vice versa;

1.2.1.3. The singular includes the plural and vice versa;

1.2.2. The following expressions shall bear the meanings assigned to them below and cognate expressions bear corresponding meanings –

1.2.2.1. “Taxco business” - the business conducted by Taxco, TaxBox, or any of its outlets;

1.2.2.2. “the/this agreement” - the agreement as set out herein together with all annexes hereto;

1.2.2.3. “business system” - the system of operating an Accounting, Tax and Business Services service business involving a network of product and service providers and properly trained staff, as devised and originated by the Mentor and recorded in the operating manuals, including any improvements or variations made to the business system during the duration of this agreement, which business system comprises of the intellectual property;

1.2.2.4. “confidential information” - the know-how and/or other information not in the public domain possessed by the Mentor;

1.2.2.5. “effective date” - the date upon which this agreement is signed by the last party and is used interchangeably with actual payment received or “payment date”;

1.2.2.6. “enhancement” - those additional modifications, improvements or extensions of the product or service of a significant and enduring nature which have the effect of enhancing the capabilities of the business methods of the Associate or the Mentor, or improvements and adjustments to the products and product range, or service and service range, as licensed in terms of this agreement;

1.2.2.7. “Associate” – as defined above;

1.2.2.8. “Mentor” – as defined above;

1.2.2.9. “TaxBox outlet” – an outlet, usually situated in a business district, selling business solutions

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and products in Accounting, Tax or other Business services;

1.2.2.10. "initial period" - a period of 5 (five) years commencing on the effective date;

1.2.2.11. "intellectual property" - the know-how, business systems, get-up, set-up, computer software, copyright, goodwill, trade-marks and trade secrets of the Mentor and other related rights in and to and in respect of the know-how;

1.2.2.12. "know-how" - all the managerial, legal, technical, product and other knowledge and information, techniques, computer programs, technical and managerial data, in respect and expertise of or acquired by the Associate pertaining to the TaxBox or Taxco business and which may be regarded as necessary or useful for the conducting of the business and the marketing, use and sale of such services and products related to the Mentor's business and contained in brochures, operating and testing procedures, office and shop practices, instruction manuals, table of operating conditions and the like, including all information on know-how contained in the training-, operations- and other manuals as prepared by the Mentor from time to time which know-how is confidential and which is now in Mentor's possession or which is subsequently developed or acquired by the Mentor while this agreement remains in force and includes any modifications, enhancements, improved methods or other improvements to such know-how;

1.2.2.13. "parties"-the Associate and the Mentor as defined in this agreement;

1.2.2.14. "product" - the various services and products offered by the Taxco to its clients from time to time and which include activities relating to the promotion and sale of accounting, tax and business related products, services and merchandising, including but not limited to client needs assessment, product customization, securing and coordinating approved suppliers, maintenance & aftercare services and other related services as more fully described and set out in the various manuals as drafted by the Mentor from time to time and which is deemed to be incorporated into this agreement by reference, as well as any additions to it in future;

1.2.2.15. "SOHO" – refers to "small-office-home-office" or a work-from-home type business;

1.2.2.16. "successors-in-title or assigns" - shall include, but without limiting in any way the generality of the foregoing term, any person, firm, company or association of companies or persons who or which –

1.2.2.16.1. acquires the business and/or goodwill of all or any part of the Mentor or Associate; or

1.2.2.16.2. becomes the beneficial owner through its shareholding in any part of the Mentor or Associate of such business and/or goodwill; or

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1.2.2.16.3. has lawfully acquired from the Mentor the right to enforce the restraints embodied herein;

1.2.2.17 “trade-marks” - any trade mark, registered or unregistered, used by the Mentor at the effective date or any time thereafter;

1.2.2.18 “patent” any patent, registered or unregistered, used by the Mentor at the effective date or any time thereafter;

1.3. any reference to an enactment is to that enactment as at the effective date and as amended or re-enacted from time to time;

1.4. if any provision in a definition is a substantive provision conferring rights or imposing obligations on any party, notwithstanding that it is only in the definition clause, effect shall be given to it as if it were a substantive provision in the body of the agreement;

1.5. when any number of days is prescribed in this agreement, same shall be reckoned exclusively of the first and inclusively of the last day unless the last day falls on a Saturday, Sunday or public holiday, in which case the last day shall be the next succeeding day which is not a Saturday, Sunday or public holiday;

1.6. schedules or annexures to this agreement shall be deemed to be incorporated in and form part of this agreement.

2. INTRODUCTION

2.1. The Mentor is engaged in the business of running SOHO based accounting, tax and other business service solutions by combining state of the art hardware as well as software and providing effective professional training to sell products and providing value-add services, which it intends to make available to its Associates, who it will assist engaging in the same range of activities strictly in accordance with the training & manuals provided by the Mentor, including making use of approved service providers, as dictated by the business system. The Mentor is responsible for quality control of supplies, arranging training appropriate to a particular product or service and coordinating the inter-relationship between itself, suppliers, Associates and clients.

2.2. The Mentor is in possession of the intellectual property relating to the know-how in respect of the products and services which intellectual property has enabled the Mentor to become the proprietor of the product.

