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## 1. First Page

### 1.1

(a) **DISCLOSURE DOCUMENT FOR FRANCHISEE OR PROSPECTIVE**

**FRANCHISEE** See subclause 8(3) Competition and Consumer (Industry Codes—Franchising) Regulation 2014

(b) the Franchisor's:

(i) name: Jtax Accounting Solutions (AUST) Pty Ltd ATF NAFS Franchising Group Trust

(ii) business address and phone number: 86 Brookes Street Bowen Hills Q 4006; 1300 179 029

(iii) ABN, ACN or ARBN (or foreign equivalent if the Franchisor is a foreign Franchisor):  
ABN 50 614 402 891

(c) signature of the Franchisor, or of a director, officer, or authorised agent of the Franchisor:



Authorised agent of the Franchisor – R R Hopfner CPA

(d) the preparation date of the disclosure document: 1 October 2020

(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.

## 2 Franchisor details

### 2.1 The Franchisor's:

- a) name: Jtax Accounting Solutions (AUST) Pty Ltd ATF NAFS Franchising Group Trust
- b) address, or addresses, of registered office and principal place of business in Australia; 86 Brookes Street Bowen Hills Q 4006
- c) ABN, ACN or ARBN (or foreign equivalent if the Franchisor is a foreign Franchisor): 50 614 402 891

### 2.2 The name under which the Franchisor carries on business in Australia relevant to the franchise. 'J Tax' and or 'Jtax Accounting and Taxation' (since 2013) and or 'National Accounting & Financial Solutions' (since 19 May 2016)

### 2.3 A description of the kind of business operated under the franchise: Each Franchisee may carry on the business of any or all of Bookkeeping, BAS services, accounting, Tax services, Business Advisory and related services using the J Tax Franchise System, Franchise Image, Intellectual Property providing and or using Authorized Goods and Services.

### 2.4 The number of years that the franchise or franchise system has operated in Australia: 7 years

### 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): Nil

### 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. Rudolf R Hopfner ABN 52 200 247 243; of C/ 86 Brookes Street Bowen Hills Q 4006.

### 2.7 A description of the relationship between:

- (a) each associate mentioned in item 2.5 and the Franchisor; Nil
- (b) each associate mentioned in item 2.6 and the Franchisor; Mr Rudolf R Hopfner is the trustee of the Franchisor; which conducts marketing for lead generation for potential Franchisees and potential clients, for potential Franchisees; and of the relevance of the relationship to the franchise system and the franchise; Mr Rudolf R Hopfner directs the Franchisor and develops and maintains the Franchise System for and on behalf of the Franchisor. Mr Hopfner conducts marketing for lead generation for potential Franchisees and potential clients, for potential Franchisees.

### 2.8 For each officer of the Franchisor—name, position held and qualifications; Rudolf R Hopfner CPA MIPA MFPA MSMSFA CPA Practicing Licence; Property Sales and Property Management Certificate #3709127. Over 20 years of franchising experience. Mr Hopfner has built 3 practices in his lifetime, each time exceeding \$1m in fees.

## 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; Rudolf R Hopfner is in his 7th year working in the franchise system. Relevant experience; over 20 years' experience in franchising/franchise sales. Over 40 years as an accountant, CPA or employee/consultant in practice predominantly self-employed.

(b) working for the Franchisor; Same as 3.1(a)

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

(a) length of experience in:

(i) operating a business that is substantially the same as that of the franchise; 7th year working in this Franchise System, having merged the previous IP Owner MF (Aust) Unit Trust into 2STSG IP Unit Trust. Relevant experience; over 20 years' experience in franchising/franchise sales.

(ii) offering other franchises that are substantially the same as the franchise; Nil

(b) whether the Franchisor has offered franchises for other businesses and, if so:

(i) a description of each such business; Yes; Save Time Services

(ii) for how long the Franchisor offered franchises for each such business; 2006 -2009

## 4 Litigation

4.1 Details of:

(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:

(i) breach of a franchise agreement; or

(ii) contravention of trade practices law; or

(iii) contravention of the *Corporations Act 2001*; or

(iv) unconscionable conduct; or

(v) misconduct; or

(vi) an offence of dishonesty;

NIL

(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 *Independent Contractors Act 2006*; or

(ii) a law of a State or Territory that regulates workplace relations or independent contractors.

