



AUSTRALIAN COMPETITION  
& CONSUMER COMMISSION

**The Franchising Code has been amended, with many of the changes commencing on 1 July 2021. We are working to update the information in this publication to reflect these changes.**

## Franchising model disclosure document

The following pages give a recommended format for a disclosure document for a franchisor to give to a franchisee or prospective franchisee in accordance with Annexure 1 of the *Competition and Consumer (Industry Codes—Franchising) Regulation 2014* (the Code).

This document has been created by the Australian Competition and Consumer Commission (ACCC) as guidance only. It does not constitute legal or other professional advice. We strongly recommend you seek advice from professionals with experience in franchising on how to comply with your disclosure obligations and the information and documents you are required to provide and keep.

This document is current as of **26 August 2019**. It does not reflect change in the law after this date.

### What must be in a disclosure document

The purpose of the disclosure document is to:

- give a prospective franchisee or a franchisee proposing to renew or extend the term or scope of a franchise agreement **information to help them make a reasonably informed decision about the franchise**
- give a franchisee **current information that is material to the running of their franchised business**.

You must ensure that all statements or representations made in your disclosure document (and other documents) are true, accurate and able to be substantiated. It is against the law for businesses to mislead. **Penalties may be imposed on you by a court, or the Australian Competition and Consumer Commission may issue an infringement notice with a penalty, if you do not adequately disclose information to prospective or current franchisees and/or if you mislead prospective or current franchisees in contravention of the Australian Consumer Law.**

There is a certain format for a disclosure document (which this guidance is designed to assist with). Under the Code subclauses 8(3) and 8(4) require that a disclosure document:

- be set out in the form and order of Annexure 1 of the Code
- use the headings and numbering of Annexure 1 of the Code
- be signed by the franchisor, or a director, officer or authorised agent of the franchisor.

### When a disclosure document must be given

You are required to provide a disclosure document at least 14 days before the prospective franchisee enters into the franchise agreement or an agreement to enter into one, or pays any non-refundable money. This document should also be provided with any other documents under clause 8 of the Franchising Code of Conduct (Code) (and as applicable, the other agreements referred to in clause 14 of the Code).

A current franchisee may also request in writing a copy of the disclosure document (once every 12 months) and you are required to give this document within 14 days of their request, or if the disclosure document needs updating following application of the exemption in subclause 8(7) of the Code, then within 2 months of the request. You must update the disclosure document so that it reflects the position of the franchise as at the end of the financial year before the financial year in which the request is made.

### When a disclosure document must be updated

You are required to update the disclosure document within four months after the end of each financial year. The Code defines 'financial year' as a period of 12 months in respect of which financial statements relating to the franchise are prepared for the franchisor.

You are not required to update the disclosure document at the end of the financial year if an exemption applies. Please refer to subclauses 8(7) and 8(8) of the Code.

**TIP:** In order to ensure compliance with the requirement to provide **details** of the specified matters, information that is likely to be considered to be important and significantly relevant to a franchisee about the specified matter should be disclosed. If an item refers to details, sufficient details should be provided to support the answer.

**TIP:** The previous page and all content contained in box with red border or with red text is guidance by the ACCC and should not be included in your disclosure document. The content below must be the first page of your disclosure document.

**TIP:** When using this guidance you should increase table sizes as necessary.

## 1. First page

### 1.1 (a) DISCLOSURE DOCUMENT FOR FRANCHISEE OR PROSPECTIVE FRANCHISEE

(b) the franchisor's:	
(i) name; and	<a href="#">Click here to enter text.</a>
(ii) business address; and	<a href="#">Click here to enter text.</a>
phone number; and	<a href="#">Click here to enter text.</a>
(iii) ABN, ACN or ARBN (or foreign equivalent if the franchisor is a foreign franchisor).	<a href="#">Click here to enter text.</a>

<p>(c)</p> <p>.....</p> <p>Franchisor/director/officer/ authorised agent of the franchisor</p>	<p>(d)</p> <p>.....</p> <p>Date of preparation</p>
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**TIP:** If you intend to send the disclosure document in electronic form you must obtain the consent of the prospective franchisee or franchisee to delivery in that format. You may then attach an electronic signature.

**TIP:** The following warning statement (e) must appear on the first page of the disclosure document.

(e) 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. It should be read together with the information statement you have received.

Entering into a franchise agreement is a serious undertaking. Franchising is a business and, like any business, the franchise (or franchisor) could fail during the franchise term. This could have consequences for the franchisee.

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 the transfer or renewal of a franchise agreement, nor the extension of the term or the scope of a franchise agreement), you will be entitled to a 7 day “cooling off” period after signing the agreement, during which you may terminate the agreement.

If you decide to terminate the agreement during the cooling off period, the franchisor must, within 14 days, return all payments (whether of money or of other valuable consideration) made by you to the franchisor under the agreement. However, the franchisor may deduct from this amount the franchisor’s reasonable expenses, if the expenses or their method of calculation have been set out in the agreement.

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 also consider educational courses, particularly if you have not operated a business before.

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### Annexures:

[Click here to enter text.](#)

**TIP:** The numbering and headings of the items in the disclosure document must remain the same. If a particular item in the disclosure document is not applicable, it should either be noted as not applicable in the body of the disclosure document or you can chose to remove this item from the body of the disclosure document and note it in an attachment to the disclosure document.

**TIP:** Any annexures or attachments to the disclosure document must be listed in the table of contents in order of appearance. Relevant annexures may include the Code; site or territory history item 13); earnings information (item 20); financial details (item 21); and franchise agreement.

If your disclosure document refers to a clause in your franchise agreement, then the franchise agreement should be provided with it or it should be attached as an annexure to the disclosure document (including if a franchisee has requested a current disclosure document pursuant to clause 16 of the Code).

However, for some disclosure items it may be insufficient disclosure to merely refer to a clause in a franchise agreement or other documents such as an operation manual (item 10.1 for example).

**TIP:** Remember, when using this guidance you should increase table sizes as necessary.

## 2. Franchisor details

2.1 The franchisor's:

(a) name; and	<a href="#">Click here to enter text.</a>
(b) address, or addresses, of franchisor's registered office and principal place of business in Australia; and	<a href="#">Click here to enter text.</a>
(c) ABN, ACN or ARBN (or foreign equivalent if the franchisor is a foreign franchisor).	<a href="#">Click here to enter text.</a>

2.2 The name under which the franchisor carries on business in Australia relevant to the franchise:

[Click here to enter text.](#)

2.3 A description of the kind of business operated under the franchise:

[Click here to enter text.](#)

2.4 The number of years that the franchise or franchise system has operated in Australia:

[Click here to enter text.](#)

**TIP:** An 'associate' means a person

a) who:

- i. is a director or related entity of the franchisor, or a director of a related body corporate; or
- ii. for a franchisor that is a proprietary company - directly or indirectly owns, controls, or holds with power to vote, at least 15 per cent of the issued voting shares in the franchisor; or
- iii. is a partner of the franchisor; and

b) whose relationship with the franchisor is relevant to the franchisee system, including because:

- i. the person supplies goods or services to a franchisee; or
- ii. the person gives the franchisee a right to occupy the premises, whether under a lease or otherwise; or
- iii. the person owns intellectual property used in the franchise system; or
- iv. the person is involved in market research, market testing, market development, sales promotion or management of the franchise system.