2.3. The Associate desires to be provided with the said intellectual property for the purpose of setting up a business similar to the Mentor and in pursuit thereof the Mentor desires to grant a license to the Associate and desires to share the intellectual property and other rights with the Associate.

2.4. The Associate acknowledges that through the granting of this license, it shall obtain intimate knowledge of the Mentor's intellectual property and know-how, which knowledge the Associate

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acknowledges that if he is not restricted as provided for in this agreement, the Mentor will potentially suffer considerable economic prejudice including loss of custom and goodwill. Accordingly, the Mentor considers it essential, in order to protect its interests, that the Associate agrees to a restraint of trade and confidentiality undertaking in its favour to ensure that the Associate will be precluded for a period from carrying on certain activities which would be harmful to the Mentor's business.

3. GRANT OF LICENSE

3.1. The Mentor hereby grants to the Associate the rights and license to use the intellectual property (or any part thereof) for the purpose of conducting a business as a TaxBox outlet, in the following geographical area: _____. Associates are not restricted to only operate in their own area, but will be encouraged to do so (read with clause 7.5). This grant entitles the Associate to a single TaxBox outlet. The Mentor can be approached to give permission to open more service facilities, possibly at client premises, which permission will not be withheld unreasonably. The Mentor is entitled to sell more licenses in the same geographical area, but will do so circumspectly so as not to have a too high concentration of Associates in the same area.

3.2. The Mentor undertakes to help market and strategically position the business and to refer possible potential clients responding to these efforts to Associates. This undertaking is subject to the Associate substantially performing his duties as set out in this document, as well as following the operational manuals & business practices suggested during training and generally followed by the license group.

3.3. The Associate shall not have the right to grant sub-licenses for the use of the rights as granted in terms of this agreement to any third party, unless with the written permission of the Mentor.

3.4. For avoidance of doubt, it is specifically recorded and agreed by the parties that notwithstanding the grant of the license set out in this clause, the Mentor shall have itself the right to use the intellectual property for its own benefit and advantage, like running owner-operated pilot plants, or to license any third party to use the intellectual property to set up a similar business.

3.5. The Associate undertakes to make full use of the administrative support provided by the Mentor, and specifically to use the Mentor, or its approved suppliers, to partake in any business start-up program made available by the Mentor, or its approved suppliers.

3.6. All improvements and upgrades to the intellectual property made by the Mentor shall automatically be licensed at no cost to the Associate and the Mentor shall have all rights to use and exploit it in both its business, as well as in the business of any other third party licensed by the Mentor. Innovation that has an impact on the physical infrastructure and stock holding of the Associate shall be paid for by the Associate at no more than 10% mark-up by the Mentor. This shall be done as far as

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possible with consensus from Associates and in recognition of the cost and benefit implications of such an undertaking.

3.7. It is recorded that at the signing date and at all times subsequent hereto, both the Associate and the Mentor are acting as principals and accordingly nothing herein contained shall be construed as –

3.7.1. Constituting the Associate as an agent or employee of the Mentor; or

3.7.2. Constituting the Mentor as an agent or employee of the Associate, and accordingly, neither the Mentor nor the Associate shall be entitled to incur any liability on behalf of or bind the credit of the other of them in any manner, without the prior written consent of such other party and the parties hereby indemnifies and holds the other of them harmless; and

3.8 Should the Associate breach the provisions of 3.7 the Mentor shall have the right, by written notice, to immediately terminate this agreement and the Associate hereby indemnifies and holds the Mentor harmless against all and any claims which may arise by virtue of it having breached the provisions of 3.7.

4. DURATION

4.1 Subject to the fulfilling of all the terms and conditions of this agreement by the Associate,

4.1.1 this agreement shall commence on the effective date and shall terminate after 5 (five) years (“the initial period”), provided that

4.1.2 the Associate will have the option to renew this agreement for a further period of 5 (five) years, which option must be exercised by the Associate

4.1.3 by written notice to the Mentor which notice must be given to the Mentor at least 3(three) months before the expiry of the initial period, and

4.1.4 in which event, apart from the normal monthly payments in terms hereof, no further lump sum consideration will be payable by the Associate.

5. TRANSFER AND DISCLOSURE OF INTELLECTUAL PROPERTY

5.1. Forthwith on the signing date, and after full payment has been received by the Mentor, the Mentor shall, to the extent that it has not already done so, supply the Associate with a set of manuals and operating procedures which sets out the business operations of a typical license and shall prepare and supply to the Associate such further written descriptions of the products and services in order to impart

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to the Associate an adequate knowledge of the know-how to set up the business as a TaxBox outlet. The Associate hereby acknowledges that all documentation handed to him and disclosures made to him or his employees or agents by the Mentor at the date hereof or at any time for the duration of this agreement, shall be deemed to have been furnished under this agreement.

5.2. The Mentor shall supply the Associate with a copy of each relevant manual and the Associate shall not itself make any more copies, unless with the written permission of the Mentor. Additional manuals can be ordered from the Mentor.

5.3. The manuals and other intellectual property disclosed and all copies thereof shall be and remain the property of the Mentor and shall be handed over or transmitted by the Associate to the Mentor at termination of this agreement or a certificate of destruction, stating that all copies of such intellectual property which were reduced to any form of recording have been destroyed, shall be provided by the Associate if the Mentor is willing to accept such certificate as an alternative.