NIL

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; NO

(b) in the last 5 years—subject to final judgment in civil proceedings for a matter mentioned in paragraph 4.1(a); NO

(c) in the last 10 years—bankrupt, insolvent under administration or an externally-administered body corporate in Australia or elsewhere: Rudolf R Hopfner was discharged from a 3-year personal bankruptcy in July 2012. The bankruptcy was caused by circumstances unrelated to this business or his public practice business. The bankruptcies were disclosed in re-registration as a tax agent in 2013.

4.3 For items 4.1 and 4.2—the following details (where relevant):

(a) the names of the parties to the proceedings;

- (b) the name of the court, tribunal or arbitrator;
  - (c) the case number;
  - (d) the general nature of the proceedings;
  - (e) the current status of the proceedings;
  - (f) the date and content of any undertaking or order under section 87B of the *Competition and Consumer Act 2010*;
  - (g) the penalty or damages assessed or imposed;
  - (h) the names of the persons who are bankrupt, insolvent under administration or externally administered;
  - (i) the period of the bankruptcy, insolvency under administration or external administration.
- No proceedings for 4.3(a) to (i)

## 8 Intellectual property

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; Includes without limitation the Patents, rights and circuit layouts, Marks, trademarks, logos, designs, circuit layouts, documentation, insignias, emblems, know-how, Operations Manual, copyright material, original works, marketing information, clients lists, the right to have confidential information kept confidential, the corporate image, the materials, the Franchisor's training program, training methods, procedures, policies, systems, services, source codes, network codes and practices, security codes, training materials, database, accounting practices, components, make-up of materials, price lists, specifications of all materials, all material whether printed, audio or visual or recorded on computer software, drawings, artworks, icons, internet listing, supplier information, email addresses, domain names, directory listings, telephone directory, business directory listings, mailing lists in whatever form, all clients in Support Territories, all Franchise documentation and any other item or material whether licensed to or owned by the Franchisor and used directly or indirectly in the Franchisor Business whether in existence at the date of this Agreement or coming into existence thereafter and any variation or modification thereto.
- (b) details of the Franchisee's rights and obligations in connection with the use of the intellectual property; The Franchisee under the terms of the Franchise Agreement has the right to adopt and use the Jtax Franchise System as described at 8.1(a) above and to utilize the intellectual property as a Jtax Franchisee in the operation of a bookkeeping, accounting, BAS, Tax services and business advisory and related services business.

The Franchisee acknowledges that the Intellectual Property is the exclusive property of the Franchisor and shall during and after the Term not do anything or aid or assist any other party to do anything fringe rights of Franchisor or the whole or part of the Intellectual Property; not contest the rights of Franchisor in the whole or any part of the Intellectual Property; and notify Franchisor of any suspected infringement of the Intellectual Property. The Franchisee must keep his/her or its knowledge of the Franchisor's formulae know-how processes products techniques information and other property data confidential and shall only divulge such information to the Franchisee's employees only to the extent necessary to effect operation of the Jtax Franchise System. Upon the expiration of the Term the Franchisee shall immediately cease to use

and display the Intellectual Property and shall immediately change its name to any name it chooses excluding the expression "J Tax". The Franchisee shall not without the prior consent of the Franchisor after the Term, use or allow the use of the name "J Tax" or any of the other Intellectual Property and shall, upon the demand of the Franchisor following lawful termination of this Agreement promptly discontinue or require the discontinuance of the use of any such name or words (or any confusingly similar name or words). The Franchisee appoints the Franchisor as a true and lawful attorney of the Franchisee of the purposes of effecting these provisions and to execute such documents give such directions or authorities as it requires in this regard.

The Franchisee being an independent contractor of the Franchisor shall indicate on all invoices, letters, checks and other business papers and stationery of the Franchisee that the Franchisee is a Franchisee of the Franchisor.

The Franchisee shall only use in connection with the Business, stationery of a design, colour, quality, print style and form specified by the Franchisor to the Franchisee may procure from the source of its own choosing.

The Franchisee acknowledges that Franchisor may add to or modify Business name or Intellectual Property and the Franchisee shall at its own expense use any such new or modified names and junction with the franchise.

