

Franchise Prospectus 2010

The Prospectus is a detailed document that explains the TaxAssist Accountants business model, including a number of testimonials from existing franchisees. Our business model is relatively simple although the support function is multi-tiered. Therefore we have structured the Prospectus over three phases:

PHASE 1

EXECUTIVE SUMMARY

Here you will read about the franchise features in a condensed and portable format.

THE FRANCHISE PACKAGE

This covers what is provided for the franchise fee

FINANCES

This section covers the estimated set-up costs in detail. It also explains the various funding opportunities that are available to you.

THE TAXASSIST ACCOUNTANTS UNIQUE SELLING POINTS

10 Reasons why you should join our network

WHAT NEXT?

Once you have read the basics you may wish to contact the Recruitment Department, and here you will find out how.

PHASE 2

THE TAXASSIST ACCOUNTANTS CONCEPT

Within this module you will find a comprehensive explanation of the complete commercial blueprint that is the foundation of TaxAssist Accountants. Included in this section is a brief history of the franchise and a summary of its evolution towards the shop front strategy.

THE SUPPORT INFRASTRUCTURE

This is a detailed demonstration of the support mechanisms provided by TaxAssist Accountants and its strategic partners. Here you can read about the way in which TaxAssist Accountants can help you set up as a franchisee and operate your business efficiently.

PHASE 3

FURTHER READING

In this section you will see a complete company structure showing the key stakeholders and all staff within the Support Centre. You can also read testimonials from existing franchisees who speak frankly about the concept and about TaxAssist Accountants as a franchisor. Included in this section are details on Frequently Asked Questions and Topical Questions and Answers.

EXECUTIVE SUMMARY

The purpose of the Executive Summary is to give a condensed overview of the TaxAssist Accountants franchise concept and the associated investment requirements. You will find more detailed information on each of the topics in further sections of the Prospectus.

THE TAXASSIST ACCOUNTANTS CONCEPT

We have developed a robust business model that allows us to focus on a particular market of potential clients. Our operation has evolved since 1995, and the principles remain the same:

The model is fundamentally simple; to focus on the supply of professional accounting, taxation and associated services to small businesses. A small business is defined as a trading entity with a turnover of up to £1Million. This includes Self Employed, Sole Traders, Partnerships and smaller Limited Companies. Our shop front strategy is based on making our services more accessible to the client base and to aid in the development of brand awareness.

The small business sector has traditionally been ignored by larger accountants, and poorly serviced by smaller practices. Establishing a unique network that focuses solely on smaller businesses, we are targeting a market that has a need for our services whilst operating from key shop-style premises or office based locations makes us more accessible.

With over 185 franchisees operating from over 200 shops and offices, TaxAssist Accountants is the UK's largest network of Accountants specifically servicing the small business sector.

The Franchise Package

The TaxAssist Accountants Franchise Package includes:

LICENCE FEE

The licence fee grants the right to trade under the corporate identity of TaxAssist Accountants for the duration of the Franchise Contract.

IT EQUIPMENT AND MAINTENANCE PACKAGE

We specify laptops with Intel Centrino dual core processors which are by far superior to the AMD and cheaper Celeron processors available. All laptops are specified with 1Gb of ram to allow applications to run at optimum without being held back by hardware.

The package comprises a laptop, USB mouse and targus keypad, Microsoft Office, Anti-Virus software, online backup (1 year subscription) and CCH Practice Management software (you start to pay for this in month 4).

TRAINING FEES

A five week intensive induction training course (including one weeks home study) covers all aspects of the TaxAssist Accountants business model and prepares new franchisees for trading as a TaxAssist accountant. This training covers a wide range of accountancy, tax, software, sales and marketing topics. It is designed and delivered by our in house team of qualified accountants and trainers in conjunction with specialist training partners. Through this partnership we are able to ensure that materials are up to date, directly relevant for our network and of the highest quality.

We pay for all meals and accommodation during the course and ensure you have the opportunity to meet all staff in the Support Centre. During the initial six month period further shorter training modules are delivered covering limited company issues, human resources and staff recruitment and further software training. Over the next 18 months we are introducing the TaxAssist Training Academy which will allow us to provide new training modules covering a wide range of technical and general management skill topics

MARKETING

To kick start your business we provide you with an initial marketing campaign and 25 free leads from our lead generation activities (Don't worry these won't all be delivered in your first month!) and pay for your first year subscription to a networking group of your choice. **

BUSINESS ACCELERATION AND NURTURE PROGRAMME

This is a holistic induction and monitoring package that is designed to help you set up parts of your operation prior to the training course. The programme also monitors your business development through the first six months and comprises further training at months two, three and six.