2.5 The name, ABN, ACN or ARBN, address of registered office and principal place of business of each associate of the franchisor that is a body corporate (if any):

Name	<a href="#">Click here to enter text.</a>
ABN, ACN or ARBN	<a href="#">Click here to enter text.</a>

Address of registered office	<a href="#">Click here to enter text.</a>
Principal place of business	<a href="#">Click here to enter text.</a>
Name	<a href="#">Click here to enter text.</a>
ABN, ACN or ARBN	<a href="#">Click here to enter text.</a>
Address of registered office	<a href="#">Click here to enter text.</a>
Principal place of business	<a href="#">Click here to enter text.</a>

2.6 The name and address of each associate of the franchisor that is not a body corporate (if any), and if applicable, each associate's ABN or ARBN:

Name	<a href="#">Click here to enter text.</a>
ABN or ARBN	<a href="#">Click here to enter text.</a>
Address	<a href="#">Click here to enter text.</a>
Name	<a href="#">Click here to enter text.</a>
ABN or ARBN	<a href="#">Click here to enter text.</a>
Address	<a href="#">Click here to enter text.</a>

**TIP:** For example, this includes the directors of the franchisor entity and directors of corporate associates of the franchisor. This could include associates who may be trustees. If you are unsure who to include you should seek legal advice.

2.7 A description of the relationship between:  
 (a) each associate mentioned in item 2.5 and the franchisor; and  
 (b) each associate mentioned in item 2.6 and the franchisor;  
 and the relevance of the relationship to the franchise system and the franchise:

<a href="#">Click here to enter text.</a>
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2.8 For each officer of the franchisor—name, position held and qualifications (if any):

**TIP:** The term **‘officer’** has the meaning given by the *Corporations Act 2001* and will include:

- a director or secretary of a corporation
- an administrator of the corporation
- if the entity is an unincorporated association — an office holder
- if the franchisor is a partnership — a partner
- a person:
  - who makes or participates in making decisions that affect the whole or a substantial part of the entity’s business; or
  - who has the capacity to significantly affect the entity’s financial standing

See the *Corporations Act 2001* for a complete definition of ‘officer’.

If you are in any doubt about whether a particular person is an officer, you should seek legal advice.

While you should make your own assessment, an ‘officer’ may include Chief Executive Officer, Chief Operating Officer, Chief Financial Officer.

Name	Click here to enter text.
Position held	Click here to enter text.
Qualifications	Click here to enter text.
Name	Click here to enter text.
Position held	Click here to enter text.
Qualifications	Click here to enter text.
Name	Click here to enter text.
Position held	Click here to enter text.
Qualifications	Click here to enter text.

### 3. Business experience

3.1 A summary of the relevant business experience of each person mentioned in item 2.8 for the past 10 years, including length of experience in:

(a) working in the franchise system; and	Click here to enter text.
(b) working for the franchisor.	Click here to enter text.



**TIP:** You should include information regarding all business activities undertaken by the franchisor. This includes both successful and unsuccessful business activities.

In *Australian Competition and Consumer Commission v Morild Pty Ltd* [2017] FCA 1308, the Federal Court found that Morild (which operated the 'Pastacup' franchise system) had failed to disclose that the company's co-founder and former director was previously a director of two former Pastacup franchisors that each became insolvent.

The Court held that this was relevant business experience that was required to be disclosed to prospective franchisees in the Pastacup disclosure document. The Federal Court ordered Morild to pay \$100 000 and its former director \$50 000 in penalties for breaches of the Code.

3.2 A summary of relevant business experience of the franchisor for the past 10 years, including:

<p>(a) length of experience in:</p> <p>(i) operating a business that is substantially the same as that of the franchise; and</p> <p>(ii) offering other franchises that are substantially the same as the franchise; and</p>	<p><a href="#">Click here to enter text.</a></p> <p><a href="#">Click here to enter text.</a></p>
<p>(b) whether the franchisor has offered franchises for other businesses</p>	<p><input type="radio"/> Yes    <input type="radio"/> No</p>
<p>If yes to (b):</p> <p>(i) a description of each such business; and</p> <p>(ii) for how long the franchisor offered franchises for each such business.</p>	<p><a href="#">Click here to enter text.</a></p> <p><a href="#">Click here to enter text.</a></p>

## 4. Litigation

4.1 Details of:

<p>(a) current proceedings by a public agency, criminal or civil proceedings or arbitration, relevant to the franchise, against the franchisor, a franchisor director, an associate of the franchisor or a director of an associate of the franchisor, in Australia alleging:</p>	
<p>(i) breach of a franchise agreement; or</p>	<p><input type="radio"/> Yes    <input type="radio"/> No</p>
<p>(ii) contravention of trade practices law; or</p> <div data-bbox="384 1711 932 1861" style="border: 1px solid red; padding: 5px;"> <p><b>TIP:</b> This includes a contravention of the <i>Competition and Consumer Act 2010</i>, a part of which is the Australian Consumer Law.</p> </div>	<p><input type="radio"/> Yes    <input type="radio"/> No</p>
<p>(iii) contravention of the <i>Corporations Act 2001</i>; or</p>	<p><input type="radio"/> Yes    <input type="radio"/> No</p>
<p>(iv) unconscionable conduct; or</p>	<p><input type="radio"/> Yes    <input type="radio"/> No</p>

(v) misconduct; or	<input type="radio"/> Yes <input type="radio"/> No
<div style="border: 2px solid red; padding: 5px;"> <p><b>TIP:</b> The term 'misconduct' has the meaning given by <i>Corporations Act 2001</i> and includes fraud, negligence, default, breach of trust and breach of duty.</p> </div>	
(vi) an offence of dishonesty; and	<input type="radio"/> Yes <input type="radio"/> No
(b) proceedings against the franchisor, a franchisor director, an associate of the franchisor or a director of an associate of the franchisor, other than for unfair dismissal of an employee, under:	
(i) section 12 of the <i>Independent Contractors Act 2006</i> ; or	<input type="radio"/> Yes <input type="radio"/> No
(ii) a law of a State or Territory that regulates workplace relations or independent contractors.	<input type="radio"/> Yes <input type="radio"/> No
<div style="border: 2px solid red; padding: 5px;"> <p><b>TIP:</b> This includes any proceedings under section 558B of the <i>Fair Work Act 2009</i>.</p> </div>	

4.2 Whether the franchisor, a franchisor director, an associate of the franchisor or a director of an associate of the franchisor, has been:

(a) in the last 10 years—convicted of a serious offence, or an equivalent offence outside Australia; or	<input type="radio"/> Yes <input type="radio"/> No
<div style="border: 2px solid red; padding: 5px;"> <p><b>TIP:</b> A 'serious offence' is defined in clause 4 of the Code as:</p> <p>(a) an offence under any law of the Commonwealth or a State or a Territory for which, if the act or omission had taken place in the Jervis Bay Territory, a person would be liable, on first conviction, to imprisonment for a period of not less than 5 years; or</p> <p>(b) a contravention of any provision of the <i>Corporations Act 2001</i>.</p> <p><i>Note: Jervis Bay Territory is mentioned because it is a jurisdiction in which the Commonwealth has control over the criminal law.</i></p> </div>	
(b) in the last 5 years—subject to final judgment in civil proceedings for a matter mentioned in paragraph 4.1(a); or	<input type="radio"/> Yes <input type="radio"/> No
(c) in the last 10 years—bankrupt, insolvent under administration or a Chapter 5 body corporate in Australia or elsewhere.	<input type="radio"/> Yes <input type="radio"/> No

<p><b>TIP:</b> ‘Chapter 5 body corporate’ is defined in the <i>Corporations Act 2001</i> as a body corporate:</p> <p>(a) that is being wound up; or</p> <p>(b) in respect of property of which a receiver, or a receiver and manager, has been appointed (whether or not by a court) and is acting; or</p> <p>(c) that is under administration; or</p> <p>(d) that has executed a deed of company arrangement that has not yet terminated; or</p> <p>(e) that has entered into a compromise or arrangement with another person the administration of which has not been concluded.</p>	
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4.3 For items 4.1 and 4.2—the following details (where relevant):