For better securing the Intellectual Property the Franchisee shall enter into all such agreements and such documents and do such acts and things as may be reasonably required by the Franchisor including the execution of all documents in relation to the registration of the Franchisee as a registered user of the Intellectual Property and the variation or cancellation of such registrations. The Franchisee shall pay the proper and reasonable costs of registration of any document required to be registered to secure the Intellectual Property. These costs are non-refundable.

- (c) whether the intellectual property is registered in Australia, and if so, the registration date, registration number and place of registration; 17 February 2017 #1825649 in Australia for Jtax Accounting and Taxation .
- (d) any judgment or pending proceedings that could significantly affect ownership or use of the intellectual property, including:
  - (i) name of court or tribunal; and
  - (ii) matter number; and
  - (iii) summary of the claim or judgment;  
Nil such judgement or pending proceedings
- (e) if the intellectual property is not owned by the Franchisor—who owns it; Owned by Franchisor
- (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.  
Nil such agreement

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.

Noted

## **9 Franchise site or territory**

### **9.1 Whether the franchise is:**

- (a) for an exclusive or non-exclusive territory; or
- (b) limited to a particular site;  
The Franchisee has an exclusive marketing territory. The Franchisee is not limited to a particular site or territory. The full extent of the territory is Australia.

### **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; Yes, with the condition that the other Franchisees may not advertise or market their details outside of their territory without the approval of both an incumbent Franchisee in any territory in which they wish to advertise or market, and the Franchisor.
- (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; Yes, with the condition that they may not advertise or market their details without the approval of both an incumbent Franchisee in any territory in which they wish to advertise or market, and the Franchisor
- (c) whether the Franchisor or an associate of the Franchisor may establish other franchises that are substantially the same as the franchise; Yes, with the condition that another franchise system established by the Franchisor or associate of the Franchisor may not advertise or market their details without the approval of both an incumbent Franchisee in any territory in which they wish to advertise or market, and the Franchisor
- (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; Yes, with the condition that they may not advertise or market their details without the approval of both an incumbent Franchisee in any territory if existing in which they wish to advertise or market, and the Franchisor
- (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; The Franchisor may change the clients that relate to the respective gross dollar volume contract rights or any other rights that constitute the franchise by written agreement with the Franchisee.

## **10 Supply of goods or services to a Franchisee**

### **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; Upon the execution of the Franchise Agreement and expiration of the Cooling Off period, the Franchisor will provide to the Franchisee the goods listed in Annexure "E" hereto. Thereafter the Franchisee will replace or augment such goods as needed at their cost.
- (b) restrictions on acquisition of goods or services by the Franchisee from other sources; Nil
- (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; Nil

- (d) the obligation of the Franchisee to accept goods or services from the Franchisor, or from an associate of the Franchisor; The only obligation is to accept the goods listed in Annexure "E" hereto upon the signing of the Franchise Agreement.
- (e) the Franchisor's obligation to supply goods or services to the Franchisee; The Franchisor is obliged to supply the goods and services as are set out in Annexure "E" hereto on the expiration of the cooling off period after the execution of the Franchise Agreement.
- (f) whether the Franchisee will be offered the right to be supplied with the whole range of the goods or services of the franchise; Yes
- (g) conditions under which the Franchisee can return goods, and to whom; The Franchisee can return goods supplied by the Franchisor to the Franchisor where there has been a breach of any condition or warranty implied by the Competition and Consumer Act 2010 (Cth) relating to any contract for the supply of goods by the Franchisor to the Franchisee but not otherwise.
- (h) conditions under which the Franchisee can obtain a refund for services provided by the Franchisor, and from whom; The Franchisee can obtain a refund of monies for any goods or services provided by the Franchisor from the Franchisor where there has been a breach of any condition or warranty implied by the Competition and Consumer Act 2010 (Cth) in any contract for the supply by the Franchisor of services to the Franchisee but not otherwise and a payment for the services has been made.
- (i) whether the Franchisor may change the range of goods or services, and if so, to what extent; Yes. The Franchisor can change the range of goods or services that it authorizes the Franchisee to market and sell or use in its discretion to the requirements of the franchised business, especially in relation to compliance with the Tax Agents Services Act 2009 (Cth) and other relevant statutes and regulations.
- (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; No such rebate or benefit currently
- (k) whether any rebate or financial benefit referred to under paragraph (j) is shared, directly or indirectly, with Franchisees. No such rebate or benefit currently

