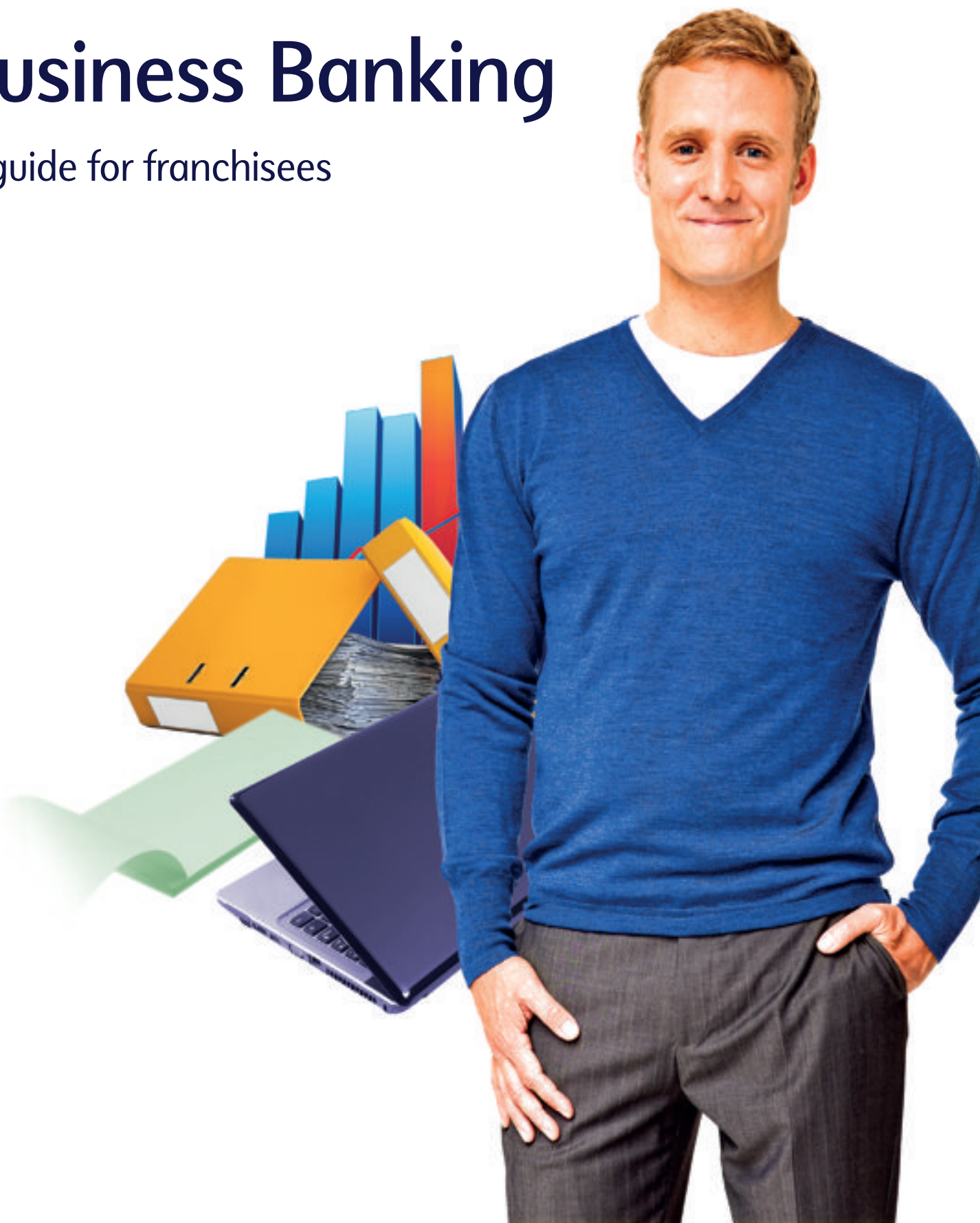


Ahead for Business 

Business Banking

A guide for franchisees



On hand to help with your franchise business

At NatWest we develop a true understanding of your business needs to help you identify financial solutions to suit your circumstances.