(a) the names of the parties to the proceedings;	<a href="#">Click here to enter text.</a>
(b) the name of the court, tribunal or arbitrator;	<a href="#">Click here to enter text.</a>
(c) the case number;	<a href="#">Click here to enter text.</a>
(d) the general nature of the proceedings;	<a href="#">Click here to enter text.</a>
(e) the current status of the proceedings;	<a href="#">Click here to enter text.</a>
(f) the date and content of any undertaking or order under section 87B of the <i>Competition and Consumer Act 2010</i> ;	<a href="#">Click here to enter text.</a>
(g) the penalty or damages assessed or imposed;	<a href="#">Click here to enter text.</a>
(h) the names of the persons who are bankrupt, insolvent under administration or externally administered;	<a href="#">Click here to enter text.</a>
<p><b>TIP:</b> There are two ways a person can become bankrupt:</p> <ul style="list-style-type: none"> <li>• a creditor makes an application to court to declare the person bankrupt</li> <li>• the person lodges an application to become bankrupt.</li> </ul>	
<p><b>TIP:</b> The <i>Corporations Act 2001</i> provides a definition of ‘insolvent under administration’. It includes a person who has executed a personal insolvency agreement under Part X of the <i>Bankruptcy Act 1966</i>, or is an undischarged bankrupt, or whose property is subject to control under section 50 or Division 2 of Part X of the <i>Bankruptcy Act 1966</i>.</p>	

<b>TIP:</b> External administration includes administration, receivership and liquidation.	
(i) the period of the bankruptcy, insolvency under administration or external administration.	<a href="#">Click here to enter text.</a>

## 5. Payments to agents

5.1 For any agreement under which the franchisor must pay an amount, or give other valuable consideration, to a person who is not an officer, director or employee of the franchisor in connection with the introduction or recruitment of a franchisee—the name of the person:

[Click here to enter text.](#)

**TIP:** This may include payments to a franchisee when referring someone to the franchise or gifts to another business for promoting the recruitment of franchisees to your franchise. Examples of such payments may include payments to a franchise consultant, estate agent, broker or other advisor.

## 6. Existing franchises

6.1 Number, sorted by State, Territory or region, of:

(a) existing franchised businesses; and

(b) existing franchisees; and

(c) businesses owned or operated by the franchisor or an associate of the franchisor in Australia that are substantially the same as the franchised business:

State/Territory/region	(a) existing franchised businesses; and	(b) existing franchisees; and	(c) businesses owned or operated by the franchisor or an associate of the franchisor in Australia that are substantially the same as the franchised business.
NSW	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>
Vic	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>
Qld	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>
SA	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>
WA	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>
Tas	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>
ACT	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>
NT	<a href="#">Click here to</a>	<a href="#">Click here to</a>	<a href="#">Click here to enter text.</a>

	enter text.	enter text.	
TOTAL	Click here to enter text.	Click here to enter text.	Click here to enter text.

**TIP:** This is the number of franchises in the system at the preparation date the disclosure document is dated.

6.2 For each existing franchisee:

(a) business address, if this is not the franchisee's residential address; and	(b) business phone number; and	(c) year when the franchisee started operating the franchised business.
Click here to enter text.	Click here to enter text.	Click here to enter text.
Click here to enter text.	Click here to enter text.	Click here to enter text.

**TIP:** Remember, when using this guidance you should increase table sizes as necessary.

6.3 However, if there are more than 50 franchises, the franchisor may instead give details under item 6.2 for all franchisees in the State, Territory, region or metropolitan area in which the franchise is to be operated:

(a) business address, if this is not the franchisee's residential address; and	(b) business phone number; and	(c) year when the franchisee started.
Click here to enter text.	Click here to enter text.	Click here to enter text.
Click here to enter text.	Click here to enter text.	Click here to enter text.

6.4 For each of the last 3 financial years and for each of the following events—the number of franchised businesses for which the event happened:

<b>TIP:</b> Insert relevant financial years.			
Details of events of each of the last three years	Year 1 Period: dd/mm/yyyy to dd/mm/yyyy	Year 2 Period: dd/mm/yyyy to dd/mm/yyyy	Year 3 Period: dd/mm/yyyy to dd/mm/yyyy
(a) the franchise was transferred;	Click here to enter text.	Click here to enter text.	Click here to enter text.
(b) the franchised business ceased to operate;	Click here to enter text.	Click here to enter text.	Click here to enter text.
(c) the franchise agreement was terminated by the franchisor;	Click here to enter text.	Click here to enter text.	Click here to enter text.
(d) the franchise agreement was terminated by the franchisee;	Click here to enter text.	Click here to enter text.	Click here to enter text.
(e) the franchise agreement was not extended;	Click here to enter text.	Click here to enter text.	Click here to enter text.

(f) the franchised business was bought back by the franchisor;	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>
(g) the franchise agreement was terminated and the franchised business was acquired by the franchisor.	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>

NOTE: An event may be counted more than once if more than one paragraph applies.

6.5 Subject to subclause 32(1), the franchisor must supply, for each event mentioned in item 6.4 the name, location and contact details of each franchisee if the information is available:

**TIP:** Remember, when using this guidance you should increase table sizes as necessary.

**TIP:** You should provide useful contact information for former franchisees, such as an email address and phone number.

It is unlikely to be sufficient to only provide the former business address and business phone number used by previous franchisees as they no longer operate the franchise.

Former franchisee contact details must be included unless a request in writing is made by a former franchisee that their details not to be disclosed to a prospective franchisee under subclause 32(1) of the Code.

**You must not attempt to influence the former franchisee to make such a request. Doing so is a breach of subclause 32(3) of the Code and penalties apply.**

Year 1		
Period: <a href="#">dd/mm/yyyy to dd/mm/yyyy</a>		
Event: <a href="#">Click here to enter text.</a>		
Name	Location	Contact details
<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>
<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>
Event: <a href="#">Click here to enter text.</a>		
Name	Location	Contact details
<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>
<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>

Year 2		
Period: <a href="#">dd/mm/yyyy to dd/mm/yyyy</a>		
Event: <a href="#">Click here to enter text.</a>		
Name	Location	Contact details
<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>
<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>
Event: <a href="#">Click here to enter text.</a>		

Name	Location	Contact details
Click here to enter text.	Click here to enter text.	Click here to enter text.
Click here to enter text.	Click here to enter text.	Click here to enter text.

Year 3		
Period: dd/mm/yyyy to dd/mm/yyyy		
Event: Click here to enter text.		
Name	Location	Contact details
Click here to enter text.	Click here to enter text.	Click here to enter text.
Click here to enter text.	Click here to enter text.	Click here to enter text.
Event: Click here to enter text.		
Name	Location	Contact details
Click here to enter text.	Click here to enter text.	Click here to enter text.
Click here to enter text.	Click here to enter text.	Click here to enter text.

## 7. Master franchises

**TIP:** A master franchise is usually a system where the ‘master franchisor’ grants another party (the subfranchisor), control over the franchising activities in an area (for example, in Australia or a particular State or Territory). Normally, the subfranchisor then enters into franchise agreements with individual franchisees to grant them a subfranchise.

7.1 If the franchisor is also a subfranchisor—the master franchisor’s:

(a) name; and	Click here to enter text.
(b) address, or addresses, of registered office and principal place of business; and	Click here to enter text.
(c) ABN, ACN or ARBN (or foreign equivalent if applicable).	Click here to enter text.