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:

- (a) restrictions on the goods or services that the Franchisee may supply; The Franchisee must provide goods or services to clients in a manner consistent with the procedures methods and standards established in training programs and directives which may include, but shall not be limited to the Jtax Franchisee Manual and/or other amendments policies or procedures which the Franchisor thereafter may issue from time to time, including via its intranet or other digital or paperless method.
- (b) restrictions on the persons to whom the Franchisee may supply goods or services; None.



- (c) whether the Franchisee must supply the whole range of the goods or services of the franchise; Yes, but may elect to do so in conjunction with another Jtax Franchisee.

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

12.1 Details of whether the Franchisee may make available online:

- (a) goods of the same type or brand; or
- (b) services of the same type.

No online sales at this time.

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; Yes, subject to approval to comply with the Tax Agent Services Act and CPA Practicing licence requirements or similar
- (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; Yes, subject to approval to comply with the Tax Agent Services Act CPA and IPA Practice Licence requirements or similar
- (c) the extent to which those goods or services may be supplied outside the territory of the franchise. Unrestricted, as long as the Franchisee can service the client to the guidelines contained in the Operations Manuals or other pronouncements of the Franchisor

12.3 Details of whether:

- (a) the Franchisor or an associate of the Franchisor; or
- (b) other Franchisees;

makes, or expects to make, goods or services available online.

No for (a) and (b)

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;
- (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.

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. None at present

## 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; The sites referred to will be those which constitute the sites or clients which relate to the respective Jtax services contract(s) when the income right from that services contract becomes the subject

of a Franchise Agreement. Franchisees may operate the business from their residence, where it is lawful to do so.

- (b) the territory in which the franchised business is to operate; By postcode and State borders or as otherwise agreed in writing between the parties.

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; Nil

13.3 The details mentioned in item 13.2 must be provided:

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

## 14 Other payments – Refer Annexure “C” for Summary

### *Prepayments*

14.1 If the Franchisor requires a payment before the franchise agreement is entered into—why the money is required, how the money is to be applied and who will hold the money. Generally, no significant payment is required before the franchise agreement is entered into. If a deposit is paid, as a sign of good faith, it is fully refundable on a cooling off unless expenses have been incurred for the benefit of the prospective Franchisee. If a deposit were received it would be held by the Franchisor.

14.2 The conditions under which a payment will be refunded. Generally, no significant payment is required before the franchise agreement is entered into. In the event of the Franchisee terminating this Agreement within a cooling off period then the Franchisor shall refund all amounts paid by the Franchisee to Franchisor less a reasonable contribution towards the costs incurred by the Franchisor in recruiting, training the Franchisee, preparing the associated documentation, third party and other associated costs. These reasonable costs may include but are not limited to payment for training personnel and consultants, airfares, accommodation, meals and venue hire associated with training, system connection, third party consultants and legal fees. The reasonable expenses will be reasonably calculated and apportioned as reasonably as possible.

### *Establishment costs*

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

- (a) real property, including property type, location and building size; Nil
- (b) equipment, fixtures, other fixed assets, construction, remodelling, leasehold improvements and decorating costs; Generally, \$2,500 - \$5,000 for a multifunction printer and reasonable desktop computer, software, modem, suitable microphone headset, mobile phone and miscellaneous stationery from a supplier of the Franchisees' choice. This is not refundable by the Franchisor as these are expenses incurred by the Franchisee. This equipment is a prerequisite for a Franchisee to begin providing the services to the clients.
- (c) inventory required to begin operation; No inventory required to operate the franchise
- (d) security deposits, utility deposits, business licences, insurance and other prepaid expenses; Nil, usually, as they generally do not apply to this franchise, especially in relation

to licenses as the potential Franchisee would have to have their licenses before being offered a franchise or be covered by the Jtax licenses.

