

THIS IS A 13-PAGE DOCUMENT. THIS IS A SAMPLE.

**DISCLOSURE DOCUMENT
FOR FRANCHISEE OR PROSPECTIVE FRANCHISEE
(Franchise Offering Circular)**

OF

[NAME OF FRANCHISOR]

**[address of franchisor]
[phone / fax / mobile nos.]
[website URL]
[email]**

[date]

Table of Contents

DISCLOSURE DOCUMENT FOR FRANCHISEE OR PROSPECTIVE FRANCHISEE	3
1. Franchisor Information.....	4
2. Business Experience of the Franchisor	4
3. Litigation.....	4
4. Payments to Agents.....	5
5. Existing Franchise and Corporate Locations	5
6. Intellectual Property Protection.....	5
7. Nature of the Business	6
8. Territory	6
9. Supply of Goods or Services.....	6
10. Rebates or Other Benefits to the Franchisor.....	7
11. Payments	7
12. Initial Investment Required.....	8
13. Financing	9
14. Franchisor’s Obligations.....	9
15. Franchisee’s Obligations	10
16. Franchise Closure	10
17. Earnings Information	11
18. Estimates of Annual Operating Costs for the Franchisee	11
19. Termination, Renewal, Transfer and Dispute Resolution.....	11
20. Financial Details.....	13
21. Other Material Facts.....	13

**DISCLOSURE DOCUMENT FOR FRANCHISEE OR PROSPECTIVE
FRANCHISEE**

(Franchise Offering Circular)

FRANCHISOR: {Name of Franchisor}

DATE COMPILED: [date]

COMPILED BY: [name & position of authorised person]

[Name of Franchisor] (the 'Franchisor') is offering franchises and licenses in Australia for '[name of franchise]' franchise business. Franchisees will be provided with a training program which builds on their own experience and expertise.

There is a non-refundable franchise application / administration fee of \$###.## and a minimum initial investment of \$###.##. All fees are payable to _____. All currency references are in Australian Dollars and are subject to change without notice.

Trade Practices (Industry Codes - Franchising) Regulations 1998
Statutory Rules 1998 No. 162 as amended
Australian Trade Practices Act 1974

This disclosure document contains some of the information you need in order to make an informed decision about whether to enter into a franchise agreement. Entering into a franchise agreement is a serious undertaking. A franchise agreement is legally binding on you if you sign it. You are entitled to a waiting period of 14 days before you enter into this agreement. If this is a new franchise agreement (not a renewal, extension or transfer) of an agreement, you will be entitled to a 7-day 'cooling off' period after signing the agreement, during which you may terminate the agreement without cost. Take your time, read all the documents carefully, talk to other franchisees and assess your own financial resources and capabilities to deal with the requirements of the franchised business. You should make your own enquiries about the franchise and about the business of the franchise. You should get independent legal, accounting and business advice before signing the franchise agreement. It is often prudent to prepare a business plan and projections for profit and cash flow. You should consider educational courses, particularly if you have not operated a business before.

1. Franchisor Information

- (a) The name and address of the Franchisor is:
[name of Franchisor]
[address]
Phone:
Mobile:
- (b) The names under which the Franchisor does or intends to do business are:
- (c) The principal business address of the Franchisor is:
- (d) The business form of the Franchisor is:

[insert details about the type of business entity, e.g. sole proprietorship, date operations commenced, etc]
- (e) The length of time the Franchisor has conducted a business of the type to be operated by the Franchisee is:
- (f) The length of time the Franchisor has offered franchises for the same type of business as that to be operated by the Franchisee is:
- (g) Details about whether the Franchisor has offered franchises in other lines of business are as follows:
- (h) The principals of the Franchisor are:

2. Business Experience of the Franchisor

- (a) The current management structure of the Franchisor consists of _____ *[describe and set out details of each manager's educational and business background]*.
- (b) The current number of permanent and part-time staff consists of _____ *[describe]*.

3. Litigation

No public entity, corporate body, statutory organisation, person, or any other entity whatsoever has ever accused the Franchisor or any of its principals of any form of misconduct or brought any form of legal action, proceedings or arbitration process against it or them *[except as follows: [set out details, if any]*

Nor is any such action pending, to the best of the knowledge and belief of the principals of the Franchisor. Neither the Franchisor or its principals have received a final demand notice or any form of lawyers' letter *[except as follows: [set out details, if any]*

4. Payments to Agents

The Franchisor has not engaged an agent for the purpose of introduction or recruitment of franchisees and has no contract, engagement, retainer or other agreement with any agent for such purpose. Accordingly, there are no payments to be made to agents.