7.2 The name under which the master franchisor carries on business relevant to the franchise:

Click here to enter text.
---------------------------

7.3 For each officer of the master franchisor—name, position held and qualifications (if any):

Name	Click here to enter text.
Position held	Click here to enter text.
Qualifications	Click here to enter text.
Name	Click here to enter text.

Position held	<a href="#">Click here to enter text.</a>
Qualifications	<a href="#">Click here to enter text.</a>

7.4 For each of the last 3 financial years and each of the following events—the number of:

<b>TIP:</b> Specify each financial year.			
Details of events of each of the last 3 years;	Year 1 Period: dd/mm/yyyy to dd/mm/yyyy	Year 2 Period: dd/mm/yyyy to dd/mm/yyyy	Year 3 Period: dd/mm/yyyy to dd/mm/yyyy
(a) franchise agreements terminated by the master franchisor;	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>
(b) franchise agreements terminated by the franchisor;	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>
(c) franchise agreements that were not extended by the master franchisor.	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>

*NOTE: An event may be counted more than once if more than one paragraph applies.*

7.5 The following details about the master franchise:

(a) the term of the franchise agreement, including the date that it began;	<a href="#">Click here to enter text.</a>
(b) the territory of the franchise;	<a href="#">Click here to enter text.</a>
(c) whether the franchise agreement may be renewed;	<a href="#">Click here to enter text.</a>
<p><b>TIP:</b> Renewal is when the franchisee exercises an option during the term of the agreement to renew the agreement.</p>	
(d) whether the term of the franchise agreement may be extended and if so, any preconditions applying to an extension;	<a href="#">Click here to enter text.</a>
<p><b>TIP:</b> In the context of paragraph (d), the term of agreement is 'extended' when the period of the agreement is extended, other than because of a right or an option exercisable by the franchisee during the term of agreement.</p> <p>This may include for example an extension of the franchise agreement by agreement of the parties.</p>	



(e) whether the scope of the franchise agreement may be extended;	<a href="#">Click here to enter text.</a>
<p><b>TIP:</b> In the context of paragraph (e), the word 'extended' means a material change to:</p> <ul style="list-style-type: none"> <li>the terms and conditions of the agreement; or</li> <li>the rights of a person or liabilities that would be imposed on a person under or in relation to the agreement.</li> </ul>	
(f) whether the franchise agreement may be transferred, and if so, whether the franchisee is required to become a party to a franchise agreement with the transferee;	<a href="#">Click here to enter text.</a>
(g) the grounds on which the franchise agreement may be terminated;	<a href="#">Click here to enter text.</a>
(h) if the franchise agreement is terminated, how a subfranchisor's franchise agreement with a franchisee is affected.	<a href="#">Click here to enter text.</a>

## 8. Intellectual property

**TIP:** 'Intellectual property' refers to original or distinctive logos, designs, slogans etc. that are closely associated with your brand.

8.1 For any trade mark used to identify, and for any patent, design or copyright that is material to, the franchise system (**intellectual property**): (a) description of the intellectual property; and:

	Description
	<p><b>TIP:</b> Including images of your logos and symbols may assist to describe your intellectual property.</p>
Trademarks	<a href="#">Click here to enter text.</a>
Patents	<a href="#">Click here to enter text.</a>
Designs	<a href="#">Click here to enter text.</a>
Copyright	<a href="#">Click here to enter text.</a>

(b) details of the franchisee's rights and obligations in connection with the use of the intellectual property; and:

	Franchisee's rights	Franchisee's obligations
Trademarks	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>
Patents	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>
Designs	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>
Copyright	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>

(c) whether the intellectual property is registered in Australia, and if so, the registration date, registration number and place of registration; and:

	Is it registered?	Registration date	Registration number	Place of registration
Trade marks	<input type="radio"/> Yes <input type="radio"/> No	Click here to enter a date.	Click here to enter text.	Click here to enter text.
Patents	<input type="radio"/> Yes <input type="radio"/> No	Click here to enter a date.	Click here to enter text.	Click here to enter text.
Designs	<input type="radio"/> Yes <input type="radio"/> No	Click here to enter a date.	Click here to enter text.	Click here to enter text.
Copyright	<input type="radio"/> Yes <input type="radio"/> No	Click here to enter a date.	Click here to enter text.	Click here to enter text.

**TIP:** You should include in the above table classes the trade mark is registered in.

(d) any judgment or pending proceedings that could significantly affect ownership or use of the intellectual property:

<input type="radio"/> Yes <input type="radio"/> No	
If yes, provide the following details:	
(i) name of court or tribunal; and	Click here to enter text.
(ii) matter number; and	Click here to enter text.
(iii) summary of the claim or judgement; and	Click here to enter text.

(e) if the intellectual property is not owned by the franchisor—who owns it; and:

Click here to enter text.
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(f) details of any agreement that significantly affects the franchisor's rights to use, or to give others the right to use, the intellectual property, including:

(i) parties to the agreement; and	(ii) nature and extent of any limitation; and	(iii) duration of the agreement; and	(iv) conditions under which the agreement may be terminated; and
Click here to enter text.	Click here to enter text.	Click here to enter text.	Click here to enter text.

8.2 The franchisor is taken to comply with item 8.1 for any information that is confidential if the franchisor gives:

- (a) a general description of the subject matter; and
- (b) a summary of conditions for use by the franchisee.

## 9. Franchise site or territory

9.1 Whether the franchise is:

(a) for an exclusive or non-exclusive territory; or	<input type="radio"/> Exclusive <input type="radio"/> Non-Exclusive
(b) limited to a particular site.	<input type="radio"/> Yes <input type="radio"/> No

**TIP:** Remember, when disclosing information about exclusive or non-exclusive territory, you must provide information that helps someone make a reasonably informed decision about the franchise, using current information material to the running of their franchised business, and the information must not mislead or be likely to mislead.

9.2 For the territory of the franchise:

(a) whether other franchisees may own or operate a business that is substantially the same as the franchised business; and	Click here to enter text.
(b) whether the franchisor or an associate of the franchisor may own or operate a business that is substantially the same as the franchised business; and	Click here to enter text.
(c) whether the franchisor or an associate of the franchisor may establish other franchises that are substantially the same as the franchise; and	Click here to enter text.
(d) whether the franchisee may own or operate a business that is substantially the same as the franchised business outside the territory of the franchise; and	Click here to enter text.
(e) whether the franchisor may change the territory or site of the franchise and if so, the circumstances in which such a change may occur.	Click here to enter text.

**TIP:** Respond to paragraphs 9.2(a) – (e) irrespective of whether the territory is exclusive or non-exclusive.

## 10. Supply of goods or services to a franchisee

**TIP:** In order to ensure compliance with the requirement to provide **details** of the specified matters, information that is likely to be considered to be important and significantly relevant to a franchisee about the specified matter should be disclosed.

For example, names of suppliers and specific types of goods and/or services should be disclosed, if known as at the date of the disclosure document, as these are likely to be important and relevant details. This information will assist a possible franchisee to make informed decisions.

Stating “preferred supplier” or “accepted supplier” or “core products” is not likely to be adequate as such details are likely to be of little use and meaning, and is not likely to constitute comprehensive response to the requirement to provide details.

If there is a current preferred supplier but the agreement allows the franchisor to unilaterally change the supplier, then this should be stated.

