

Franchisor self-assessment - Disclosure Document

Franchise:

Document compiled / reviewed by:

Date:

Requirement	Prescribed under			Covered		Abbreviations: 1 CPA; 2 Code; 3 Appendix 1
	Reference document	Page no	Clause no	Yes	No	Comments / notes by reviewer
Overall, full disclosure is provided and information is presented in plain language	1	32	22			
Statement prescribed by FASA regarding purpose of disclosure document inserted	3	1	2			
Full company name and contact details given	3	2	3.1			
Category of FASA membership stated	3	2	3.2			
Full names, qualifications and contact details of franchisor's executive officers given	3		3.3			
Details of shareholders given (unlisted companies only, only if different to the above)	3	2	3.4			
Business experience of the franchisor and its executive officers provided	3	2	3.5			
Details of holding company, membership of a group of companies etc. (if applicable)	3	2	3.6			
Details of material debt, criminal, civil or administrative proceedings during past 5 years	3	3	3.7			
Description of the business concept and how it was developed	3	3	4			
Details of trademark registration(s)	3	3	5			
List of current franchisees/corporate units/their BEE status and the right to contact them	3	7	19			
Names and full contact details of discontinued franchisees for the past 3 years	3	3	6			
Minimum information about the franchise agreement	3	3	7			
Statutory notice advising franchisee of both cooling-off periods inserted	3	3	7.1			
Territorial restrictions and limitations stated	3	3	7.2			
Extent of franchisor's involvement in site selection and approval stated	3	4	7.3			
Terms and conditions of agreement termination, renewal, assignment, goodwill	3	4	7.4			
Franchisor's initial and ongoing obligations including obligation to provide training	3	4	7.5			
Details of prior trading activity on the selected site (if any)	3	4	7.6			
Statement that franchise agreement is subject to all applicable laws	3	4	7.7			
Payment of minimum monthly franchise fees (if sales below stipulated level)?						
Obligation to operate standard POS (if applicable)						
Obligation to allow franchisor unfettered access to franchisee's accounting system						
Obligation to adhere to recommended pricing subject to law permitting						

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Initial agreement period and renewal period stated, conditions for renewal						
Obligation to refurbish outlet at certain intervals						
Amendments specific to the outlet under negotiation	3	4	8			
If franchise agreement links to entering into other agreements, full details provided	3	4	9			
Full details of the prospective franchisee's potential financial obligations including:	3	4	10			
Initial fee and payment terms	3	4	10.1			
Full cost of establishing the business	3	4	10.2			
Initial working capital requirement and how this has been calculated	3	5	10.3			
Total investment incl. upfront fee, set-up costs, working capital, other initial costs	3	5	10.4			
Statement what expenses are included /not included in the projections	3	5	10.5			
Amount of funding provided by the franchisor, if any	3	5	10.6			
Franchisee's minimum own financial contribution to total before borrowings	3	5	10.7			
Full details of ongoing amounts payable by the franchisee	3	5	10.8			
Management services fee – how much, fixed or variable?	3	5	10.8.1			
Statement whether any fees are built into the cost of compulsory purchases?	3	5	10.8.2			
If management service fee is levied, details of services franchisor will provide	3	5	10.8.4			
If marketing fund exists – what does it pay for and do franchisees have say?	3	5	10.8.5			
How is the marketing fee calculated?	3	5	11			
Due date for the payment of fees						
Viability statement by directors “no material changes since last audit” included	3	6	12			
Franchisor financials and details of the number of units franchised during the past year	3	6	13			
Statement advising prospect of right to see the operations manual	2	8	8.5			
Formula to determine resale value of the business, describe assumptions made	3	6	14			Example: 2 years profit + asset value (excl. stock)
Statement on how deposits will be processed including cautionary and refunds	2	9	8.12			
Financial projections outlining sales, profits for specific outlet or similar existing outlet	3	6	16			
Are financial projections qualified that there is no guarantee similar will be achieved?	3	6	17			
Auditor's certificate – going concern – sound – able to meet debt – POS observed	3	7	18			
Organogram depicting the franchisee support infrastructure	3	8	20			
BEE rating certificate franchisor – if unavailable outline of strategy and target dates	3	8	21			

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Statement "FASA code enclosed..."	3	8	22			
Reference made to the publication "How to evaluate a franchise"	3	8	22			
<p>General remarks</p> <p>1. This assessment should be interpreted while making reference to the CPA's Regulations and the document "Franchise Association of South Africa – Disclosure Document Requirements,". To download it refer to this link – https://www.fasa.co.za/documents/DISCLOSURE_DOCUMENT_REQUIREMENTS_14_11_2011.pdf</p>						
<p>Disclaimer</p> <p>The Franchise Association of South Africa's core mandate does not include the review of disclosure documents and franchise agreements for compliance. This checklist was developed by franchise consultants who may not necessarily be qualified legal franchise practitioners and serves as a guide to franchise companies to identify possible issues of non-compliance in their franchise agreement and/or disclosure document. Neither the Franchise Association of South Africa (including its Exco, Council, employees and members) nor the franchise practitioners concerned will accept any responsibility or liability for the legal soundness of the checklist. It is recommended that franchisors obtain legal advice from experienced franchise attorneys or franchise consultants – refer to this link for the relevant contact details https://www.fasa.co.za/directory-supplier/</p>						