Our Managers have a wealth of experience working closely with customers.

They will take the time to listen and understand your particular needs, helping you to arrive at the best solutions to achieve your business goals.

Our aim is to build relationships that make a real difference to your business, so you'll also find our Managers are trained and experienced.

As well as having a keen appreciation of national economic trends and conditions, our Managers are embedded in the local community. They are aware of the opportunities in your industry and your area and will be able to examine the viability of your business proposition.

Helpful Business tools

- An experienced local knowledge that adds value to your business
- A large team of Managers to support your business
- Complete support: from day-to-day banking needs to planning for the future
- Ready access to a wide network of franchise professionals including solicitors and accountants
- Helpful online tools including access to Franchise Library factsheets and free franchise seminars
- Effective business banking so you can get on with running your business

Banking when it suits you

With NatWest you have freedom to choose how you bank. As well as the services of a Manager we offer all of the options below, so banking is simpler and you can concentrate on running your business.

Dedicated support

In addition to a Manager, you'll also have access to an experienced Business support team. They are on hand to support your Manager, and can help with all your day-to-day business banking needs. Your Manager will be able to provide you with contact details for their dedicated team.

Services

- Account enquiries and information
- Account opening and closing
- Balance enquiries
- Bankers drafts requests
- Charges, fees and interest enquiries
- Cheque book and paying in book requests
- Inter account transfers
- Mandates – new and amendment requests
- Standing orders and Direct Debit enquiries
- Statement enquiries and requests
- Update on your credit application

Online and telephone banking

Organise your finances and carry out all your day-to-day banking transactions with our online and telephone banking services.

Benefits of online and telephone banking

- Pay bills and make payments to suppliers or employees
- Transfer money between most of your NatWest accounts
- Set up, amend and cancel standing orders
- Order a cheque book, paying in book or a statement and much more

Mobile phone banking

It's easy to keep track of your business finances when you're away from the workplace with our secure mobile banking apps

Benefits of the Business Banking app:

- If you have previously enrolled for NatWest Digital Banking you can add and manage multiple business accounts
- Make payments to any payee you've previously paid through NatWest Digital Banking
- View and search up-to-date transactions (up to 7 years)
- Transfer funds between your NatWest accounts
- Find local branches and cash machines

Find out more at: natwest.com/businessmobile

To use the Business Banking app, you need to be over 16 and have an NatWest Business Account with Digital Banking.

We also offer free email and mobile phone **Business Alerts** that will keep you informed of the key activities relating to your account. Your mobile network service provider may charge you for receiving a text message to your mobile phone.

Register now for online, telephone or mobile phone banking

To register for any of these services visit natwest.com/business. Or you can call us on 0800 88 11 77 or Minicom 0800 404 6161. Calls may be recorded.

Everything you need – under one roof

From day-to-day banking to more specialised support, we have all the products and services you need.

Day-to-day

Business Current Account	All the essentials you need to manage your everyday finances
Business Deposit Accounts	Make your surplus business funds work harder with our choice of deposit accounts
Business Overdraft	Extra working capital when you need it most, with instant access and flexible terms
Business Credit Card	Flexible short-term funding; you choose how much to repay each month, subject to minimum payment
Streamline	Giving you the support and equipment you need to accept payment by credit and debit card
Mentor	Comprehensive support on issues relating to employment, health & safety, environmental and tax law
Invoice Finance	Improve your cashflow with up to 85% of the value of your unpaid invoices released to you within 24 hours, with the remainder, less fees and charges when the invoice is paid

Longer term

Business Loans	Help your business grow with a range of borrowing options
Commercial and Residential Property Loans	Tailored finance options for business and investment property
Lombard	Asset finance is an effective and cost-efficient way to purchase business assets

Insurance and protection

Business Insurance	Protect your premises, equipment, stock and business valuables
Business Loanguard	Accident, sickness and life cover for you and your colleagues
Tax Service	Take the strain out of dealing with tax matters with our telephone based support and consultancy service

We're here to help

Whatever you need in banking, NatWest can give you expert support. Speak to your Manager now to discuss your business needs.