5.4. The Associate acknowledges that the copyright of the intellectual property in all written, printed and photographed material supplied by the Mentor hereunder are part of the intellectual property and/or know-how and shall belong to and remain vested in the Mentor. The Associate shall take care of the manuals and copies and shall take reasonable precaution to minimise damage thereto and prevent the unlawful distribution thereof by its employees or others.

6. ASSISTANCE BY THE MENTOR

6.1. The Mentor agrees that, during the duration of this agreement, it will, to the best of its abilities, provide reasonable assistance to the Associate by responding to any reasonable written or telephonic requests made by the Associate or its authorised representatives for advice, instruction or information relating to the conducting of the business and the marketing of its products and services.

6.2. The Mentor, in consultation with the Associate, will determine which of the Associate's employees will undergo training in the business system. This training will take place at the after full payment commencement of this agreement, or at such time as a new employee joins the Associates operation, at a place chosen by the Mentor and the extent and duration of any training will be determined by the Mentor. The Associate will be responsible for the payment of all the expenses, including travelling expenses and subsistence of a trainee as well as a trainee's salary payable during the training period. The rights of the Mentor in terms of this clause shall be exercised in such a manner that it does not place an unreasonable burden on the Associate.

6.3. The Mentor will provide the Associate with manuals, marketing material, IT support, training, Mentoring and launch assistance as deemed necessary by the Mentor.

6.4. The Mentor will disclose improvements and developments in the business system to the Associate and will provide, or arrange to be provided, free of charge, such further training to the Associate and other persons engaged in the conduct of the licensed business as the Mentor considers necessary. The

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Associate will be responsible for all the expenses of the persons undergoing such training, including expenses and subsistence as well as various salaries payable during the period of training.

6.5. For a period of 3 (three) months from the TaxBox outlet official opening date the Mentor will, free of charge, assist the Associate in endeavouring to overcome problems with the implementation of the business systems experienced in operating the licensed business and for this purpose will make available to the Associate as soon as reasonably practical such member or members of its staff which the Mentor in its discretion considers suitable for this purpose. After the expiry of the 3 (three) months period referred to above the Mentor will be entitled to charge for the service of its staff at its then hourly charge-out rate for the services of its staff from time to time. The charge-out rate at the commencement of this agreement is R_____ (Inclusive of VAT) per hour plus all reasonable travelling and accommodation expenses and will increase at the beginning of each calendar year by a percentage equal to the increase in the Consumer Price Index as published from time to time in the Government Gazette. The Mentor at its own discretion can waive these charges, and will waive it if the support is necessitated by a fault or oversight of the Mentor.

6.6. The Mentor will make available to the Associate all services and facilities which the Mentor makes available to its other Associates. All services and products will be provided in a just and equitable manner at the same ex-head quarters price to all Associates. The Mentor will furnish on loan to the Associate a copy of all updates and amendments to the operating manual issued by it from time to time. Where improvements and additions to the business system involve improvements and additions to the intellectual property, these will be disclosed to the Associate and will form part of the intellectual property, the use of which is licensed to the Associate in terms of this agreement, at no extra charge.

6.7. The Mentor shall not accept any responsibility for the use of intellectual property by the Associate or any third party outside the scope of this agreement.

6.8. The Mentor has secured the services of independent business Mentors, which will be made available to the Associate for a fee already included in the license price and which support will be available for the duration of the first three months of this contract. The purpose of the coaching package is to assist the Associate from a business perspective to optimize the effective and efficient running of his business and thereby maximize his return on investment. A minimum of one day per month must be spent by the Associate to monitor his own business performance and targets and to discuss with the Mentor how to overcome business obstacles in his area and to furnish such information to assist Mentor's understanding of the Associates clients and challenges it faces and to update the Mentor's records.

6.9. The Mentor acknowledges that the information contained in the disclosure page is, to the best of the Mentor's knowledge and belief, true and accurate, and that no material information has been withheld.

7. OBLIGATIONS OF ASSOCIATE

7.1. The Associate will operate the licensed business strictly in accordance with the business system and will adhere strictly to the operating manual supplemented by any written specifications and directions as

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may be laid down or given by the Mentor from time to time. The Associate will have the right to use the trade marks in relation to the licensed business provided the Associate conducts the licensed business strictly in accordance with the terms of this agreement and the business system.

7.2. The Associate will ensure that the licensed business conforms to other licensed businesses operated in accordance with the business system. The Associate acknowledges that such conformity is essential to the successful operation of the licensed business, as well as for the proper protection of the intellectual property, in particular the trademarks and the goodwill. The Associate will protect and promote the goodwill Associated with the licensed business and/or goodwill generated by the conduct of the licensed business to the benefit of the Mentor and the license group as a whole.

7.3. The Associate will not commence the conduct of the licensed business until the persons referred to in clause 6.2 and 6.4 above have undergone training referred to in that clause. The Associate will not permit any person to act or to assist in the licensed business in the place of persons trained in accordance with clause 6.4, unless such person has been approved in writing as competent by the Mentor.