10.1 For the franchisor’s requirements for supply of goods or services to a franchisee—details of:

(a) any requirement for the franchisee to maintain a level of inventory or acquire an amount of goods or services; and	<input type="radio"/> Yes <input type="radio"/> No
--	--

<p><b>TIP:</b> This items includes any requirements to acquire an amount of goods or services.</p> <p>If the requirement includes goods or services including leasing and fitting out premises and/or vehicles, minimum insurance, purchasing certain equipment, including IT equipment etc these details should be specified.</p>	
<p>If yes, details <a href="#">Click here to enter text.</a></p>	
<p>(b) restrictions on acquisition of goods or services by the franchisee from other sources; and</p> <p><b>TIP:</b> You must disclose details of all supply restrictions. This includes restrictions on where franchisees can purchase equipment, stock, fit out services, IT services and cleaning (to name a few).</p> <p>We recommend if you are unsure what arrangements to disclose to err on the side of caution and include more information.</p> <p><b>TIP:</b> It is likely that details of any exclusive dealing notification/s lodged with the ACCC that you have in place for the franchise system are required to be provided.</p>	<p><input type="radio"/> Yes <input type="radio"/> No</p>
<p>If yes, details <a href="#">Click here to enter text.</a></p>	
<p>(c) ownership by the franchisor or an associate of the franchisor of an interest in any supplier from which the franchisee may be required to acquire goods or services; and</p> <p><b>TIP:</b> It is likely that details of any exclusive dealing notification/s lodged with the ACCC that you have in place for the franchise system are required to be provided.</p>	<p><input type="radio"/> Yes <input type="radio"/> No</p>
<p>If yes, <a href="#">Click here to enter text.</a></p>	
<p>(d) the obligation of the franchisee to accept goods or services from the franchisor, or from an associate of the franchisor; and</p> <p><b>TIP:</b> You must disclose details of all supply restrictions. This includes restrictions on where franchisees can purchase equipment, stock, fit out services, IT services and cleaning (to name a few).</p>	<p><input type="radio"/> Yes <input type="radio"/> No</p>
<p>If yes, <a href="#">Click here to enter text.</a></p>	
<p>(e) the franchisor's obligation to supply goods or</p>	<p><input type="radio"/> Yes <input type="radio"/> No</p>

services to the franchisee; and	
If yes, details <a href="#">Click here to enter text.</a>	
(f) whether the franchisee will be offered the right to be supplied with the whole range of the goods or services of the franchise; and	<input type="radio"/> Yes <input type="radio"/> No
If yes, <a href="#">Click here to enter text.</a>	
(g) conditions under which the franchisee can return goods, and to whom; and	<input type="radio"/> Yes <input type="radio"/> No
<div style="border: 1px solid red; padding: 5px;"> <p><b>TIP:</b> A franchisee may have rights under the Australian Consumer Law to seek a remedy from a supplier (which cannot be excluded by agreement).</p> </div>	
If yes, <a href="#">Click here to enter text.</a>	
(h) conditions under which the franchisee can obtain a refund for services provided by the franchisor, and from whom; and	<input type="radio"/> Yes <input type="radio"/> No
<div style="border: 1px solid red; padding: 5px;"> <p><b>TIP:</b> A franchisee may have rights under the Australian Consumer Law to seek a remedy from a supplier (which cannot be excluded by agreement).</p> </div>	
If yes, <a href="#">Click here to enter text.</a>	
(i) whether the franchisor may change the range of goods or services, and if so, to what extent; and	<input type="radio"/> Yes <input type="radio"/> No
<div style="border: 1px solid red; padding: 5px;"> <p><b>TIP:</b> Unfair contract term laws apply to many standard form agreements, including in franchising.</p> <p>Where it applies, franchisors need to ensure that their franchise agreements, including terms covering supply restrictions and rebates don't contain unfair contract terms.</p> <p>A term may be unfair term if it causes a significant imbalance in power, goes beyond what is reasonably necessary to protect a franchisor's legitimate business interests and if relied upon causes detriment to franchisees.</p> </div>	
If yes, <a href="#">Click here to enter text.</a>	

<p>(j) whether the franchisor, or an associate of the franchisor, will receive a rebate or other financial benefit from the supply of goods or services to franchisees, including the name of the business providing the rebate or financial benefit; and</p> <div style="border: 2px solid red; padding: 5px; margin-top: 10px;"> <p><b>TIP:</b> It is likely that details of the types of goods and services subject to the rebates for each supplier and/or business are required to be provided.</p> </div>	<input type="radio"/> Yes <input type="radio"/> No
<p>If yes, <a href="#">Click here to enter text.</a></p>	
<p>(k) whether any rebate or financial benefit referred to under paragraph (j) is shared, directly or indirectly, with franchisees.</p>	<input type="radio"/> Yes <input type="radio"/> No
<p>If yes, <a href="#">Click here to enter text.</a></p>	

*NOTE: Before a requirement is made under paragraph (b) or (c), the franchisor may notify, or seek authorisation from, the Australian Competition and Consumer Commission (see Part VII of the Act).*

## 11. Supply of goods or services by a franchisee

11.1 For the franchisor's requirements for supply of goods or services by a franchisee—details of:

<p>(a) restrictions on the goods or services that the franchisee may supply; and</p> <div style="border: 2px solid red; padding: 5px; margin-top: 10px;"> <p><b>TIP:</b> It is likely that details of any exclusive dealing notification/s lodged with the ACCC that you have in place for the franchise system are required to be provided.</p> </div>	<a href="#">Click here to enter text.</a>
<p>(b) restrictions on the persons to whom the franchisee may supply goods or services; and</p> <div style="border: 2px solid red; padding: 5px; margin-top: 10px;"> <p><b>TIP:</b> It is likely that details of any exclusive dealing notification/s lodged with the ACCC that you have in place for the franchise system are required to be provided.</p> </div>	<a href="#">Click here to enter text.</a>
<p>(c) whether the franchisee must supply the whole range of the goods or services of the franchise.</p>	<a href="#">Click here to enter text.</a>

*NOTE: Before a requirement is made under paragraph (a) or (b), the franchisor may notify, or seek authorisation from, the Australian Competition and Consumer Commission (see Part VII of the Act).*

## 12. Supply of goods or services—online sales

**TIP:** Details of any online food delivery apps should be included in this section.

12.1 Details of whether the franchisee may make available online:

<p>(a) goods of the same type or brand; or</p>	<input type="radio"/> Yes <input type="radio"/> No
<p>If yes, <a href="#">Click here to enter text.</a></p>	

(b) services of the same type.	<input type="radio"/> Yes <input type="radio"/> No
If yes, <a href="#">Click here to enter text.</a>	

12.2 If goods or services may be made available online by the franchisee, the following information:

(a) whether the franchise agreement restricts, or places conditions on, the franchisee's ability to make those goods and services available online;	<a href="#">Click here to enter text.</a>
(b) whether goods or services may be made available via a third party website, and if so, specified restrictions or conditions by the franchisor on the franchisee's use of a third party website;	<a href="#">Click here to enter text.</a>
(c) the extent to which those goods or services may be supplied outside the territory of the franchise.	<a href="#">Click here to enter text.</a>

12.3 Details of whether:

(a) the franchisor or an associate of the franchisor makes, or expects to make, goods or services available online; or	<a href="#">Click here to enter text.</a>
(b) other franchisees make, or expect to make, goods or services available online.	<a href="#">Click here to enter text.</a>

12.4 If goods or services are made, or are expected to be made, available online by the franchisor, an associate of the franchisor or other franchisees, the following information:

(a) the extent to which those goods or services may be supplied in the territory of the franchise;	<a href="#">Click here to enter text.</a>
(b) in the case of goods or services made available via a third party website—the domain name or URL of the third party website.	<a href="#">Click here to enter text.</a>

12.5 Details of any profit sharing arrangements that apply in relation to goods or services made available online and would affect the franchisee, and whether these arrangements may be unilaterally changed by the franchisor.