'EMPLOYMENTOR' – HR AND EMPLOYMENT PACKAGE

We are pleased to offer all franchisees subscription to 'Employmentor'. This service provides you with current HR documents for all your employment needs and much more.

SUBSIDY FOR SUPPORT AND HELPLINE

The franchise fee gives you access to all services provided by the Support Centre from day one.

OPERATIONS MANUALS

The detailed Manuals form the basis of your training reference material and are explained fully during the training programme. All the manuals are available online, on our support website, once the course has been completed

SUPPORT SITE

A wealth of useful information is contained in our easy to use intranet. The Support Site forms the Blueprint for managing and developing a successful TaxAssist Accountants practice. It offers advice and guidance, allows you to order stationery, and adverts, and book into training sessions to name but a few features.

ADDITIONAL INITIAL SUPPORT

In addition to dedicated internet support, the franchise fee covers the first year's payroll software, 12 months use of the virtual campus, 3 month's usage of CCH, first years Federation of Taxation Advisers student Membership if required ***, launch assistance etc.

FREE SET UP ON DIRECT DEBIT SYSTEM

It is a key part of the TaxAssist business model that your clients should pay you by regular monthly payments. This makes a very significant difference to your cash flow and also enhances client loyalty.

KENDLEBELL TELEPHONE ANSWERING SERVICE

In the first year of your franchise you may be working on your own, or have few staff members. In order to ensure a professional and corporate response to clients and prospective clients, we are pleased to offer the services of Kendlebell personal answering service for either a full year's service or 120 messages whichever comes first. Each TaxAssist Franchisee will be given the names of two or three PA's who will work for them and answer their calls and forward their messages either by Email, SMS or Fax.

BUSINESS STATIONERY

A starter pack of stationery is provided, including letterheads, envelopes, business cards etc., fully personalised with your details.

PROMOTIONAL MATERIAL

A comprehensive initial starter pack will be provided, including personalised corporate brochures, marketing leaflets etc.

COMPETITOR ANALYSIS REPORT

Some thorough research into your competitors, their products and more importantly, how they look after their customers, will provide you with valuable information that will help your business become successful. A Competitor Analysis Report will highlight your competitor's strengths and weaknesses. It will also tell you how to use the information to win more customers and keep the ones you've got.

ANTI MONEY LAUNDERING COMPLIANCE

We are pleased to provide as part of the franchise fee your first year's membership fee to AMLCC Ltd, who provide online Client Verification and The Complete anti-Money Laundering Guide for Professionals. The Guide steers you through the process of client due diligence including electronic verification and automatically classifies the client's risk level.

SUPPORT

The benefits of franchising are that you are a self-employed individual benefiting from an established support infrastructure and a committed brand development strategy. The extent of the support you will receive from TaxAssist Accountants is comprehensive and comprises of training, marketing and technical help desk for accounting, tax, software and Human Resources. In addition to this, you will benefit from field visits from our Franchisee Development Managers, Directors and our Technical and Training Teams, as well as ongoing training to accommodate Continuing Professional Development requirements from the accounting institutes.

We have been established since 1995 and recruited our first franchisee in 1996. Since that time the network has grown to over 185 and our franchisees have gained substantial experience that you can benefit from. You will find that the network will have experienced nearly every aspect of setting up and trading as a TaxAssist Accountant.

The concept of network development and best practice is very important to us and we have a number of arenas where the focus is on the franchisor/franchisee relationship. These include 'Best Practice Forums', Regional Meetings and an Annual Conference. These activities allow franchisees to express themselves and make operational recommendations, and the franchisor has opportunities to cement relationships with the network.

Unlike some of our competitors, we have no other business interests or our own accountancy practice to support – meaning we can concentrate 100% of our time on you our franchisee and your growth. Compare our competitors' offerings closely to our own, both on an initial basis and ongoing, because we feel we have a fully comprehensive offering.