7.4. The Associate will upon the commencement of its business activities and from time to time thereafter employ all staff and other persons required for the operation of a licensed business, in accordance with specification relating to knowledge, skills, qualifications or other requirements provided by the Mentor. The Associate will ensure that all staff that is not required to be trained by the Mentor in terms of this agreement is nevertheless adequately trained in the business system to the satisfaction of the Mentor where this is necessary for the performance of their duties.

7.5. The Associate will substantially (interpreted as 80% of turnover and/or number of clients) restrict his activities to the specific TaxBox outlet and geographical area designated in this agreement, unless given written permission by the Mentor to operate in any other area, which permission does not amount to a permanent obligation conferring any vested rights to the Associate. The Associate would, however, have first right of refusal to extend his license to such an area in the eventuality of a third party being interested in acquiring a license in that area, for substantially the same value and on the same terms offered by the third party.

7.6. If a Associate does business with a type of client that has a presence in areas outside the Associate's area, these other business might go to such another Associate for a negotiated consideration between the relevant parties. This arrangement is intended to cater for situations where clients have extended geographical business interests and to prevent confusion as to ownership of such clients. If necessary, the Mentor would intervene in facilitating these negotiations.

7.7. The Associate acknowledges that neither he nor his employees have any prior knowledge of the business system. The Associate will not divulge or permit to be divulged to any person any aspect of the business system, otherwise than for the purpose of this agreement. The Mentor will specify which of the Associate's employees are required to sign a confidentiality undertaking and no such person will be employed in the conduct of the licensed business until he or she has signed such undertaking which will be in a form stipulated by the Mentor from time to time. The Associate

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acknowledge that it is reasonable that his staff is bound in this manner, as well as any restraint of trade arrangements referred to in this agreement and that he will enforce the terms of such confidentiality undertakings or restraint of trade agreements. The parties will render all reasonable assistance to each other to ensure that all confidentiality undertakings or restraint of trade agreements are adhered to and/or enforced.

7.8. The Associate will not do, cause or permit anything to be done which may adversely affect the intellectual property or the Mentor's rights in the intellectual property. The Associate will bring to the attention of the Mentor any infringement of the intellectual property, which may come to his attention. The Associate will give all reasonable assistance to the Mentor to enable the latter to further or defend its rights in the intellectual property.

7.9. The Associate acknowledges that the Mentor is the owner of all rights of whatsoever nature in the intellectual property and that he has no claims of any nature except as provided for herein to either the business system or to any element of the intellectual property. The Associate shall not at any time attach or challenge the rights of the Mentor to the intellectual property or induce or procure any other person to attach or challenge such rights.

7.10. The Associate will not advertise or conduct promotional or marketing activities without the prior written approval of the Mentor. The Associate will use and display such point of sale or advertising or promotional matter as the Mentor may stipulate from time to time.

7.11. While this agreement remains in force, the Associate, or his manager, or senior staff, will not engage directly or indirectly in any capacity in any other business venture which is in the nature of the licensed business, without the prior written consent of the Mentor.

7.12. The Associate, after the effective date, should occupy and maintain an independent SOHO accessible to the public or a specifically agreed upon target market during business hours. The Associate will comply in the conduct of such premises with all applicable laws, by-laws and regulations of any competent authority. The Associate will maintain the premises in a good, clean and sanitary condition. The Associate will also decorate and/or refurbish the SOHO when reasonably required to do so by the Mentor, in order to ensure that the premises are in the same condition as those of other Associates. In case of a lease agreement between the Associate and the landlord such a lease agreement will reflect the Mentor's right to take over such lease in case a situation warrants it.

7.13. The Associate will permit the Mentor or its duly authorised representative at all reasonable times to carry out such inspections or investigations which they may consider necessary for the purposes of ascertaining whether the provisions of this agreement are being complied with. The Associate will ensure that he and his employees co-operate fully in such inspections or investigations.

7.14. The Associate will indemnify the Mentor and keep it indemnified against all claims of whatsoever nature, whether real or imagined, criminal or civil, together with any legal fees and costs incurred by the Associate, arising out of the establishment and operation of the licensed business by the Associate.

7.15. The Associate will give notice in such places and in such a format on the premises as the Mentor

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may from time to time require that the licensed business is operated in terms of a licensed agreement with the Mentor and that the Associate is using the intellectual property under license from the Mentor. Such notice will contain such other information as the Mentor may deem necessary to inform third parties that the Mentor does not accept any liability for the acts, omissions, debts and default of the Associate.

7.16. The Associate will participate in such policies of insurance, especially product and public liability insurance, as may be stipulated by the Mentor from time to time and will ensure that all insurance premiums are paid promptly. The Associate will not cause or permit any breach of any insurance policy maintained under the provisions of this agreement. The Associate will give the Mentor notice of any claim arising or made under a policy of insurance required to be maintained in terms of this agreement. Furthermore the Associate undertakes that it will make sure that any service provider adequately insures any work outsourced to itself. It further need to be noted that any stipulated level of indemnity is not to be construed by the Associate as a guarantee by the Mentor that the level of indemnity is sufficient for the purposes of insuring the license business.