Is there a profit sharing arrangement?	<input type="radio"/> Yes <input type="radio"/> No
If yes, <a href="#">Click here to enter text</a>	

### 13. Sites or territories

13.1 The policy of the franchisor, or an associate of the franchisor, for selection of as many of the following as are relevant:

(a) the site to be occupied by the franchised business;	<a href="#">Click here to enter text.</a>
(b) the territory in which the franchised business is to operate.	<a href="#">Click here to enter text.</a>

- 13.2 Details of whether the territory or site to be franchised has, in the previous 10 years, been subject to a franchised business operated by a previous franchise granted by the franchisor and, if so, details of the franchised business, including the circumstances in which the previous franchisee ceased to operate.

**TIP:** This should include the name of the former franchisees of the site, the year that they ceased to operate and the reason why they ceased to operate.

- 13.3 The details mentioned in item 13.2 must be provided:

- (a) in a separate document; and
- (b) with the disclosure document.

**TIP:** If this separate document is attached in the annexure, it should be properly referenced in the table of contents.

## 14. Other payments

### *Prepayments*

- 14.1 If the franchisor requires a payment before the franchise agreement is entered into—:

why the money is required,	<a href="#">Click here to enter text.</a>
how the money is to be applied; and	<a href="#">Click here to enter text.</a>
who will hold the money.	<a href="#">Click here to enter text.</a>

- 14.2 The conditions under which a payment will be refunded:

[Click here to enter text.](#)

**TIP:** Misleading a franchisee as to their right to a refund on payment may contravene the Australian Consumer Law. You should also make sure your requirements for payments and the conditions to receive a refund comply with the Code.

Money paid by the franchisee cannot be non-refundable before the 14 days disclosure period ends, this includes legal fees.

If money is received from a prospective franchisee that may become non-refundable, it should be made very clear in the disclosure document when it could become non-refundable.



*Establishment costs*

**TIP:** The franchisor should provide an estimate for each applicable category of costs. If an estimate cannot be easily worked out, you should provide an upper and lower limit. Avoid excessive ranges to ensure you are providing useful information to assist prospective franchisees to accurately estimate the cost of the proposed business. You are required to keep any documents that support a statement or claim you make in items 14.3, 14.4 and 14.5.

14.3 Details of the range of costs to start operating the franchised business, based on current practice, for the following matters:

Expenditure	14.4(a) description of the payment; and	14.4(b) the amount of the payment or the formula used to work out the payment (if the amount of the payment cannot easily be worked out—the upper and lower limits of the amount); <sup>1</sup> and	14.4(c) to whom the payment is made; and <div style="border: 1px solid red; padding: 2px; margin-top: 5px;"><b>TIP:</b> If known the business should be named. “Preferred Supplier” may not meet disclosure requirement.</div>	14.4(d) when the payment is due; and	14.4(e) whether the payment is refundable and, if so, under what conditions.
<b>(a) real property, including property type, location and building size;</b>					
<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>
<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>
<b>(b) equipment, fixtures, other fixed assets, construction, remodelling, leasehold improvements and decorating costs;</b>					
<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>
<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>

<sup>1</sup> Item 14.5 of Annexure 1 of the Code.

(c) inventory required to begin operation;					
Click here to enter text.	Click here to enter text.	Click here to enter text.	Click here to enter text.	Click here to enter text.	Click here to enter text.
Click here to enter text.	Click here to enter text.	Click here to enter text.	Click here to enter text.	Click here to enter text.	Click here to enter text.
(d) security deposits, utility deposits, business licences, insurance and other prepaid expenses;					
Click here to enter text.	Click here to enter text.	Click here to enter text.	Click here to enter text.	Click here to enter text.	Click here to enter text.
Click here to enter text.	Click here to enter text.	Click here to enter text.	Click here to enter text.	Click here to enter text.	Click here to enter text.
(e) additional funds, including working capital, required by the franchisee before operations begin;					
Click here to enter text.	Click here to enter text.	Click here to enter text.	Click here to enter text.	Click here to enter text.	Click here to enter text.
Click here to enter text.	Click here to enter text.	Click here to enter text.	Click here to enter text.	Click here to enter text.	Click here to enter text.
(f) other payments by a franchisee to begin operations;					
Click here to enter text.	Click here to enter text.	Click here to enter text.	Click here to enter text.	Click here to enter text.	Click here to enter text.
Click here to enter text.	Click here to enter text.	Click here to enter text.	Click here to enter text.	Click here to enter text.	Click here to enter text.

14.5. For item 14.4, if the amount of the payment cannot easily be worked out—the upper and lower limits of the amount.

Other payments

14.6 For each recurring or isolated payment payable by the franchisee to the franchisor or an associate of the franchisor or to be collected by the franchisor or an associate of the franchisor for another person:

(a) description of the payment; and	(b) amount of the payment or formula used to work out the payment (if the amount of the payment cannot easily be worked out—the upper and lower limits of the amount); <sup>2</sup> and	(c) to whom the payment is made; and <b>TIP:</b> If known the business should be named. “Preferred Supplier” may not meet adequate disclosure.	(d) when the payment is due; and	(e) whether the payment is refundable and, if so, under what conditions.
<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>

14.7 For each recurring or isolated payment, that is within the knowledge or control of the franchisor or is reasonably foreseeable by the franchisor, that is payable by the franchisee to a person other than the franchisor or an associate of the franchisor:

(a) description of the payment; and	(b) amount of the payment or formula used to work out the payment (if the amount of the payment cannot easily be worked out—the upper and lower limits of the amount); <sup>3</sup> and	(c) to whom the payment is made; and <b>TIP:</b> If known the business should be named. “Preferred Supplier” may not meet adequate disclosure.	(d) when the payment is due; and	(e) whether the payment is refundable and, if so, under what conditions.
<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>

**TIP:** Avoid excessive ranges to ensure you are providing useful information to assist prospective franchisees to accurately estimate the cost of the proposed business.

<sup>2</sup> Item 14.8 of Annexure 1 of the Code.

<sup>3</sup> Item 14.8 of Annexure 1 of the Code.

**TIP:** You need to include in item 14.7 all the costs that a franchisee might reasonably be expected to incur in conducting the business and whether these exclude/include taxes. These descriptions should be specific. Some examples would be electricity and water costs, real property costs, inventory, costs of hiring, training, wages (which at the least should be reflective of employees' minimum statutory entitlements), costs of licences or memberships that are required or the cost of any repairs or upgrades that may be needed. Also specify if costs and payments are stated on an annual or monthly basis.

**This is not to be taken as an exhaustive list.**

- 14.8 For item 14.6 or 14.7, if the amount of the payment cannot easily be worked out—the upper and lower limits of the amount.
- 14.9 If 2 or more of items 14.1, 14.3 and 14.6 apply to a payment, the information required by those items in relation to that payment need be set out only once.
- 14.10 To avoid doubt, this item covers a payment of significant capital expenditure.

**TIP:** The Code does not provide a definition for 'significant capital expenditure', but it does set out at subclause 30(2) certain expenditure that a franchisor can require a franchisee to incur. This includes expenditure that is disclosed to the franchisee in the disclosure document before entering into, renewing, or extending the term or scope of, the franchise agreement.