FINANCES

A Guide to Estimated Start Up Costs, and Ongoing Fees

Franchise Fee

Standard 5 year Agreement **£29,450**

Management Service Fees

First £125,000 turnover 9%
 Next £125,000 turnover 6%
 Over £250,000 3%
 Brand Awareness & Client Acquisition fund £130pm

Commercial Premises Costs

Commercial office lease **£250-£650 pm**
 Shop front lease **£1,000pm**
 Shop front re-fit **£20,000**
Prices would vary between regions.

Equipment*¹

Black & white laser printer **£200**
 Office furniture & photocopier/scanner
 Mobile phone, telephone/answerphone/Fax **£800**

Software

CCH ProSystem Starter **£130pm**
 Payroll (first year's subscription) **Inc. in package**
 Microsoft Office SBE, anti virus software and online backup **Inc. in package**
 Cashflow Manager **Inc. in package**

Training

Virtual Campus - Continuing Professional Development **£20pm**

Other start-up costs

Legal fees (optional) **£400 - £600**
 Professional Indemnity Insurance **£400 approx**
 First 12 months general marketing (networking, advertising etc) **£5000**
 Initial working capital (to be considered) will vary on an individual basis

Leads

Inbound qualified leads **£50 per lead**

Employment & HR package

Employmentor

Inc. in package

Please note that all fees are subject to VAT at the applicable rate.

PROPERTY & WORKING CAPITAL

The Franchise Agreement states that you will operate from shop-style premises within 36 months of joining TaxAssist Accountants. You may wish to start trading from such premises from day 1, and we have strategic relationships with certain suppliers that can facilitate this.

SHOP REFURBISHMENT

We have a Preferred Supplier for shop fitting and they have been fully briefed on our minimum requirements in terms of fittings and office equipment. The cost of a refurbishment or shop fitting is dependent on the size and condition of the premises. The cost of refurbishment at our flagship office in Norwich was £26,500 including IT hardware. Other shop-style offices across the country have been refurbished at nominal costs, so it is prudent to research this thoroughly.



Norwich shop front

PROPERTY SOURCING

Our Franchisee Development Managers have been specifically tasked to look after all aspects of sourcing and operating from office and shop-style premises. With many years' experience, the Franchisee Development Managers are highly experienced in the TaxAssist Accountants franchise concept. We are in a position to offer advice and guidance on sourcing rented offices or shop fronts.

WORKING CAPITAL

If you are joining us without an established client base, you will not have an initial regular income. This calls for the provision of Working Capital and we have bespoke finance packages provided by HSBC, Lloyds TSB and NatWest. The level of capital you will need is dependent on several factors – regional variations in property and staff costs, personal expense requirements and trading status (office or shop front).

Operating from a rented office can prove less capital-intensive and it also gives you an opportunity to develop your business before moving to a shop front operation. The quality and location of commercial offices are very important. Under these operating conditions Working Capital requirements will still be governed by local market trends, and you will still need to budget for rent, marketing and living costs until your revenue stream is established.






Funding for your franchise can be arranged by means of a loan and overdraft combination, thus allowing for flexibility in terms of monthly expenditure.

RAISING FINANCE

The Banks

TaxAssist Accountants has built some excellent relationships with the major banks in the UK. This means that we are nationally recognised by the banks that will support potential franchisees with their initial franchise fee subject to their normal lending criteria.

Below are the contact details for the franchise sections of the banks we have made good relations with:

 <p>NatWest Mark Scott Director, Franchise Development RBS and NatWest Franchise Section Tel: 0800 0929117 franchise.retailbanking@natwest.com</p>	 <p>HSBC Bank plc Bal Kaur or Cat Feanati Franchise Managers Tel: 0121 4553438 franchiseunit@hsbc.com</p>
 <p>Lloyds TSB Bank plc Richard Holden National Franchise Manager Tel: 0117 9433089 franchising@lloydstsb.co.uk</p>	 <p>The Royal Bank of Scotland Mark Scott Director, Franchise Development RBS and NatWest Franchise Section Tel: 0800 0929117</p>
 <p>Clydesdale and Yorkshire Banks Gary Lumby Head of Retail and Small Business England Tel: 07802 919615</p>	 <p>Ulster Bank Franchise Team Head of Ulster Bank, Franchise Orna Stokes 00353 16084392 00353 0870506531 (mob) NI Girvan Gault 028 3839 6512 07764 337379 David Geoarge 028 4377 8205 07766071033 ROI Olivia Mangan 00353 87268 8469</p>
 <p>Bank of Scotland Bank of Scotland do not have a dedicated Franchise department. Business banking can be contacted on 0845 3001956 The Head Office can be contacted on 0870 6005000 Alternatively Speak to your local Business Manager direct.</p>	 <p>Barclays Bank plc Barclays Bank do not have a dedicated Franchise department. Speak to your local Business Manager direct.</p>
<p>In certain situations some franchisees may benefit from the 'Enterprise Finance Guarantee' scheme – formerly the 'Small Firms Loan Guarantee' scheme run by the Department for Business Innovation & Skills (BIS) - formerly the Department for Trade and Industry.</p>	