7.17. The Associate may use the trade name "TaxBox", or another trade name. The Associate shall not use the names "TaxBox", "Taxco" or a close variation thereof, in any business registration and shall solely use "TaxBox" as a trade name.

7.18. The Associate may not utilise the services of any service provider, which include, inter alia, technical advisors, management consultants, information technology consultants and insurance brokers, other than the Mentor's pre-approved service providers without the prior written consent of the Mentor, which consent shall not be unreasonably withheld unless the Mentor is of the reasonable opinion that the services procured from the alternative service providers are not of an acceptable quality or would harm the trademark or reputation of the Mentor.

7.19. The Associate shall, on written notification by the Mentor, be obliged to make use of the printing and publication facilities as directed by the Mentor and shall pay all costs incidental and related to its use thereof. The Associate may not utilise the services of any service provider in this regard other than the Mentor's pre-approved service providers without the prior written consent of the Mentor, which consent shall not be unreasonably withheld unless the Mentor is of the reasonable opinion that the services procured from the alternative service providers are not of an acceptable quality or would harm the trademark or reputation of the Mentor.

7.20. The Associate shall sell the products and services according to the pricing directives of the Mentor, which may refer to generally acceptable retail orientated business practices and the Mentor's suggested terms and conditions, unless a deviation is agreed to in writing. The Mentor acknowledges its knowledge of relevant competition laws and the anti-competitive behaviour forbidden by it, and will therefore, unless it gets permission granted by the relevant authorities, not force a Associate to comply with specific pricing of a product or service. Compliance with the groups' suggested pricing policies will be voluntary and in recognition of the Mentor's researched business knowledge of the industry.

7.21. The Associate will receive payment for sales and services delivered in its own name, denoting its independence.

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7.22. The Associate shall acquire products, equipment and software via the Mentor, either directly or as arranged by it, and adhere to the Mentor's credit policy of payment, at all times. The Associate acknowledge that it understands the importance of financial discipline and will adhere closely to the suggested credit policy as explained during training and established over years of practical experience by the Mentor. Deviation from this suggested credit policy might place the Associate at risk and the Associate will be responsible for the consequences of all such credit policy decisions.

7.23. The Associate shall acquire sufficient products, or such quantities as prescribed by the Mentor, via the Mentor, either directly or as arranged by the Mentor with its suppliers, and adhere to the Mentor's supplier policy, in terms of quantities, financial terms and conditions, promotional displays and activities, regional peculiarities, or any other material business related condition set by the Mentor or supplier, at all times. The Associate acknowledge that it understands the importance of product and promotional discipline and will adhere closely to the suggested Mentor policy as explained during training and established over years of practical experience by the Mentor. Deviation from this suggested policy might place the Associate at risk and the Associate will be responsible for the consequences of all such policy deviation decisions. Continual failure to adhere materially to these policies can constitute breach of agreement.

7.24. The Associate shall at all time make use of the standard contracts and documents as prescribed by the Mentor and print it on the printer prescribed..

7.25. The Associate shall at its own cost and expense carry all its own business running costs, furniture and equipment, computer and related software costs and specifically such cost incidental and related to the linking of itself to the internet on an ADSL or permanently online basis.

7.26. If the Associate intends to do deliveries or otherwise engage in activities that are closely linked to the license operations and necessitates the use of a vehicle the Mentor might at its discretion insist that the Associate shall use a Mentor-approved vehicle to be used in the license operations. Said vehicle will be imaged according to Mentor requirements, insured by the Associate and operated according to the relevant license manuals.

7.27. The Associate shall on all its signs and stationary indicate that it is acting as a principal and for its own account. In addition it may indicate on such signs and stationary that it is a "Taxco Member Firm".

7.28. The Associate shall monthly, or more regularly if so ordered, on a day designated by the Mentor, transmit to the Mentor's offices a summary of all actions and transactions by the Associate in a format as prescribed by the Mentor.

7.29. Any of the intellectual property utilised by the Associate in terms of this agreement shall be used in accordance with the business system as provided by the Mentor.

7.30. All leads and business generated by the Associate, including possible clients referred by the Mentor, shall be channelled through the TaxBox license system. Failure to do this, or in any way support or promote a competitive business, or not reflecting any transaction through the proper channels and business systems, constitute a gross irregularity and can lead to breach of this agreement.

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7.31. The Associate shall be obliged to adhere to the accounting system and protocol suggested by the Mentor during training. Accounting is a Associate function and the cost thereof will be carried by the Associate, unless the Mentor stipulates otherwise.

7.32. The Associate shall not contact, or otherwise try to engage the clients serviced by Taxco head quarters, or the Mentor operated pilot plant, or by any other Associate in the group, without the prior written permission of the Mentor.

7.33. The Associate shall in a bona fide manner endeavour to adhere to reasonable business targets that will include product and service offerings, developed together with the Mentor. The Associate agrees to any monitoring effort by the Mentor or its officials as for his benefit. Continued failure to make set targets through lack of real effort might, at the Mentor's sole discretion, lead to termination of this agreement. The Associate acknowledges the business reality that Associates performing to, or exceeding, set standards are entitled to superior services from the Mentor, as opposed to nonperforming Associates.