## 15. Marketing or other cooperative funds

- 15.1 For each marketing or other cooperative fund, controlled or administered by or for the franchisor, to which the franchisee may be required to contribute, the following details:

<p>(a) the kinds of persons who contribute to the fund (e.g. franchisee, franchisor, outside supplier);</p> <p><b>TIP:</b> If you operate company owned franchised business, you must, for each business, contribute to the marketing fund on the same basis as other franchisees.</p>	<p><a href="#">Click here to enter text.</a></p>
<p>(b) how much the franchisee must contribute to the fund and whether other franchisees must contribute at a different rate;</p>	<p><a href="#">Click here to enter text.</a></p>
<p>(c) who controls or administers the fund;</p>	<p><a href="#">Click here to enter text.</a></p>
<p>(d) whether the fund is audited and, if so, by whom and when;</p> <p><b>TIP:</b> The marketing fund statement must be audited within four months of the end of the franchisor's financial year unless 75 per cent of franchisees who contribute to the fund have voted not to audit the statement.</p> <p>The 75% can include franchisor owned franchises.</p>	<p><input type="radio"/> Yes <input type="radio"/> No</p> <p>Name: <a href="#">Click here to enter text.</a></p> <p>Date of audit: <a href="#">Click here to enter a date.</a></p>

(e) how the fund's financial statements can be inspected by franchisees;	<a href="#">Click here to enter text.</a>
(f) the kinds of expense for which the fund may be used;  <b>TIP:</b> You should disclose all expenses that the marketing fees will, or may, be used to meet. This is important as subclause 31(3) of the Code places certain restrictions on how you may spend marketing fees.	<a href="#">Click here to enter text.</a>
(g) the fund's expenses for the last financial year, including the percentage spent on production, advertising, administration and other stated expenses;	<a href="#">Click here to enter text.</a>
(h) whether the franchisor or its associates supply goods or services for which the fund pays and, if so, details of the goods or services;	<a href="#">Click here to enter text.</a>
(i) whether the franchisor must spend part of the fund on marketing, advertising or promoting the franchisee's business.	<a href="#">Click here to enter text.</a>

**TIP:** If you're uncertain about how much information to provide your franchisees, you should err on the side of caution and provide more information – as long as the information is true, clear and accurate. Meaningful information in a marketing fund statement requires a sufficient level of information and detail, and a genuine transparency about matters such as:

- Sources of income (e.g. franchisee/corporate store contributions; supplier rebates)
- The nature of the advertising or marketing services provided (e.g. merchandise; photography; brochures/flyers; website design; graphic design; equipment rental; radio advertising; print advertising; general advertising)
- The price of the relevant services
- Geographical scope of the advertising or marketing, where relevant (e.g. local, state or national).

## 16. Financing

16.1 The material conditions of each financing arrangement that the franchisor, its agent or an associate of the franchisor offers to the franchisee for establishment or operation of the franchised business.

[Click here to enter text.](#)

16.2 For item 16.1, the material conditions of a financing arrangement include the following:

(a) any requirement that the franchisee must provide a minimum amount of unborrowed working capital for the franchised business;

[Click here to enter text.](#)

(b) any requirement that a franchisee must meet a stated debt to equity ratio in relation to the franchised business.

[Click here to enter text.](#)

## 17. Unilateral variation of franchise agreement

**TIP:** Unilateral variation occurs when you exercise a power to change the agreement in circumstances where you do not require the franchisee’s consent or support. This may include a change to the operations manual if the agreement states that the franchisee must comply with the manual, the contents of which are subject to change at any time.

- 17.1 The circumstances in which the franchisor has unilaterally varied a franchise agreement in the last 3 financial years (including, if applicable, financial years before this code came into force), other than variations of a minor nature:

**TIP:** If you are unsure whether a variation is of a minor nature or not you should take a cautious approach and include the details. We recommend you seek legal advice on this.

Date of variation/s	Details of unilateral variation
<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>
<a href="#">Click here to enter text.</a>	<a href="#">Click here to enter text.</a>

- 17.2 The circumstances in which the franchise agreement may be varied, unilaterally, by the franchisor in the future:

[Click here to enter text.](#)

## 18. Arrangements to apply at the end of the franchise agreement

- 18.1 Details of the process that will apply in determining arrangements to apply at the end of the franchise agreement, including:

(a) whether the prospective franchisee will have an option to:	
<ul style="list-style-type: none"> <li>(i) renew the franchise agreement; or</li> <li>(ii) enter into a new franchise agreement; and</li> </ul>	<p><a href="#">Click here to enter text.</a></p> <p><a href="#">Click here to enter text.</a></p>
<p><b>TIP:</b> Renew: means the terms of the agreement rollover to a new defined period of time.</p> <p>New agreement: means the parties enter into a different agreement for the next period of time, where terms may be altered.</p> <p>If the franchisor requires the franchisee to enter into the franchisor’s then current franchise agreement, which may include terms that are different to the current agreement, including different payment terms, this should be stated.</p>	
(b) whether the prospective franchisee will be able to extend the term of the franchise agreement, and if so, the process the franchisor will use to determine whether to extend the term of the franchise	<a href="#">Click here to enter text.</a>

agreement; and	
(c) if the prospective franchisee will have an option to renew the franchise agreement—whether the prospective franchisee will be entitled to compensation at the end of the agreement if it is not renewed and, if so, how that compensation will be determined; and	<a href="#">Click here to enter text.</a>
(d) details of the arrangements that will apply to unsold stock, marketing material, equipment and other assets purchased when the franchise agreement was entered into, including: <ul style="list-style-type: none"> <li>(i) whether the franchisor will purchase the stock, marketing material, equipment and other assets; and</li> <li>(ii) if the franchisor is to purchase the stock, marketing material, equipment and other assets—how prices will be determined; and</li> </ul>	<a href="#">Click here to enter text.</a>
(e) whether the prospective franchisee will have the right to sell the business at the end of the franchise agreement; and	<a href="#">Click here to enter text.</a>
(f) if the prospective franchisee will have the right to sell the business at the end of the franchise agreement—whether the franchisor will have first right of refusal, and how market value will be determined; and	<a href="#">Click here to enter text.</a>
(g) whether the franchisor will consider any significant capital expenditure undertaken by the franchisee during the franchise agreement, in determining the arrangements to apply at the end of the franchise agreement.	<a href="#">Click here to enter text.</a>

18.2 Details of whether the franchisor has, in the last 3 financial years, considered any significant capital expenditure undertaken by franchisees, in determining the arrangements to apply at the end of franchise agreements between the franchisor and those franchisees:

[Click here to enter text.](#)

**TIP:** Sections 18.3 to 18.5 are specific to each franchisee and should be completed for each franchisee. When completing items 18.3 to 18.5 delete the two statements that do not apply.

18.3 If the franchisee does not have the option to renew the franchise agreement, the following statement must be included in size 12 font and bold:

**TIP:** Renewal is when the franchisee exercises an option during the term of the agreement to renew the agreement for a further period of time.

If the option to renew is conditional, it is still an option to renew and the statements in items 18.3 and 18.5 should not be included.

**The franchisee does not have the option to renew the franchise agreement. At the end of the franchise agreement, the franchisor may, but does not have to, extend the term of the agreement. If the franchisor does not extend the term of the agreement, the franchise agreement ends and the franchisee no longer has a right to carry on the franchised business.**

- 18.4 If the franchisee cannot extend the term of the franchise agreement, the following statement must be included in size 12 font and bold:

**TIP:** In the context of items 18.4 and 18.5, the term of agreement is 'extended' when the period of the agreement is extended, other than because of a right or an option exercisable by the franchisee during the term of agreement.

**The franchisee cannot extend the term of the franchise agreement. At the end of the franchise agreement, the franchisor may, but does not have to, extend the term of the agreement. If the franchisor does not do so, the franchise agreement ends and the franchisee no longer has a right to carry on the franchised business.**

- 18.5 If the franchisee:
- (a) does not have the option to renew the franchise agreement; and
  - (b) cannot extend the term of the franchise agreement;
- the following statement must be included in size 12 font and bold:

**The franchisee does not have the option to renew the franchise agreement and cannot extend the term of the franchise agreement. At the end of the franchise agreement, the franchisor may, but does not have to, extend the term of the agreement. If the franchisor does not extend the term of the agreement, the franchise agreement ends and the franchisee no longer has a right to carry on the franchised business.**

## 19. Amendment of franchise agreement on transfer of franchise

- 19.1 Whether the franchisor will amend (or require the amendment of) the franchise agreement on or before the transfer of the franchise.