REVENUE PROJECTIONS

By adhering to the Business Model and taking a proactive approach to marketing in your territory, you should be attracting clients at a considerable rate. Client acquisition will be facilitated by your shop front presence, and your marketing and networking activity will seriously help the build-up of your fee-bank. Further client development will also come from referrals.

It is not helpful to talk about average levels of achievement because each franchisee approaches the business with their own aims, objectives and approach, under the guidance and support of the franchisor. It is more practical to consider what can be achieved in reality. For the franchisees that have opened in the last 3 years, the top 20% at the end of their first year have an average of 116 clients and £75,000 of fees. We do not pretend that these are easily achieved – it required real effort and enthusiastic following of our business model – but that level of success is being achieved and, of course, bettered.

A particularly strong performer is **Mark Fordham**, a former Internal Auditor based in St Albans. In his first 12 months trading, Mark built a client base of 112 clients and a Fee Bank of £60,000. Now having completed over 6 years as a TaxAssist Accountant, Mark has a client base of 760 and a fee bank of £638,000.

Gary Jacks joined our network in April 2006 and went straight into a shop front in Ellesmere Port in Cheshire. He states "*I found that after my April launch I was soon securing clients - I've already (at month 5) secured 59, and the annual fees from these currently stands at £46,000. By following TaxAssist Accountants business model, the speed with which I've grown my client base has far outweighed my expectation*".

Gary now has 390 clients and a fee bank of £240,000, and has opened a second shop front in his area.

Jackie Bligh joined the franchise in November 2005 and is happy to report "*I survived my second January invoicing £22K, bringing me to total cash banked in my first year of £60k...I start my second year of trade with 199 clients and £83k of fees*".

Jackie now has 320 clients with a fee bank of £156,000.

Please note the above figures are for illustration purposes only and are not a guarantee of earnings. Revenue and business growth is dependent on activity. Our business model involves certain activity requirements including marketing, networking and general business development.

10 REASONS WHY YOU SHOULD JOIN TAXASSIST ACCOUNTANTS

1. **Our Brand Name** – We are the leading franchised accountancy organisation looking after small businesses, with over 13 years experience of operating a substantial national network of branded offices that is well recognised and respected.