- (e) additional funds, including working capital, required by the Franchisee before operations begin; Funding for working capital may be required in certain circumstances. The Franchisee should make his/her own budgetary assessment with appropriate advisors. It is suggested that living expenses and costs such as advertising, travel expenses, stationery, telephone for at least one hundred and twenty (120) days be provided for. This is not refundable by the Franchisor.
- (f) other payments by a Franchisee to begin operations. It is recommended that a Franchisee obtains independent legal advice and/or independent accounting advice, at their own cost.

14.4 For item 14.3, the details for each payment must include:

- (a) a description of the payment; and
- (b) the amount of the payment or the formula used to work out the payment; and
- (c) to whom the payment is made; and
- (d) when the payment is due; and
- (e) whether the payment is refundable and, if so, under what conditions.

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; and
- (c) to whom the payment is made; and
- (d) when the payment is due; and
- (e) whether the payment is refundable and, if so, under what conditions.

Refer Annexure “C”

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) a description of the payment; and
- (b) the amount of the payment or formula used to work out the payment; and
- (c) to whom the payment is made; and
- (d) when the payment is due; and
- (e) whether the payment is refundable and, if so, under what conditions.

There are no recurring or isolated payments, that is within the knowledge or control of the Franchisor or is reasonably ascertainable or known, that is payable by the Franchisee or person other than the Franchisor associate of the Franchisor.

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.

Refer Annexure “C”

- 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.  
Refer Annexure "C"

- 14.10 To avoid doubt, this item covers a payment of significant capital expenditure.  
Noted

## **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. No financing is provided by the Franchisor.
- 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 un-borrowed working capital for the franchised business; No requirement at present
  - (b) any requirement that a Franchisee must meet a stated debt to equity ratio in relation to the franchised business. No requirement at present

## **17 Unilateral variation of franchise agreement**

- 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. Nil
- 17.2 The circumstances in which the franchise agreement may be varied, unilaterally, by the Franchisor in the future. None reasonably ascertainable or known.

## **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:
    - (i) renew the franchise agreement; Yes
    - (ii) enter into a new franchise agreement; Yes
  - (b) whether the prospective Franchisee will be able to extend the term of the franchise agreement, and if so, the processes the Franchisor will use to determine whether to extend the term of the franchise agreement; Yes; the Franchisor will seek to satisfy himself that the Franchisee is a fit and proper person who has generally conducted themselves well in their franchise; the Agreement may be renewed without premium for the Renewal Term of 10 years. Legal fees for the preparation and review of the then current Franchise Agreement will apply.
  - (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; No
  - (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:
    - (i) whether the Franchisor will purchase the stock, marketing material, equipment and other assets; No
    - (ii) if the Franchisor is to purchase the stock, marketing material, equipment and other assets—how prices will be determined; and

- (e) whether the prospective Franchisee will have the right to sell the business at the end of the franchise agreement; Yes
  - (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; Yes; the Franchisee is to set the value, and the Franchisor has first right at that value.
  - (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. There are no significant capital expenditures required in this franchise
- 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. No
- 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:

**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:

**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. If so, written agreement to the variations must first be had and received by the Franchisor. It may be that the Franchisee will be asked to sign the then current franchise agreement to protect the franchise system and the

Franchisee's business as priority considerations. This situation has not arisen, and is therefore uncertain at this time.

## **20 Earnings information**

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

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

The Franchisor does not give earnings information about a J Tax 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;
- (b) the extent of enquiries and research undertaken by the Franchisor and any other compiler of the projection or forecast;
- (c) the period to which the projection or forecast relates;
- (d) an explanation of the choice of the period covered by the projection or forecast;
- (e) whether the projection or forecast includes depreciation, salary for the Franchisee and the cost of servicing loans;
- (f) assumptions about interest and tax.

## **21 Financial details – refer Annexure “D”**

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.

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.

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.

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.

## 23 Receipt – Refer Annexure F

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.

## **Annexure 1—Disclosure document for Franchisee or prospective Franchisee**

### **List of Non-Applicable Items**

#### **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.

#### **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.
- 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.
- 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.
- 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:
- (a) the franchise was transferred;
  - (b) the franchised business ceased to operate;
  - (c) the franchise agreement was terminated by the Franchisor;
  - (d) the franchise agreement was terminated by the Franchisee;
  - (e) the franchise agreement was not extended;
  - (f) the franchised business was bought back by the Franchisor;
  - (g) the franchise agreement was terminated and the franchised business was acquired by the Franchisor.

