



Spring 2009

Franchising Update

Welcome to the Spring edition of Menzies Franchising Update. A lot has happened since our last update (Autumn 2008):

- the base rate has been cut from 5% to an all time low of 0.5%
- the UK is officially in a recession
- a number of redundancy programs have been implemented
- a number of businesses have been put into administration

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Latest franchising news - is it all doom and gloom?

Whilst some clients have been encountering challenging times in raising finance, cutting costs, generating new business and recruiting new franchisees, we are pleased to report that others have taken this opportunity to expand their business. We have seen:

- clients acquiring competitors at lower valuations for business integration and benefiting from economies of scale
- clients taking on new leases at competitive rents to expand their business network
- more people looking to become their own boss by buying a franchise
- clients looking to grow their business through franchising

It can only be described as a mixed bag of fortunes. Businesses able to take advantage of the opportunities created by the recession will

emerge more efficient, focused and profitable.

No matter which side of the coin you are on we have found that during these challenging times more and more companies are referring to their accountant for valuable advice to guide them through the recession.

Free tickets available for the British and International Franchise Exhibition 2009

The British & International Franchise Exhibition 2009 will be taking place on 20 & 21 March and Menzies is pleased to be exhibiting again this year. We will be at stand D600 and are looking forward to speaking to you about you and your business ideas. If you would like a free ticket to the exhibition please contact franchising@menzies.co.uk

Menzies participates in seminar - 'Current issues for franchisors'

Jenny Cheung, head of Menzies Franchising has been invited to join the panel of experts at a forthcoming seminar hosted by Field Fisher Waterhouse LLP on the 17 March 2009. Taking place at their offices in London, the event will be focused on looking at the "Current issues for franchisors".

Details of this event and how to register can be found at: <http://www.ffw.com/events/2009/mar/current-issues-for-franchisors.aspx>

Free Menzies franchising workshops

The Menzies franchise team operates from our 6 offices covering the South East of England (Blackwater Valley, Heathrow, Kingston, Leatherhead, Solent, Woking). We are currently organising a series of workshops aimed at tackling various issues such as:

Franchisees:

- buying a franchise – finding the right franchise for you
- facts & figures – understanding the numbers and preparing your own financial forecasts
- running a franchise – choosing a business structure, maintaining accounting records, tax planning and financial reporting obligations
- grooming your business for sale

Franchisors:

- growing your business through franchising
- setting up the franchise model
- managing and growing a franchise network
- understanding management information
- business plans and financial forecasting
- raising finance
- formulating long term strategies

The workshops will commence after Easter. If you are interested in attending any of the workshops please email

franchising@menzies.co.uk and list:

- which areas would be of interest to you
- where you are based and which Menzies office you would be happy to travel to

We will then contact you with the final dates and details of the venue.

Advisory Corner

What are the key areas I need to look out for when preparing financial forecasts?

You will need to give due consideration to your:

- sales forecast
 - the number of units you will sell and the value of each unit
 - your terms of business e.g. 30 days credit. If your customer is a late payer are their terms acceptable? If it is likely to cause a strain on your finances then careful consideration needs to be given as to whether you want to be doing business with them.
- business expenses
 - the nature of the expense, frequency of expenditure and payment terms. Are you taking advantage of credit offered by suppliers?
 - are you claiming for all allowable expenses?
 - are you getting value for money from your suppliers?
 - don't forget the monies you owe the tax man. Having difficulty paying? Are you aware of the Business Payment Support Service? For more info:
<http://www.menzies.co.uk/en/news/2009/business-payment-support-service-extended/>
 - don't forget the VAT impact on your cash flow. The 15% VAT rate introduced on the 1 December was only for a 12 month period.

If you need any assistance with preparing financial forecasts or advice on how you can help your business to survive / flourish in the recession, Menzies can lend you a helping hand.

We look forward to seeing you at the British and International Franchise Show, but if you have any questions or queries in the meantime, please do not hesitate to get in contact with me.

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