2. **Our Training** – We are confident that we are providing the best initial and ongoing training for you and your staff. As well as providing a comprehensive initial five week training course which includes food and accommodation, we also offer ongoing update days and bespoke training if needed, as well as CPD facilities. The tax and accounts training is provided by by our own staff and specialist training partners, and we provide a nurture programme which lasts for six months after the initial course focusing on business development, HR, staff recruitment and client acquisition.
3. **Support Centre** - All of the Support Centre staff are 100% committed to supporting the Franchise network and have no other business interests to take their focus away from the importance of assisting the network. The three executive directors have a breadth of business experience which they bring to the franchise. Karl Sandall had 26 years working for a major clearing bank, and is an ex bank manager, Sarah Robertson is a Chartered Marketer who previously operated her own Marketing and PR company and Phil Sullivan spent 26 years with HSBC achieving Executive Management status before leaving to establish his own business in 2006 providing corporate and commercial advisory services.
4. **Shop front concept** - We have a highly visible presence with over 105 shop fronts and growing around the country. The shop front brand is supplemented by the many branded cars driving around the country, national advertising, internet presence and marketing collateral. We constantly look to be at the forefront in terms of brand awareness, technical training and support for business growth. The shop front will allow you to build up a team of staff who you can delegate to, allowing you the free time to work on the business not in it.
5. **An Exclusive Territory** – You gain the rights to operate and receive leads in an exclusive territory of postcode districts based on population. Once established, there is the possibility of taking on an area and a half or two franchise territories.
6. **Lead Generation** – You will receive a number of free leads as part of your initial franchise package. These will be generated from an initial marketing campaign in your area and our ongoing ‘inbound lead’ service. The Support Centre will carry out national advertising and internet key word optimisation amongst other initiatives which will generate inbound leads. We can also offer the services of ‘cold calling’ telemarketing agencies should you wish to run a campaign.
7. **Access to specialist advice/in-field back-up** - We work closely with all franchisees on maximising their profit and working towards their own exit strategies. We see this as an invaluable contribution to our franchisees’ business life. This type of consultancy work does not come cheap and we are pleased to provide this as part of our service. We utilise a range of bespoke business tools for our network in respect of their own business planning, fee charging and profitability analysis. We also have an association with the 2020 Group who provide specialist marketing and technical advice to accountants.
8. **Resale value** – The business model makes financial sense, with the potential for taking a good salary whilst creating a real asset for your long term future. Fee banks are very saleable (there are more buyers than sellers) and with the TaxAssist Accountants brand name, this could add a premium to the value of the business when you decide to sell.

9. **Additional service providers** – So that your business can be the ‘one stop shop’ for small businesses, we have a range of branded partners including: Asset Finance, Independent Financial Services, Debt Recovery, Company Formations, Employment Advice and Will Writers, amongst other services. Many of these suppliers pay a commission to you, which can form a substantial part of your revenue. These services are not only available to you, but for your clients to offer their clients too.

Employmentor is available at a much reduced cost via TaxAssist Accountants, and offers businesses a complete administrative tool for handling the recruitment and management of their staff, whilst ensuring that they comply with all their legal requirements. They offer an on-line service which allows access to all of the legal resources you (and any employer clients you may have) will need. The website provides subscribers with an array of templates, precedents, model letters and general procedural guidance on each stage of the employment process, and is backed up by a telephone and email helpline staffed by qualified lawyers who, unlike many call centre type competitors, benefit from their day to day experiences as active employment lawyers.

It is a key part of the TaxAssist business model that your clients should pay you by regular monthly payments. This makes a very significant difference to your cash flow and also enhances client loyalty. It is not normally possible for small businesses to originate direct debits. The Banks restrict this facility to larger companies and often impose stringent security and financial requirements. Our supplier of the Direct Debit Scheme, CMS Limited (a wholly owned subsidiary of London and Zurich plc), acts as an intermediary, amalgamating the requests from a range of smaller users so that it becomes a large originator and meets the exacting requirements of the Banks to originate direct debits. Using CMS software you can arrange for the collection of direct debits from your clients on a regular basis in addition to occasional irregular payments. CMS Limited collects the monies due into a holding account and the proceeds are remitted to you on the day after collection.

When you join TaxAssist Accountants you are joining a network with a visible, credible brand. We have a bank contact scheme whereby we keep banks updated with all franchisees, sending out your business card and introduction letter. We also keep in regular contact with the Associations of Self Employed who can provide access to their many trade members and potential clients.

10. **Help Desk** – All of the Support Centre staff are on hand if you need to talk through any issues or queries. One of the main support functions that is available to you as part of the franchise package is the technical help desk. This is manned from Monday to Friday 9am –5pm, by individuals with a range of accountancy and tax qualifications and is available to you and your staff. There is also a marketing helpline if you wish to discuss an idea, advert, proposal or campaign.

We have a panel of IT service providers across the UK, referred to us mainly from within our network, with a view to providing a choice of reliable, and recommended, local IT support partners for you to contact and contract with for your IT requirements. A laptop and CCH software is provided as part of your franchise fee and CCH themselves will be responsible for the installation and updates of their software, at no charge to you. All in all a complete practice management system.

ACHIEVEMENTS

TaxAssist Accountants has won various business awards over the last few years. Here are some of them.

2010 – British Franchise Association (bfa) Franchisor of the Year GOLD WINNER



"Judging the finalists was tremendously difficult as so many franchisors have shown innovative ways in which to survive and prosper despite the economic downturn. TaxAssist clearly demonstrated unique and exciting business success and is a deserving winner of the bfa HSBC Franchisor of the Year Award."