[Click here to enter text.](#)

**TIP:** This includes if you require the franchisee that is purchasing the franchised business to enter into a new agreement.

## 20. Earnings information

- 20.1 Earnings information may be given in a separate document attached to the disclosure document.

**TIP:** If you choose to provide earnings information, you must keep any documents that you have relied upon to support the claims you have made.

You also have the overarching obligation to ensure that all statements or representations made in your disclosure document are true, accurate and able to be substantiated.

In *Australian Competition and Consumer Commission v Geowash Pty Ltd [2019] FCA 72* the court found that Geowash (former franchisor) had made false or misleading representations to prospective franchisees regarding average monthly earnings on its website and that there were no reasonable grounds to make these representations about future earnings.

It is against the law for businesses to mislead franchisees in contravention of the Australian Consumer Law. This also includes information or statements given to prospective franchisees but not provided in the disclosure document.

- 20.2 Earnings information includes the following information:
- (a) historical earnings data for:



- (i) the franchised business; or
- (ii) a franchise in the franchise system;
- (b) if subparagraph (a)(ii) applies—any differences between the franchise in the franchise system and the franchised business;
- (c) projected earnings for the franchised business and the assumptions on which those projections are based;
- (d) any other information from which historical or future earnings information of the franchised business can be assessed.

**TIP:** If you are providing or offering an income guarantee, this may need to be disclosed as future earnings information. We recommend you seek legal advice on this.

20.3 If earnings information is not given—the following statement:

The franchisor does not give earnings information about a [[Click here to insert type of franchise](#)] franchise.

Earnings may vary between franchises.

The franchisor cannot estimate earnings for a particular franchise.

20.4 Earnings information that is a projection or forecast must include the following details:

(a) the facts and assumptions on which the projection or forecast is based;	<a href="#">Click here to enter text.</a>
(b) the extent of enquiries and research undertaken by the franchisor and any other compiler of the projection or forecast;	<a href="#">Click here to enter text.</a>
(c) the period to which the projection or forecast relates;	<a href="#">Click here to enter text.</a>
(d) an explanation of the choice of the period covered by the projection or forecast;	<a href="#">Click here to enter text.</a>
(e) whether the projection or forecast includes depreciation, salary for the franchisee and the cost of servicing loans;	<a href="#">Click here to enter text.</a>
(f) assumptions about interest and tax.	<a href="#">Click here to enter text.</a>

## 21. Financial details

**CAUTION:** Obtain legal, accounting and/or other relevant professional advice when completing this item. You should refer to subclause 17(1) of the Code and note your continuous disclosure obligation relating to financial details set out in this item up to the time the franchise agreement is signed.

Penalties may be imposed on you by a court, or the ACCC may issue an infringement notice with a penalty, if you provide a prospective franchisee with out-dated financial details or you fail to give (as soon as reasonably practicable but in any event before the franchisee or prospective franchisee signs the agreement) a new statement, declaration or document if it has come into existence.

If a separate document is attached in the annexure, it should be properly referenced in the table of content.

21.1 A statement of the franchisor's solvency that:

- (a) reflects the franchisor's position:

- (i) at the end of the last financial year; or
- (ii) if the franchisor did not exist at the end of the last financial year—at the date of the statement; and
- (b) is signed by at least one director of the franchisor; and
- (c) gives the directors' opinion as to whether there are reasonable grounds to believe that the franchisor will be able to pay its debts as and when they fall due.

**TIP:** It is considered good business practice to date your solvency statement as at the date it is signed by the director.

- 21.2 Financial reports for each of the last 2 completed financial years in accordance with sections 295 to 297 of the *Corporations Act 2001*, or a foreign equivalent of that Act applicable to the franchisor, prepared by the franchisor.

*NOTE: See also items 21.4 to 21.6.*

- 21.3 If:

- (a) the franchisor is part of a consolidated entity that is required to provide audited financial reports under the *Corporations Act 2001*, or a foreign equivalent of that Act applicable to the consolidated entity; and
- (b) a franchisee requests those financial reports;
  - financial reports for each of the last 2 completed financial years, prepared by the consolidated entity.

*NOTE: See also items 21.4 to 21.6.*

**TIP:** The obligation in item 21.3 is in addition to your obligations under item 21.2 if applicable.

- 21.4 Items 21.2 and 21.3 do not apply if:

- (a) the statement under item 21.1 is supported by an independent audit provided by:
  - (i) a registered company auditor; or
  - (ii) if the franchisor is a foreign franchisor—a foreign equivalent for that franchisor;
    - within 4 months after the end of the financial year to which the statement relates;
    - and
- (b) a copy of the independent audit is provided with the statement under item 21.1.

**TIP:** The independent audit report must express an opinion as to whether there are reasonable grounds to believe that the franchisor will be able to pay its debts as and when they fall due. Refer to the Australian Audit and Assurance Standards Board guidance statement publications GS018 for guidance on what is required for an audit report.

- 21.5 If the franchisor or consolidated entity (the *entity*) has not existed for 2 or more financial years, then instead of providing the financial reports mentioned in item 21.2 or 21.3, the following:

- (a) a statutory declaration of the entity's solvency;
- (b) an independent audit report on the entity's solvency as at the date of the entity's declaration.

- 21.6 If the franchisor or consolidated entity (the *entity*) was insolvent in either or both of the last 2 completed financial years, the following:

- (a) a statement of the period during which the entity was insolvent;
- (b) a statutory declaration of the entity's solvency;
- (c) an independent audit report on the entity's solvency as at the date of the entity's declaration.

## 22. Updates

- 22.1 Any information given under clause 17 that has changed between the date of the disclosure document and the date the disclosure document is given under the code:

[Click here to enter text.](#)

**TIP:** The reference above in 22.1 to “clause 17” refers to clause 17 of the Franchising Code, disclosure of materially relevant facts.

## 23. Receipt

- 23.1 On the last page of the disclosure document:
- (a) a statement to the effect that the prospective franchisee may keep the disclosure document; and
  - (b) a form on which the prospective franchisee can acknowledge receipt of the disclosure document.

**TIP:** This form to acknowledge receipt should be completed and dated the day that the document is received by the franchisee or prospective franchisee. The acknowledgement of receipt will be an indication as to when the 14 day disclosure period commenced. The prospective franchisee can only enter into a franchise agreement after this disclosure period has ended (see clause 9 of the Code).

Please be aware that this form to acknowledge receipt should be separate and distinct from the acknowledgement that the franchisee has read and had a reasonable opportunity to understand the disclosure document and the Code.

ANNEXURE [Click here to enter text](#)

**TIP:** This form to acknowledge receipt is an example template of a receipt provided by the ACCC. It should be at the end of your disclosure document and annexures.

FORM TO ACKNOWLEDGE RECEIPT OF DISCLOSURE DOCUMENT

I acknowledge receipt of this disclosure document dated [Click here to enter a date](#), attaching:

1. copy of the [Click here to insert franchise system name](#) franchise agreement in the form in which it is to be executed; and
2. the Franchising Code of Conduct; and
3. [Click here to list all of the additional attachments](#).

from the franchisor on the            day of            20

.....

On behalf of the prospective franchisee/franchisee

.....

Print name

.....

Date

**STATEMENT:** The franchisee or prospective franchisee may keep this disclosure document.