7.34. The Associate consents to ad hoc testing of his and his staff's technical and business system usage skills by the Mentor. Results will be used to determine general competency and areas of development. If the need for refresher training is established it will be conducted in a non-onerous manner prescribed by the Mentor and all costs incurred will be for the Associate's account.

7.35. The Associate will assist the Mentor to grow his centralised database of current and potential client particulars at a rate determined by the Mentor, but not less than 5 email addresses per month from the second month after his TaxBox outlet is launched, in order to help the Mentor to communicate with such clients on behalf of the group as well as the Associates via email. The Mentor respects a Associate's "ownership" of his clients and will use such information in a sensitive way.

7.36. The Associate acknowledge that he/she has received the disclosure pages at least 14 days prior to signature of this agreement.

8. PAYMENT

8.1. In consideration for and in respect of the complete disclosure made to or to be made by the Mentor to the Associate and for the purchase of a license to operate a TaxBox SOHO outlet in the specified area and the use of the intellectual property and business systems by the Associate, the Associate shall pay to the Mentor R_____ (Inclusive of VAT), either in cash on signature and acceptance,

or

8.1.1. a deposit of a minimum of 50% of the abovementioned amount payable into the Mentor's bank account, on signature hereof, that is intended to consummate this agreement and is not refundable.

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8.1.2. the balance of the purchase price payable within 30 days from the deposit date, thus securing all the articles and rights summarised in the disclosure page and it's addendums, which document is herewith deemed incorporated in this agreement.

8.1.3. a monthly service fee equal to 8 (eight) percent of the license business gross turnover, as calculated according to the accounting protocol which is deemed to equate to the Mentor's recommended pricing structure, unless otherwise proved by the Associate, and payable monthly to the Mentor, which payment is hereby agreed to by the Associate, on the 7th (seventh) day of the subsequent month;

8.1.4. a monthly marketing fee equal to 2 (two) percent of the license business gross turnover, as calculated according to the accounting protocol which is deemed to equate to the Mentor's recommended pricing structure, unless otherwise proved by the Associate, and payable monthly to the Mentor, which payment is hereby agreed to by the Associate, on the 7th (seventh) of the subsequent month, and paid into a separate account referred to as the "marketing fund", which account will be kept independently and which monies will be used according to Mentor's discretion and in general to further the branding and other strategic marketing aims of the group of the TaxBox/Taxco™ licenses. The Mentor has full discretion as to the strategy and operational activities thus conducted. The Associate is encouraged to provide ideas as to the optimal use of the marketing fund;

8.1.5. as and when payment per detailed invoice for products, templates and services required from and delivered by the Mentor, including equipment, software, value-add services or products sold or delivered or insurance or other premiums and amounts paid on behalf of the Associate, payment terms to be strictly adhered to. The Mentor is entitled to a reasonable mark-up on products sourced and made available to the license group, as long as it fully discloses such mark-up, which will not be higher than 10% on its cost price, and the Mentor also undertakes to channel through for the Associate's benefit 50% (fifty percent) of rebates or trade discounts it might receive on Associate referrals and generated sales.

8.2. All amounts payable in terms of this agreement is quoted to be inclusive of Value added tax.

8.3. The license group fee structure, in terms of its products and services, will be adjusted annually, unless the license group's suppliers adjust their fee structure in the interim. The changes will be based on trends in the accounting, tax and other business service industries, driven by a win-win approach recognising the profit motive of all parties, and be based on an inclusive consultative approach. A minimum notice period of 30 days will apply to enable Associates to adjust their business processes and documentation and to communicate such changes timeously to their clients and other affected parties.

8.4. Any monies due to the Mentor will be backed by the Associate's personal acknowledgement of debt and failure to make timeous payments will be actionable to the full extent of the law.

8.5. In cases where the client is transferred to Taxco, and the fees collected by Taxco, the Associate will be entitled to a once-off referral fee on payment of the account of the client. The referral fee will be based and determined on an annual fees basis, generally 10% of the first year fees. Ongoing support fees will also be paid by the Mentor to the Associate, where such services were rendered to a Taxco client and determined on a case to case basis.

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9. INCENTIVE SCHEME

9.1 The Associate consents to partake in goodwill in any incentive scheme the Mentor may arrange or administer.

9.2 Any benefit, in money or in kind, will be for the sole and ultimate benefit of the Associate.

9.2 The Mentor has the final say in any such scheme as to its nature, duration, administration and termination.

10. INFRINGEMENT OF INTELLECTUAL PROPERTY

10.1. The Associate shall forthwith give notice in writing to the Mentor of any infringement or threatened infringement in its territory, or elsewhere that it is aware of, of the intellectual property or any constituent thereof, which shall at any time during the duration of this agreement come to its knowledge.

10.2. The Mentor shall, in its sole and absolute discretion, decide on what action is to be taken in respect of any infringement or threatened infringement of the intellectual property or any constituent thereof, and if action be taken, to control the course of such action and to come to any settlement with the infringer. Should the Mentor decide to take action against any infringer, the Associate shall render to the Mentor all such reasonable assistance as may be within its power, in order to bring such action to a successful conclusion, provided that the Mentor shall reimburse the Associate for any costs and expenses incurred by the Associate in doing so.

