

Hamilton Pratt Question & Answer

How much disclosure regarding the accounts of the business can I expect from the franchisor before I commit any money?



Whilst you should not assume that this will automatically be provided, you should ask the franchisor for copies of its latest audited accounts and, where available, management accounts. Some franchisors may be reluctant to provide this information and should this be the case you can, and should, obtain a copy of the latest audited accounts, which is publicly available information, from Companies House but note that if the franchisor is a new franchisor or operates through a new company which has been set up specifically to undertake franchising activities the accounts may not contain much useful information or may not give a true reflection of the financial position of the franchisor's business.

You can however expect to see information concerning the financial performance of the franchisor's other franchisees. This may be in the form of average start-up costs, turnover and profit of the network or it may be the figures of the top 10 franchisees. If it is not clear what the figures are based on you should clarify you should clarify this with the franchisor and insist that information relates to all franchisees or a good selection across the board and not simply the top performing franchisees.

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