Business Credit Card only - over 18s, UK residents/businesses only. Subject to status for business use only. Security may be required. Over 18s only. Product fees may apply.

ANY PROPERTY USED AS SECURITY, WHICH MAY INCLUDE YOUR HOME, MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON A MORTGAGE OR OTHER DEBT SECURED ON IT

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Your guide to successful franchising

To help you on the path to becoming a franchisee, the following pages have been created to take you through the basics of franchising. A franchise checklist is also included to assist you when making decisions.

1

Is franchising right for you?

Starting up a new business always carries a risk, but a franchise can reduce that risk. That's because, as the franchisee, you use the proven business system of your franchisor.

They pass on their know-how and you trade under the name of the franchise and sell their products or services. You sign a franchise agreement, usually for an initial period of five years or more, which you can then usually renew.

In return for using the franchisor's name and system, you pay an initial fee that goes towards business setup costs. You then make ongoing payments throughout the period of the franchise agreement for continuing support. These payments are normally calculated as a percentage of your turnover, or a mark up of the goods or materials the franchisor sells to you.

Since the franchisor's income is tied to that of your business, the franchisor can only succeed if you succeed. This is how franchising creates the incentive for the franchisor to make sure the business is launched successfully and that it remains successful. A close interdependence must always be present in a properly constructed franchise system.

2

What will be asked of you?

As a franchisee, you will have to accept the restrictions that the franchisor may place on you and also the disciplines of the particular franchise you will be joining.

You will need to be aware of any restrictions that might apply to you if you decide, for whatever reason, to leave the franchise.

Running your own business can call for long hours and can also be stressful. In addition, you may have to invest some of your own savings in the business or take a loan against the security of your home.

Security may be required. Over 18s only. Product fees may apply.

ANY PROPERTY USED AS SECURITY, WHICH MAY INCLUDE YOUR HOME, MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON A MORTGAGE OR OTHER DEBT SECURED ON IT

Naturally, your NatWest Manager is also on hand to call upon the Bank's many years' experience in helping to set up and run franchises throughout the UK.

3

Choosing the right type of franchise

The start-up costs of a franchise that you run from home will naturally be very different from a franchise that requires retail premises and extensive stock.

To assess what type of franchise you can afford, as a very rough rule of thumb – and if you have some security – add up your savings and multiply by three (e.g. if you have £20,000, you could be able to finance a franchise with start-up costs of around £60,000).

You must also choose the type of franchise business that suits you best, taking into account factors such as whether: the market is expanding or declining – the franchise is competitive – there's an established market or one has to be developed.

There are many questions that can be asked to assess the quality of a franchisor, for example, has the franchise been significantly tested and are its franchisees successful? Also does the initial fee (usually between £15,000 and £20,000) and continuing fees represent good value for money? Do the ongoing fees still leave the product or service competitive in the market place and provide sufficient profit for the franchisor and franchisee to make the business worthwhile?

4

How NatWest can help

You may find this assessment process a little complex, however help is at hand from your experienced NatWest Manager. With over 1,600 branches throughout the country we'll be able to discuss your business plans at a time that is convenient for you. You don't even have to be an existing customer to benefit from our expertise.

We have a long-established reputation for helping people to start-up their own business. We were the first to recognise the potential of franchising and more than 30 years ago became the first bank in Britain to establish a dedicated Franchise Section.

You'll find NatWest ready with the right financial package to get your business off to a good start and help you develop in the years ahead.