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.



## 7 Master franchises

7.1 If the Franchisor is also a subFranchisor—the master Franchisor's:

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

7.2 The name under which the master Franchisor carries on business relevant to the franchise.

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

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

- (a) franchise agreements terminated by the master Franchisor;
- (b) franchise agreements terminated by the Franchisor;
- (c) franchise agreements that were not extended by the master Franchisor.

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;
- (b) the territory of the franchise;
- (c) whether the franchise agreement may be renewed;
- (d) whether the term of the franchise agreement may be extended and if so, any preconditions applying to an extension;
- (e) whether the scope of the franchise agreement may be extended;
- (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;
- (g) the grounds on which the franchise agreement may be terminated;
- (h) if the franchise agreement is terminated, how a subFranchisor's franchise agreement with a Franchisee is affected.

## 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:

- (a) the kinds of persons who contribute to the fund (for example, Franchisee, Franchisor, outside supplier);
- (b) how much the Franchisee must contribute to the fund and whether other Franchisees must contribute at a different rate;
- (c) who controls or administers the fund;
- (d) whether the fund is audited and, if so, by whom and when;
- (e) how the fund's financial statements can be inspected by Franchisees;
- (f) the kinds of expense for which the fund may be used;
- (g) the fund's expenses for the last financial year, including the percentage spent on production, advertising, administration and other stated expenses;
- (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;

- (i) whether the Franchisor must spend part of the fund on marketing, advertising or promoting the Franchisee's business.

## **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.

## Annexure 2—Information statement for prospective Franchisee

Note: See subclause 11(1).

### THINKING OF BECOMING A FRANCHISEE? IT IS IMPORTANT TO CONSIDER THE RISKS AND THE REWARDS

This document is not a complete guide to franchising, it is a starting point.

It should be combined with your own independent legal, accounting or business advice and the disclosure document provided by the Franchisor.

Entering a franchise is a big decision. Before you do so, you should:

**Conduct due diligence** – this means researching the franchise system and talking to current and former Franchisees.

- **Get advice** - get legal, accounting and/or business advice from professionals with expertise in franchising.
- **Read all the documents** - carefully study the disclosure document, franchise agreement and any other documents provided by the Franchisor.
- **Know your rights** - make your own enquiries to ensure that it is the right decision for you. The Franchising Code of Conduct sets out the rights and obligations of the people involved in a franchising relationship. It can be found at <http://www.comlaw.gov.au>.

You should also consider taking a specialist franchising or business course before making a decision to enter a franchise agreement. There are **free, online education courses** available for prospective Franchisees. Some courses can be found here <http://www.franchise.edu.au/education.html>.

### What is franchising?

Franchising is a model for doing business. When you enter a franchise agreement, the Franchisor controls the name, brand and business system you are going to use. The Franchisor grants you the right to operate a business in line with its system, usually for a set period of time. There is no guarantee you will be able to keep your franchise business after the initial period of the agreement ends.

Franchisors and Franchisees must comply with the Franchising Code of Conduct, which exists under the *Competition and Consumer Act 2010*, as well as consumer and company laws. The Franchising Code sets out minimum requirements for a Franchisor to provide specific information to you. A franchise agreement, once entered into, is a legally binding contract that sets out the terms of the franchise.

### Why consider franchising?

A franchise can offer particular benefits over other types of businesses. For example, franchises may have an established product or service and an existing reputation and image. It may also give you access to the Franchisor's experience and knowledge in the industry, planning, marketing skills and operating procedures. Some franchise systems provide support, some do not.

You should carefully think about whether the franchise system you are considering suits your business experience, skills and needs.

### Understanding the franchising relationship

Two important features of franchising are that the Franchisor has established the business system you are using and that most franchise systems rely on each franchise maintaining consistency. For those reasons, Franchisees are usually required to strictly comply with the operating procedures set down by the Franchisor. As a result, you may be limited in the changes you can make to the franchise system without the agreement of the Franchisor.

You will usually also be bound by confidentiality obligations. This includes limits on your rights to use the Franchisor's intellectual property or business system outside the franchise.

Most businesses adjust to meet changes in the market. The Franchisor might make changes to the franchise system at any time but does not have to discuss them with all Franchisees.

