

Membership Enquiry Form



Please complete all details and return to: enquiry@arl.com.au

Contact Details

Name:

Residential Address:

Postal Address:
(if different to above)

Telephone Home:

Mobile:

Email:

How did you hear about ARL?



Prospective Information

1. What is your current occupation?

If you are self-employed, please provide details

2. Do you have any formal qualifications (eg: Trade or Tertiary education)?

3. Do you have any retail experience/knowledge?

4. Have you undertaken any form of training (courses, etc) to develop your knowledge and skills in retail operations and/or business ownership?

5. Have you had any involvement with Buying Groups and/or Franchises before, if yes, who?

6. Why do you want to join ARL?

Location Details

What type of store?

Greenfield

A new store in a new location

Brownfield

An existing business or you are purchasing an existing business and re-branding it

Changeover

You are purchasing an existing ARL branded store

What ARL brand are you interested in?













Type of location?

Metropolitan

Regional

Country

Population less than 10,000

Type of store?

Shopping Centre

Strip

Mall

Stand Alone

Bulky Goods

Estimated Turnover:

Proposed Opening Date:

General Location:

Who is your direct competition?

Who is your indirect competition?

Business Structure

What will be the structure of your business?

Company

Sole Trader

Partnership

Trust

Other, details:

Do you have an ABN in place, if so please provide:

This will be the ABN that appears on your BAS return

Do you have an ACN in place if so please provide:

Entity Name:

Funding & Finance

How will the store be funded?

Net Personal Equity

Assets:

Real Estate Owned	
Cash Savings	
Shares	
Other Assets (excluding Superannuation)	
Total Assets	

Liabilities:

Value of loans on real estate	
Other Loans	
Other Liabilities (ie: credit cards)	
Total Liabilities	

Net Equity (Assets less Liabilities)	
Estimated purchase price of store (if Brownfield)	

Or

Estimated working capital (if Greenfield)	
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Shares

Share Subscription

There are two types of shares that members of ARL are required to hold

1. Ordinary Shares (Voting)

- All members are required to hold an equal number of Ordinary Shares
- 40 shares at \$50 each (issue price) = \$2000.00

2. Redeemable Preference Shares (Non-Voting)

- All holders of Ordinary shares are also required to subscribe for Redeemable Preference Shares

For new members the Redeemable Preference Share subscription is determined as follows:

- Purchasing an existing store: 70% of invoices processed via existing member's ARL account (last financial year)
- New store: 70% of the projected invoices for the first 12 months

All Retail Divisions (except Toyworld)		Toyworld (differs due to Import Program)	
Value of Invoices	Redeemable Preference Share Holding	Value of Invoices	Redeemable Preference Share Holding
<200,000	\$1,500 (30 x \$50)	< 200,000	\$1,500 (30 x \$50)
\$200 - \$300,000	\$2,000 (40 x \$50)	\$200 - \$400,000	\$2,500 (45 x \$50)
\$300 - \$500,000	\$2,250 (45 x \$50)	\$400 - \$650,000	\$5,000 (100 x \$50)
\$500 - \$700,000	\$2,750 (55 x \$50)	\$850 - \$1,200,000	\$8,000 (160 x \$50)
> \$700,000	\$3,000 (60 x \$50)	>\$1,200,000	\$9,500 (190 x \$50)

eg: If projected invoices is \$700,000 – 70% of this will be \$490,000

Per above brackets the Redeemable Preference Share subscription required would be:

- \$2250 for all retail divisions except Toyworld
- \$5,000 for Toyworld

Security Requirements Upon Formal Application

To become a member of ARL you will be required to satisfy ARL’s security criteria by supplying ARL with the following signed documents:

- ARL Terms & Conditions of Trade
- Personal (unlimited) Guarantee of Directors, Shareholders, Asset Holder
- General Securities Agreement over interest in companies assets
- Deed of Priority with 1st ranking
- Solicitors Certificate

Security Preparation fee of \$2,500.00 incl. GST

Complex business structures will be capped at \$5,300.00 plus GST

Any additional cost in relation to Security Preparation Fee will be capped at \$5,300.00 plus GST, this amount includes the above \$2,500.00 incl. GST.

We encourage you to contact you to contact us if you have any questions prior to completing this enquiry document

Prospects will be notified when the assessment of the enquiry form is completed. If the information supplied meets ARL’s criteria you will then be invited to proceed with ARL’s formal application.

The information provided in this enquiry form is true, complete and is not misleading as at the date listed below:

Signed

Name Date

Office Use Only

RDM	Signed Off	Date

Annexure 2 – Information Statement for Prospective Franchisee

Note: See Sub-clause 11(1)

Thinking of becoming a Franchisee*
It is Important to consider the risks and rewards

This document is not a complete guide to franchising, it is a starting point. It should be combined with your own independent legal, account 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.

Annexure 2 – Information Statement for Prospective Franchisee

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 agreements. Those costs would normally be paid by the franchisee under the agreement.

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The Risks Of Franchising

Statistics suggest that 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 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 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 franchising 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 on franchising can be found at www.accc.gov.au or by calling the ACCC Small Business Helpline on 1300 302 021.