11. CESSION

11.1. The Associate shall not have the right to cede or assign any of its rights and obligations under this agreement or to dispose of any of its members interest or share holding (whichever is applicable), or change his key staff, without the prior written consent of the Mentor, which will not be unreasonably withheld.

11.2. Should the Mentor grant the Associate the right to cede his right, title and interest in his license, such a notification of cession shall be accompanied with a payment by the Associate of R_____ (Inclusive of VAT) to the Mentor, before the effective date of the purported sale, which amount shall be utilised by the Mentor to properly train and establish the new owner of the license. The Mentor has a first right of refusal to purchase this license.

11.3. New Associates and or managers will be required to submit to the screening and training process expected by the Mentor of any new Associate and will be required to sign the latest form of the

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license agreement.

11.4. The Mentor shall have the right to cede and assign its rights and obligations under this agreement.

12. BREACH AND TERMINATION

12.1. Without prejudice to any other remedies that the parties may have against the other party, either of the parties shall have the right at any time by giving notice in writing to the other party to terminate the agreement forthwith in any of the following events:

12.1.1. On breach. If either party commits a breach of any of the essential and material terms or conditions of this agreement and fails to remedy such breach within 30 (Thirty) days from receiving written notice calling upon such party to remedy such breach.

12.1.2. On liquidation or insolvency of the other party or if a party enters into liquidation whether compulsorily or voluntarily (otherwise than for the purposes of amalgamation or reconstruction), or compounds with its creditors, or takes or suffers any similar action in consequence of debt.

12.1.3 On prevention of or neglect to performance of duties:

12.1.3.1 If from any cause the Associate is prevented from performing its duties hereunder for a period of 1 (One) month or for a total period of 2 (two) months in any one period of 12 (TWELVE) calendar months, unless the Associate proves that its failure is due to circumstances out of its control.

12.1.3.2 If from any cause the Mentor is prevented from performing its duties hereunder for a period of 2 (two) months in any one period of 12 (TWELVE) calendar months, unless the Mentor proves that its failure is due to circumstances out of its control.

12.1.4 On purported assignment. If the Associate purports to assign the burden or benefits, or change the benefits of this agreement without the consent in writing of the Mentor.

12.2. On termination of this agreement by the Mentor due to any of the reasons set out in clauses 12.1.1, 12.1.2, 12.1.3 and 12.1.4 above the Associate, shall –

12.2.1. immediately cease to use the trademark and trade name of the Mentor in whatever form or manner it is used, including but not limited to signage and stationery ;

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12.2.2. immediately return all copies of any manual and/or any other documentation supplied to him by the Mentor;

12.2.3. immediately cease using all software installed by the Mentor or any software linked, electronic or otherwise, to the Mentor and destroy all backup systems related therewith.

12.2.4. immediately pay all outstanding monies owed to the Mentor;

12.2.5. Cede its lease agreement to the Mentor, unless the Mentor declines this right. The Mentor can insist on legal protection of this right on commencement of the license arrangement, in a form and manner of its choice.

12.3. On termination of this agreement by the Associate due to any of the reasons set out in clauses 12.1.1, 12.1.2 and 12.1.3 above, the Associate shall –

12.3.1. immediately cease to use the trademark and trade name of the Mentor in whatever form or manner it is used, including but not limited to signage and stationery ;

12.3.2. immediately return all copies of any manual and/or any other documentation supplied to him by the Mentor;

12.3.3. immediately cease using all software installed by the Mentor or any software linked, electronic or otherwise, to the Mentor and destroy all backup systems related therewith.

12.3.4. in case of non-performance by the Mentor after it has been notified in writing, alternatively placed on terms, and still hasn't fulfilled its obligations within a period of 60 days of receiving notice, be entitled to full repayment of any and all monies paid towards the purchase of the license, and would in return hand over position and ownership of the license to the Mentor.

13 ADDRESS AND NOTICES

13.1 The parties choose as their addresses for all purposes of the giving of any notice, the payment of any sum, the serving of any process and for any other purpose arising from this agreement, as per the details provided on page 1 of this agreement.

13.2 Each of the parties shall be entitled from time to time, by written notice to the other, to vary its address to any other physical address within the Republic of South Africa.

13.3 Any notice given and any payment made by any party to the other which –

13.3.1 is delivered by hand during the normal business hours of the addressee at the addressee's address for the time being shall be refutably presumed to have been received by the addressee at the time of delivery.

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13.3.2 is posted by prepaid registered post from an address within the Republic of South Africa to the addressee at the addressee's address for the time being shall be refutably presumed to have been received by the addressee on the seventh day after the date of posting.

14 CONFIDENTIALITY

The Mentor and the Associate shall keep confidential and shall not disclose to any third parties (other than professional advisors where necessary) any of the terms of this agreement or any matters incidental thereto or relating to the business of the other of them and each party shall indemnify the other fully in respect of any breach of its obligations under this clause.