Cathryn Hayes, head of franchising, HSBC

"The affect of the recent economic conditions has been a constant threat for franchisors and franchisees alike. However, it has been a delight to recognise and award some truly outstanding franchisors for their strategic direction and support for their franchisees.

"By being named as one of the winners, the franchisors have been recognised as being the best in industry for customers, suppliers and potential franchisees. It can also help further motivate their own franchisees by recognising their hard work and dedication. "

Brian Smart, Director General of the bfa

"Being named as 2010 bfa HSBC Franchisor of the Year is extremely exciting and is recognition of how we've adapted our business and shaped our future plans for the benefit of all 180 of our franchisees. We provide them with the support they need, whatever and whenever it may be, to make their business as successful as possible."

Karl Sandall, Chief Executive TaxAssist Accountants

"Just a quick email to say congratulations to everyone at TaxAssist for winning the Gold award. I have spoken to current clients, potential clients and people I am networking with about this achievement and they are all very impressed. I am so pleased that I chose to become a TaxAssist accountant rather than try to start up on my own from scratch. Winning awards like this confirms I made the right decision and it has certainly given me even more of a boost to reach my targets. Very well done once again'."

Ron Mansfield TaxAssist Accountants, Romford

"Many congratulations on the great achievement of the Gold Award. It is something that we in the field have known for a long time that as a Franchisor you are Number 1. Best wishes to all at Norwich."

Jonathan Berks TaxAssist Accountants, Royston

**2009 – British Franchise Association
Franchisor of the Year Silver Winner**



**2008 - British Franchise Association
Franchisor of the Year Silver Winner**



**2007 - 2020 Marketing Person of the Year
Winner Sarah Robertson
Business Development Director**



**2009 – Franchise Marketing Awards Finalist of Best
Website and Best Online Marketing Campaign**



**2007 - Franchise Marketing Awards
Finalist of Best Website**



**2006 - Accountancy Age - finalists for
"Best use of Internet"**



What Next?

If you would like to take your interest further, you will need to complete an Application Form so we can assess your suitability to become a TaxAssist Accountants franchisee. The form will be sent along with the brochure if you have requested information to be posted to you. You can also download the form from our website www.taxassist.net. Alternatively you can telephone us on 0800 0188297 or e-mail recruitment@taxassist.co.uk to ask for the form. The return details are at the bottom of the form.

On receipt of the application form we will call you, and if the outcome of your initial conversation about the franchise is positive, we will then also request a copy of your CV and invite you to attend a 'Discovery Day' at our Norwich Support Centre to fully discuss every aspect of our Franchise without obligation of any kind. You are welcome to (and we would encourage you to) bring a partner or colleague to this 'Discovery Day', if you wish.

The discovery day is not a hard sell and there is no obligation to join us after the day. The days are a two way process to establish if we can work together.

Because of the sensitive nature of the things we will be showing you and discussing with you we will ask you to sign a 'confidentiality agreement' on your arrival. Your visit will also include a tour of our Support Centre and provide you with an opportunity to meet and talk with all departments.

Once you have attended a 'Discovery Day' you may wish to reserve a territory whilst you carry out some research. If we are happy to accept, then we will ask for a refundable deposit that reserves your preferred postcodes for a 30 day period so that you have some exclusive time to research your area.

We welcome questions on any issue connected with our Franchise as we want you to be completely satisfied with our concept - so you can feel confident and fully committed to our business relationship.

Feel free to telephone us for any further information you may require - Free phone 0800 0188 297, email recruitment@taxassist.co.uk or visit www.taxassist.net

The Recruitment Procedure

1. Following an initial enquiry, TaxAssist Accountants will send out an initial information pack and Application Form.
2. Candidates showing the right aptitude and with the right background will be invited to a Discovery Day and asked to forward a completed Application Form and their CV.
3. Successful candidates who have attended the Discovery Day will be invited to reserve a territory and be advised on Due Diligence investigations. They will also be supplied with a blank Franchise Agreement and Business Plan template.
4. With all relevant research completed, those looking to join us will be asked to complete a financial Business Plan and taken through the final preparations before joining on a training course.

**Our network of Franchisees is expanding rapidly –
Join us now and share in our success**