

13/4/75

John (+ Mum) sided with Gervase to take GT in his own direction, basically to
Dear Terry, hijack my vision, despite this undertaking I was
given.

Re. Budget T. agreement

Have discussed with Gervase the details of your equity
participation offer. Gervase thinks it a fair offer however
there are one or two points he needs clarifying.

Firstly concerning the point in time when the equity
sharing would begin, Gervase started working - approx. time
1973 and in my original letter sent to Gervase prior to his
start on the job (letter dated 22/5/73) I suggested you
should offer him a share in the business "say in six months
time". If this letter is a basis for your present offer then
it seems to Gervase that this share in profits began upon
1/1/74. Thus at the end of this financial year he
has 1 1/2 years share of the profits due to him. This point
needs clarification.

Secondly Gervase is anxious to purchase 49 percent of
the business rather than the 40 percent offered. He is quite
prepared for the final decision in management to suit with you
provided, of course that he is given all details and the chance
to give his own point of view. As a partner Gervase will be
liable for all debts of the partnership. For the development
of the business Gervase feels a 49 percent shareholding
will better represent his share of the development investment.
Gervase realizes that to finance the money required for
development both parties will have to offer all the collateral
that each has available.

on that
basis
Gervase
50%

Thirdly Gervase is concerned about working capital
requirements. Obviously when he is purchasing his
share of the business you will in effect be owed any
cash surplus the business might have. However if this
money was to be withdrawn in any large amounts for
non business activities the working capital requirements
of the business could be restricted and also the

Dear Jeremy,

Re Griffith Tablecraft

Have discussed with Gervase the details of your equity participation offer. Gervase thinks it a fair offer however there are one or two points he needs clarifying.

Firstly, concerning the point in time from which the equity sharing would begin, Gervase started working in approx June 1973 and in my original letter sent to Gervase prior to his start on the job (letter posted 22/5/73) I suggested you should offer him a share in the business "say in six months time". If this letter is a basis for your present offer then it seems to Gervase that his share in profits began from 1/1/74. Then at the end of this financial year he has 1½ years share of the profits due to him. This point needs clarification.

Secondly, Gervase is anxious to purchase 49 percent of the business rather than the 40 percent offered. He is quite prepared for the final decision in management to rest with you provided of course that he is given all details and the chance to give his own point of view. As a partner Gervase will be liable for all debts of the partnership. For the development of the business Gervase feels a 49 percent shareholding will better represent his share of the development input. Gervase realises that to borrow the money required for development both parties will have to offer all the collateral that each has available.

Thirdly, Gervase is concerned about working capital requirements. Obviously while he is purchasing his share of the business you will in effect be owed any cash surpluses the business might have. However if this money was to be withdrawn in any large amounts for non business activities the working capital requirements of the business could be restricted and also the development rate of the business reduced.

Finally Gervase feels that ground rules should be established for the use of partnership funds to cover private expenses.

Once Gervase and you have come to some agreement on the above points Gervase is willing to become a formal partner in 'Griffith Tablecraft'.

Concerning the location of the business. I visited the '\$54,000' site, the farm on the ridge and the '4 acre' block. Also drove through the hill country behind the 'ridge' farm. I feel the \$54,000 site would be a bad investment because of its distance from Murwillumbah and most importantly because of its location on the western side of town away from the potential 'growth areas' and any possible tourist trade. The other locations visited must offer greater capital gain potential (if not originally costing too much) and are closer to the sawmill. The 'ridge farm' would be ideal. The present house on the site is very large (4 bedroom) and remains in excellent repair except for its stumping. This is an excellent site for the factory and is aesthetically very, very appealing. It is handy to the sawmill, to tourist traffic but is also away from all the bustle of city life. The 'four acre' site is less attractive but nevertheless I would think better located than the \$54,000 site.

I have suggested to Gervase that he obtain aerial maps of the area, get portion numbers and areas sorted out and also make contact with the valuer generals dept in Murwillumbah to get a feel for values.

Really the prospects look tremendous if the right site can be purchased. Gervase seemed very happy and enthusiastic about the operation.

Cheers for now, love from Susie, Pippy and Mum.

John