15 RESTRAINT

15.1 The Associate, the shareholders of the Associate or a member of the licensed corporate entity (whichever is applicable) undertakes that he shall not, during this agreement and for a period of 2 (two) years after the termination of this agreement, termination of his membership in the Associate or sale of his shares in the Associate for any reason whatever, be directly or indirectly interested, engaged or concerned, whether as principal, agent, partner, representative, shareholder, director, employee, consultant, adviser, financier, administrator or in any other like capacity in any business carried on within the Republic of South Africa, which is involved in the same business carried on by the Associate in terms of this agreement at date of termination referred to in 12 above; ("the competitive business"). For purposes of this clause the phrase "same business" shall mean a business engaged in selling and providing of solutions relating to accounting, tax and other business services, both on-site and off-site.

15.2 The Associate acknowledges that the restraint imposed upon him in terms of 15.1 is reasonable as to subject matter, area and duration, and is reasonably required by the Mentor to protect and maintain the goodwill of the license groups' business and the provisions of 15.1 shall be construed as imposing a separate and independent restraint in respect of each of the years falling within the period referred to in

15.1, every locality falling within the area, every activity falling within the ambit of a competitive business; and every capacity, in relation to a competitive business, in which the executive is prohibited from acting in terms of 15.1. The provisions of 15.1 shall not be construed as prohibiting the Associate from acquiring or holding not more than 5% of the issued ordinary shares in any company which is for the time being listed on any recognised stock exchange, even if such company carries on any competitive business.

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16 GENERAL

16.1 This agreement, together with the appendices thereto, constitutes the sole record of the agreement between the parties in regard to the subject matter thereof.

16.2 Neither party shall be bound by any representation, express or implied term, warranty, promise or the like not recorded herein or reduced to writing and signed by the parties or their representatives.

16.3 No addition to, variation, or agreed cancellation of this agreement or any of the appendices hereto shall be of any force or effect unless in writing and signed by or on behalf of the parties.

16.4 No indulgence that either party may grant to the other shall constitute a waiver of any of the rights of the grantor.

17 ARBITRATION

17.1 Should any dispute arise out of or in connection with this agreement either party shall be entitled, without prejudice to its right to litigate in any court of competent jurisdiction for which purposes the parties hereby consent to the jurisdiction of the Bloemfontein Local Division of the High Court of South Africa, as may be applicable, to require, by written notice to the other, that the dispute be submitted to arbitration in terms of this clause.

17.2 Subject to the provisions of this clause, an arbitration shall be held in Johannesburg under the provisions of the arbitration laws for the time being in force in the Republic of South Africa, provided that –

17.2.1 the arbitrator shall be, if the question in issue is –

17.2.1.1 primarily an accounting matter, an independent practising professional accountant of not less than ten years' standing;

17.2.1.2 primarily a legal matter, a practising senior counsel or attorney of not less than ten years' standing;

17.2.1.3 any other matter, a suitably qualified independent person,

17.3 such arbitrator agreed upon by the parties and failing such agreement within 7 (seven) days after the date on which the arbitration is demanded, shall be appointed by the committee of the Arbitration Association of South Africa (who may appoint one of their number) who may be instructed by either party to make the nomination at any time after the expire of that 7 (seven) day period;

17.4 the arbitration shall be held at a venue and in accordance with formalities and/or procedures determined by the arbitrator, and may be held in an informal and summary manner, on the basis that it shall not be necessary to observe or carry out the usual formalities or procedure, pleadings and/or discovery, or the strict rules of evidence ;

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17.5 the arbitrator shall be entitled –

17.5.1 to investigate or cause to be investigated any matter, fact or thing which he considers necessary or desirable in connection with the dispute and for that purpose shall have the widest powers of investigating all the books and records of either party to the dispute, and the right to take copies or make extracts there from and the right to have them produced and/or delivered at any reasonable place required by him for the aforesaid purpose;

17.5.2 to interview and question under oath representatives of either of the parties;

17.5.3 to decide the dispute according to what he considers just and equitable in the circumstances;

17.5.4 to make such award, including an award for specific performance, an interdict, damages or a penalty or otherwise as he in his discretion may deem fit and appropriate;

17.6 the arbitration shall be held as quickly as possible after it is demanded with a view to its being completed within thirty days after it has been so demanded;

17.7 Any award that may be made by the arbitrator –

17.7.1 shall be final and binding;

17.7.2 will be carried into effect; and

17.7.3 may be made an order of any court to whose jurisdiction the parties to the dispute are subject.

18 GUARANTEE

No guarantees are provided and the use of Taxco systems and intellectual property is subject to the Associate substantially running his business according to the business practises, systems, training and support provided. The Associate is a separate independent legal entity or person and in no way does Taxco or its Associates, franchisees or member firms warrant the services provided by such an Associate.

19 BANKING DETAILS

All payments in terms of this agreement are to be made to:

Taxco Accountants and Tax Consultants Trust
Absa Bank Ltd
Current account number: 4060734219
Branch code: 632005

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Signed at _____ on _____ 20____

for Taxco

Full Names: . _____
who warrants that he is duly authorised

WITNESSES: for Taxco

1. _____

2. _____

Signed at _____ on _____ 20____

for Associate or successor in title

Full Names: . _____
who warrants that he is duly authorised

WITNESSES: for Associate or successor in title

1. _____

2. _____