

PIZZABOYZ **CRAFTED**®

Disclosure Document

**AFTER CAREFULLY READING THROUGH THIS DOCUMENT,
KINDLY COMPLETE THE PRE-APPLICATION FORM ATTACHED
WITH THE REQUIRED DOCUMENTATION.**



1. DISCLOSURE – GENERAL

1.1 Legal name of the Franchisor

PizzaBoyz Franchising CC
(2009/194712/23)

1.2 Registered office of the Franchisor

308 Medstone Medical Centre
19 The High Street
Umhlanga Ridge
4021

1.3 Trading name of the Franchisor

PizzaBoyz Franchise Company

1.4 Business office of the Franchisor

Shop 7 Kensington Village
17 Mackeurtan Ave
Durban North
4051
KwaZulu/Natal

1.5 Postal address, telephone number, fax number, e-mail and website of the Franchisor

1.5.1 Postal Address

P.O. Box 202123
Durban North
4016

1.5.2 Telephone number

031-564 2732

1.5.3 Fax number

086-6971369

1.5.4 E-mail

ezio@pizzaboyz.co.za

1.5.5 Website

www.pizzaboyz.co.za

1.6 Mission statement

Our mission is to partner with individuals who share our ideals and our passion to create the premium neighbourhood Pizza outlet recognized for providing exceptional experiences that enrich the lives of everyone we meet.

1.7 Vision statement

Our vision is to see that PizzaBoyz hand-crafted pizzas is considered by opponents and proponents alike to be the best authentic pizzas around.

2. BACKGROUND DETAILS

2.1 Director

Surname	:	Arrigo
First names	:	Ezio
Address	:	19 Albizia Road Prestondale, 4319
Cell	:	084-7499230
Nationality	:	South African
Shareholding	:	65%

2.2 Director

Surname : Crews	
First names	: Gregory Hyde
Address	: 28 Kingston Drive Umhlanga Rocks, 4320
Cell	: 084-7499231
Nationality	: South African
Shareholding	: 35%

3. RESUME OF BUSINESS EXPERIENCE

3.1 Director

Name	:	Ezio Arrigo
Name of business	:	PizzaBoyz
Type of business	:	Italian takeout
Period	:	April 2004 to present
Position	:	Managing Member
Brief profile	:	All aspects of running a business

Name of business	:	House of Treats
Type of business	:	Bakery and catering company
Period	:	April 2004 to 2015
Position	:	Managing Member
Brief profile	:	All aspects of running a business

Name of business	:	Senor Pizza (Spain)
Type of business	:	Pizzeria
Period	:	December 2002 to December 2003
Position	:	Owner
Brief profile	:	All aspects of running a business

Name of business	:	Cubix Limited (UK)
Type of business	:	Telecommunications Company
Period	:	April 2001 to November 2002
Position	:	Engineer
Brief profile	:	Telecommunication, software engineer and sales

Name of business	:	Il Pescatore
Type of business	:	Pizzeria and pasta takeaway
Period	:	July 1994 to December 2000
Position	:	Owner
Brief profile	:	All aspects of running a business

Name of business	:	Cool Power
Type of business	:	Car comfort centre
Period	:	January 1992 to June 1994
Position	:	Salesman
Brief profile	:	All aspects of sales

Name of business	:	Spiga D'Oro
Type of business	:	Italian food manufacturer
Period	:	January 1989 to December 1991
Position	:	Family Founding Member
Brief profile	:	All aspects of sales

3.2 Director

Name	:	Gregory Hyde Crews
Name of business	:	PizzaBoyz
Type of business	:	Take Away
Period	:	2004 till present
Position	:	Owner
Brief profile	:	Owned and managed pizza shop

Name of business	:	Il Pescatore
Type of business	:	Take Away
Period	:	2003 to 2004
Position	:	Owner
Brief profile	:	Owned and managed pizza shop

Name of business	:	Il Pescatore
Type of business	:	Take Away
Period	:	2000 to 2003
Position	:	Delivery Driver
Brief profile	:	Assisted with deliveries and counter orders

4. FINANCIAL VIABILITY OF THE FRANCHISE

The PizzaBoyz conducts business on a non-credit basis. The present trading office premises are currently rented by the Company with no outstanding bond. The overhead structure required to operate the consultancy is fully funded by funds generated from the business.

This places the Company in a sound financial position, being able to pay its operating debts when they become due.

5. LEGAL PROCEEDINGS

Neither PizzaBoyz nor any of its officers have had any material debt or current or pending litigation involving criminal, civil or administrative proceedings, bankruptcies/insolvencies over the past five years.

5.1 Attorney Details

Company name	:	Strauss Daly Inc.
Contact person	:	Mark Poole
Telephone	:	031-570561

5.2 Trust Account Details

Bank	:	Nedbank Trust Account
Account Name	:	Strauss Daly Inc.
Account Number	:	1305724747
Branch	:	Durban North
Branch code	:	13052600

6. MAIN PARTICULARS AND FEATURES OF THE FRANCHISOR

6.1 Franchisor History

Established in 2004, PizzaBoyz has reinvented itself to become an icon amongst Pizza aficionados. Our square Pizzas offer incomparable taste and quality that has set us aside from the normal run-of-the-mill products that are on offer in the marketplace.