5. Existing Franchise and Corporate Locations

All existing and Franchisor-owned franchise]locations, in the same type of franchise or licensed business being offered, presently in operation in Australia, including their names, mailing addresses and phone numbers are as follows:

[list]

6. Intellectual Property Protection

- (a) The Franchisor has registered and protected the business name ' _____ ' in Australia. *[give details of registration certificate]*
- (b) Franchisees are required to enter into a confidentiality agreement with the Franchisor, which agreement forms clause _____ of the Franchise Agreement.
- (c) Franchisees are required to provide a non-competition covenant for the duration of the franchise and for a period of _____ years thereafter.
- (d) The Franchisor grants franchisees the right to operate a franchise using the name(s) ' _____ ' in the operation of the franchise. Franchisees are also granted a licence to use the Franchisor's current or future trademarks, trade names, logos and service marks in the operation of the franchise. The Franchisor's trademarks are protected _____. *[describe, whether registered world-wide or only in certain geographical areas]* Franchisees must abide by the terms of the Franchisor's licence for use when using these marks. You cannot use a name or mark as part of a corporate name or with modifying words, designs or symbols except for those which the Franchisor has licensed to you. You may not use the Franchisor's registered name in connection with the sale of an unauthorised product or service, or in any manner not authorised in writing by the Franchisor. All advertisements and brochures must be approved by the Franchisor.
- (e) Only Franchisor-trained franchisees or Franchisor-trained associates of the franchisee have the right to use the Franchisor's proprietary materials. These materials include, without limitation, the following: *[list]*
- (f) The Franchisee Business Plan outline, this Disclosure Document, and the Franchise Agreement contract are confidential documents and are the sole property of the Franchisor. You may not copy or use any of these materials for any purpose without the permission of the Franchisor.
- (g) Franchisees are required to promptly notify the Franchisor if they become aware of any unauthorised use of any of the Franchisor's proprietary materials or confidential information.
- (h) The Franchisor's right to use or license its intellectual property is not materially limited by any agreement or known infringing use.
- (i) The Franchisor is not a party to any agreement that in any way affects the franchisee's rights to use, or grant others the right to use, the intellectual property.
- (j) The Franchisor will indemnify you for losses brought by a third party concerning your use of the proprietary information in the operation of the franchise. You must notify the Franchisor immediately if you learn about an infringement or challenge to our use of our proprietary

information, so that the Franchisor can take whatever actions it deems appropriate. You must also agree not to contest the Franchisor's interest in these or our other trade secrets.

- (k) If the Franchisor decides to add to, modify or discontinue the use of any item or information covered by copyright or by proprietorship, you must do so as well. The Franchisor's sole obligation is to reimburse you for the tangible cost of complying with this obligation.

7. Nature of the Business

The Franchisor's business and the franchises or licensed businesses to be offered in Australia are as follows:

Franchisor is in the business of owning, and licensing others to operate, _____ businesses. The Franchisor believes it has developed a distinctive, unique and sound business format to meet the needs of the market for [details of market being served and services provided]. The target market for a franchise is the market related to: [description of target market].

The franchise involves buying the right to use the Franchisor's intellectual property for the duration of the Franchise Agreement.

The Franchisor has originated a successful business system that is comprised of its marketing techniques, its professional and business activities, systems and procedures. Franchisees will be trained and guided in all aspects of this business system.

8. Territory

- (a) Franchisees will operate the Franchise business activities, including advertising, in [a non-exclusive / an exclusive] territory. Franchisees do not receive the right to acquire additional franchises within the designated territory, nor do they have the right to sub-franchise. Franchisees do not acquire the right to operate any other similar business inside or outside of the territory.
- (b) The Franchisor and/or its associates may only operate in their own right in territory not allocated to a Franchise. Neither the Franchisor nor any associate will operate in its own right or grant franchises for a similar or competitive business within your territory.
- (c) Franchisees must operate from one location and must receive the Franchisor's agreement in writing before relocating.
- (d) Neither the Franchisor nor any associate, nor any franchisee or associate, are allowed to advertise or solicit business in, nor receive business from, another franchisee's territory.
- (e) The Franchisor cannot change the allocated territory for the Franchise without the written agreement of the Franchisee.
- (f) The territory under current consideration [has been / has not been] subject to a franchised business operated by a previous franchisee licensed by the Franchisor.
- (g) The Franchisor [requires franchisees to / does not require franchisees to] restrict their professional and/or business activities exclusively to operation of the Franchise.

9. Supply of Goods or Services

- (a) *To the Franchisee.* The Franchisee's obligations to purchase or lease from the Franchisor or its associates or from suppliers approved by the Franchisor or its associates or under the Franchisor's or its associate's specifications are as follows:

Franchisees are required to purchase and use only equipment, and other products and materials that are supplied by suppliers, manufacturers and distributors approved by the Franchisor (which may include the Franchisor itself).

- (b) *By the Franchisee.* The restrictions or conditions imposed by the Franchisor or its associates on