### Unexpected expenses

In franchising, as in any business, unexpected expenses may arise. Events such as a natural disaster or a change in the law or Australian standards can impact your business. You need to have a business plan that takes this into account when working out the funds you will need for the future. You should also make sure you have the type of insurance which is right for your situation.

During the life of your franchise agreement, a Franchisor might also decide to update computer systems or introduce new uniforms or change the appearance of the franchise system. These changes might not have been thought about when you entered the agreement. Those costs would normally be paid by the Franchisee under the agreement.

### The risks of franchising

Statistics suggest franchises have a lower failure rate than other businesses, but franchising is not risk free. Franchising is a business and, like any business, there is the potential for a Franchisor or Franchisee to become **insolvent**. If this occurs this may have significant impacts on your business, for instance, you may no longer be able to use the franchise system's branding.

Some of the things you should think about are:

- How much **working capital** or **extra funds** you need for the first year or two while the business is getting established.
- Consumer demand for products or services is not the same in every **geographical area** and a franchise system might not be successful in every area.
- As a Franchisee, you may not have an **exclusive territory**.
- Your Franchisor may have the ability to compete with you **online**.
- As a Franchisee, you won't necessarily have the **choice of where you buy the products** you need to run the business, even if you believe you can get those products for a lesser price somewhere else.
- An agreement may allow the Franchisor to **terminate the agreement** even if there hasn't been a breach by a Franchisee.
- Some **locations** are better for some businesses than others (i.e. consider a shopping centre versus a main street).
- The **economy** has its ups and downs.
- Whether the business is a **fad** or should it pass the test of time.

You may not have an automatic right to renew your agreement once the initial term is over. You should think about what happens at the end of the agreement:

- Will you be able to recover your outlay and make a profit during the term of the agreement?
- What are your rights and responsibilities around renewing your franchise agreement?
- What are the rules about you selling your business?
- Are there any restrictions on you starting a similar business if you want to?

The **Australian Competition and Consumer Commission** (ACCC) administer and enforce the Franchising Code. For example, the ACCC can provide information on how supply arrangements work in a franchising relationship.

**Further information**

Further information on franchising can be found at <http://www.accc.gov.au> or by calling the ACCC Small Business Helpline on 1300 302 021.

**ANNEXURE "A"****Range of establishment costs (Item 14)**

Also refer to Schedule "C" below

	Range of Costs	Description	Amount	To whom paid	When Due	Refundable?
(a) Real Property including property type, location, and building size	Nil					No
(b) Equipment	As required according to the Franchise Agreement. Usually between \$2,500 - \$5,000				At start date	No
(c) Fixtures	Nil					No
(d) Other fixed assets	Nil					No
(e) Construction remodelling, leasehold improvements and decorating costs	Nil					No
(g) Additional funds required including working capital	It is advised that a prospective franchise provide adequate working capital based on estimates by their advisors. In most cases living expenses and operating costs for say 120 days should be allowed				At start date	No
(h) Other payments (other than as set out in clause 14)	Unknown	Legal fees for preparation and review of Franchise Agreement.		At discretion of the Franchisee		No

**ANNEXURE "B"**

**Standard Franchisee Agreement (attached)**

**If not attached has been made available for download**

**ANNEXURE "C"****Other Payments Refer 14**

Also refer to Schedule "A" above

<b>Description</b>	<b>Amount</b>	<b>To whom made</b>	<b>When due</b>	<b>Whether refundable</b>
Deposit on franchise application	Generally a minimum of 25% of purchase price or as otherwise agreed.	Franchisor	After being provided with the Disclosure Document and Franchise Agreement by download or as agreed.	Yes, refer to Item 14.2 above and Clause 3 of the Franchise Agreement
Cooling off period Logon or Training Offer Costs	\$295 Logon \$1,000 Training	Franchisor	Upon payment of deposit	Yes, if terminated in writing by email within cooling off period.  The amount paid for the Logon or Training is credited against the Initial Fee.
Initial Fee (Franchise Fee)	Agreed purchase price	Franchisor	On commencement . Refer to Clause 15 of the Franchise Agreement and Item 8 of the Franchise Agreement Schedule.	Yes, refer to Item 14.2 above.
Training Fee	Maximum \$6,000	Franchisor or Head Office as directed.	On commencement . Refer to Clause 14 of the Franchise Agreement	No
Sales and Marketing Fee (for purchase of Client Accounts)	50% of annual gross dollar volume for clients provided.	Franchisor	Payable at the time additional accounts are purchased unless the Franchisor agrees to finance the payments due in the terms of Clause 20 and of the Franchise Agreement and Item 9 of the Franchise Agreement Schedule.	No
Management Fee	Greater of 14% of turnover per month or \$100 + GST per month. The Management fee will be capped at \$600 + GST per calendar month if the Franchisee pays the amount either:  (a) as a lump sum (\$7200 + GST) upfront 12 months in advance; or	Franchisor	Payable each payment cycle. Refer to clause 17 of the Franchise Agreement and item 10 of the Franchise Agreement Schedule.	No