Franchisee checklist

It's important to know that franchising is right for you. Use this checklist as a starting point to make sure that you have what it takes to start a business.

Your capabilities

Do you have:

- The necessary personal commitment?
- The support of your family?
- The necessary skills and experience?

The franchisor company – check:

- The company's record and stability as a franchisor
- The franchisor's financial stability, possibly by obtaining a bank reference
- Whether the franchisor is a member of the British Franchise Association (bfa)
- The help the franchisor may offer with regards to site location, the preparation of your business plan and market research
- The number of outlets owned by the franchisor

The franchise network

Consider:

- How many franchisees are there? Obtain a list and contact as many as possible
- Do they have a good website?
- Have any franchisees failed?
- Has the company run a successful pilot operation?
- Do any franchisees run more than one outlet?

Your Franchise

Assess:

- The competition within your proposed area in terms of price, delivery and service
- The trading pattern of your potential franchise
- The market for the product or service in the proposed area
- The size of the area you will have exclusive rights over
- Any minimum sales levels which the franchisor may impose

Support from the franchisor

Does the franchisor provide:

- Marketing support, accounting facilities, technical support, research or new product development?
- Adequate training?
- A comprehensive franchise package that meets your requirements?
- Up-to-date product information?
- The development and introduction of new products to the network?
- A comprehensive operations manual?
- Help in an emergency?

Advertising

Is the franchisor responsible for:

- National advertising and promotional activities?
- Local advertising and sales promotion?

Financial considerations

Assess:

- What does the franchise package cost in total?
- How much of this can be met from your own resources?
- Will you need to borrow to cover start-up and working capital costs?
- Do you have something that can be offered as security – for example property or a life policy?
- How do their fees compare to industry averages?
- Do the cashflow and profit forecasts provided by the franchisor seem feasible?
- What level of income will be required to support the outlet and repay your borrowing?
- Do the franchisor's figures allow for taxation/depreciation etc?
- Do the figures for projected income provide an acceptable standard of living as well as covering your business commitments?
- Do you have the ability to borrow more or fall back on resources if you don't meet sales and/or profit projections?
- How much is the initial franchise fee and what does it cover?
- How much is the ongoing management services fee? Are goods supplied at cost or are they part of your fees?

Franchisee checklist (continued)

The franchise contract

You should:

- Obtain a copy of the franchise contract and have it assessed by a specialist lawyer affiliated to the bfa
- Establish the length of the contract and your right to renew it. Is there a renewal charge and if so, is this limited to the costs associated with drawing up a new agreement, typically a maximum of £2,000? It should not be the full fee again. Your bfa lawyer will be able to advise current guidelines

Does the contract

- Guarantee exclusive territory to each franchisee?
- Confirm the franchisor's provision of training and support?
- Impose restrictions on equipment and suppliers?
- State whether the business can be sold? Under which terms and conditions?
- Include minimum performance requirements? What are the consequences of failing to meet them?
- Stipulate the circumstances under which the agreement can be terminated?
- Specify who is responsible for providing advertising and promotional support?
- Specify what would happen in the event of death or incapacity of the franchisee?

This checklist is not exhaustive, you should relate it to your individual business circumstances. Remember independent legal advice is essential before signing a franchise contract.

Useful Contacts

British Franchise Association 01235 820470 or visit thebfa.org

For more information

Call us on 0800 092 9117 Minicom: 0800 404 6161

Telephone lines open Monday to Friday 9am–5pm (excluding Bank Holidays). Calls may be recorded.

Or visit your local branch

Important Information

Calls may be recorded.

NatWest does not warrant, endorse or recommend any franchise/licence/lessee opportunity. Should NatWest agree to lend to assist with the purchase of a franchise/lease it should not be construed that the opportunity is in any way approved by us. Similarly, if this document accompanies any material produced by a franchisor/lessor then no approval or warranty is implied. You should take appropriate independent professional advice in respect of any specific aspect of franchising/licensing.

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