	(b) by way of internal funding available from the Franchisor by separate agreement and upon which interest will be payable.			
Technical Assistance Fee	\$80 + GST per hour (Adjusted annually for CPI increase)	Franchisor	Payable when technical assistance provided by Franchisor. See clause 18 and Item 20 of the Franchise Agreement Schedule.	No
Website SEO and Image Fee	1% of gross dollar value per month capped at \$49 (including GST) per month or otherwise agreed.	Franchisor or Head Office	Payable monthly by Direct Debit or Credit Card recurring payment authority	No
Service Fee	\$80 + GST per labor hour	Franchisor or Head Office	On service being provided by Franchisor usually as a result of a default by Franchisee. Refer to Clause 19 of the Franchise Agreement and item 21 of the Franchise Agreement Schedule.	No
Breach Fee	\$80 + GST per incident of any breach of certain conditions of the Franchise Agreement	Franchisor or Head Office.	Payable immediately following notification of the breach. Refer to Clause 32 of the Franchise Agreement and item 23	No
Liquidated Damages	Varies as per the franchise agreement.	Franchisor or Head Office.	Payable immediately following notification. Refer to Clause 5, Clause 24 and Clause 33 of the Franchise Agreement. Franchise Agreement Schedule	

**ANNEXURE "D"**

**Statement of Solvency/Financial Statements of Franchisor:**

Commencement Date of current Franchisor 23 May 2017.

The original of the following Statement has been signed by the current Trustee of the Franchisor:

As at 1 July 2018 2020 in the opinion of the Trustee of the Franchisor has reasonable grounds to believe that it will be able to pay its debts as and when they fall due.



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For and on behalf of Jtax Accounting Solutions (Aust) Pty Ltd ATF  
NAFS Franchising Group Trust

R R Hopfner CPA

**ANNEXURE “E” – Authorized Goods for Providing Authorized Services (Item 22)****Authorised Goods required to be supplied by Franchisee**

Desktop computer
Laptop computer
Printer
Scanner
Webcam
Internet connection
Mobile telephone
Separate business landline
Desktop printing calculator
Filing cabinet
Diary
Stamps - self inking – paid, faxed, original, copy, your name & ABN, entered, etc
Accounting or bookkeeping reference books/manuals
Appropriate Workspace
Headset with microphone
Other equipment as specified by the Franchisor from time to time

**Authorized Goods Supplied by Franchisor included in 14%**

1 x	J Cloud and other systems Logons (as applicable) – Operational Software
	Additional logons incur additional cost supplied by Franchisor

**Authorized Goods Supplied by Franchisor not included in 14% (unless otherwise agreed in writing)**

A	Uniforms, Name Badges, Brochures, Vehicle and Fixed Signwriting, Sandwich Boards (as applicable)
B	Business Cards and associated stationery (as applicable)
C	Operations and training manuals (as applicable)

**ANNEXURE "F"**

**Receipt For Disclosure Document, Franchise Agreement, Franchising Code Of Conduct**

Dated this                      day of                      20\_\_

Signed by:



A director/executive officer on behalf of the Franchisor

I acknowledge receipt of this disclosure document and I further acknowledge that I may keep this disclosure document and other documents and this receipt

Dated this                      day of                      20\_\_

.....

Name of Prospective Franchisee:

.....

Signature of Prospective Franchisee:

Note – Electronic or Digital signing may be substituted for signing of this receipt.