The primary reason that we are in this business, is because we love Pizza. Every one of our pizzas is individually hand-crafted and great care has been taken to develop our unique dough as well as the sourcing of all our ingredient to ensure that we always deliver a product that exceeds our beloved customer's expectations.

The net result is that as our customer base has grown over the years, so has the demand from locals and visitors alike who have seen the potential to open a PizzaBoyz outlet in their area.

However, we have allowed patience to prevail until we had developed all the necessary systems to ensure that the potential investor in the PizzaBoyz brand would realise a sustainable return-on-investment.

If you believe that you have what it takes to be part of the PizzaBoyz familia, then we want to talk to you. Feel free to contact our office.

6.2 Trade Marks, Logos and Symbols

The PizzaBoyz logo is the property of PizzaBoyz Franchising CC Registration Number 2009/194712/23 and has the right to use PizzaBoyz and its logo as a trading name in connection with a pizza outlet.

6.3 Cooling-off period

Please note that there is a 10 (ten) day “cooling-off” period requirement as set out by FASA before the Franchisee needs to sign the Agreement or any other binding document.

PizzaBoyz advises you to obtain competent legal advice before entering into the Franchise documentation to ensure that you fully understand their obligations.

In addition, it is recommended by PizzaBoyz that you retain the services of a competent registered practising auditor or a practising accounting officer, to inspect within the 10 (ten) day “cooling-off period.

You are invited to contact or visit any of the existing Franchisees to determine the viability of the franchise opportunity.

7. DETAILS OF PAYMENT TO FRANCHISOR BY THE FRANCHISEE

7.1 Upfront Fee (UFF)

The Upfront Fee as identified in the tabulated list of establishment costs is payable to the Franchisor on the acceptance of the Franchisee Application and when the acceptance letter is drafted and signed by both parties.

These fees are for:

	Standard
Joining Fee	
Recruitment Fee	
Legal Fees (Limited)	
Initial marketing fees (Launch)	
(excluding VAT) Total	150,000

Upfront Fee is R 150,000 excluding VAT
(See estimated establishment costs in section 21)

7.2 Establishment Cost (EC)

	Standard
Upfront Fee	150,000
Conversion costs	2,200,000
Subtotal	2,350,000
VAT	352,500
Total	2,702,500

Establishment cost is R 2,702,500 including VAT
(See estimated establishment costs in section 21)

7.3 Initial Working Capital (IWC)

	Standard
Opening stock	80,000
Uniforms	10,000
Working capital	100,000
	190,000

Initial Working Capital is R 190,000 - (See estimated establishment costs in section 21)

7.4 Total Investment (TI)

The Total Investment will include:

	Standard
Establishment Costs & UFF	2,350,000
Initial Working Capital	190,000
(Excluding VAT) Total	2,540,000

Total Investment is R 2,540,000 excluding VAT
(See estimated establishment costs in section 21)

7.5 Investment Before Borrowing (IBB)

You are required to have own cash contribution (MOC) of R 1,250,000 (One million, two hundred and fifty Rand) or 50% (fifty percent) unencumbered cash before borrowing from a financial institution. (Concrete proof must be furnished). NB: This amount may vary as it is dependent upon your financial institution's requirements. For example, if you are part of the historically-disadvantaged community.

7.6 Ongoing Payments (OP)

Payment of the Management Service Fee and the Marketing Contribution for each month is due on the FIRST DAY of each succeeding calendar month.

7.6.1 Management Service Fee (MSF)

There is a monthly franchise fee of 5% (five percent) of gross turnover plus Vat. This fee is payable for ongoing support, backup and ongoing training.

7.6.2 Marketing Fee

The advertising is a monthly fee of 4% (four percent) of the gross monthly turnover plus Vat.

8. DETAILS OF RESTRICTIONS IMPOSED ON THE PROSPECTIVE FRANCHISEE

8.1 Operation of the Franchised Business

8.1.1 The Franchisee shall operate the Franchised Business strictly in accordance with the business method and the operating manual. The Franchisee will furthermore ensure that the Franchised Business conforms with other Franchised Businesses operated in accordance with the business method.

8.1.2 The Franchisor may from time to time recommend to the Franchisee which items are to be purchased from the Franchisor or preferred suppliers as specified in the operating manual. However, in so doing the Franchisor shall take all reasonable steps to procure that such items are not more expensive than comparable items purchased from other suppliers taking into account the additional costs that may be occasioned by labelling and packaging of the items. Furthermore, the Franchisee may purchase such products from a third party or alternative supplier provided that the Franchisor is satisfied that the product or service procured from the third party or alternatively supplier shall not be inferior quality or would not harm the trademark or reputation of the Franchisor.

8.1.3 The Franchised Business will only be carried on from the premises unless the Franchisor gives its written consent to conduct the Franchised Business from any other premises.

8.1.4 The Franchisee shall: -

8.1.4.1 not sell or use in the course of operating the Franchised Business any goods competing with the franchised products and furthermore the Franchisee shall ensure that all franchised products sold are at the minimum objective specifications as laid down in the operating manual.

8.1.4.2 not engage directly or indirectly in any other business venture which is in the nature of the Franchised Business without the prior written consent of the Franchisor.

8.1.4.3 not carry on the permit to be carried on any other business at the premises nor extend the scope and the range of the Franchised Business;

8.1.4.4 not change the premises of the Franchised Business without the Franchisor's written consent which consent shall not be unreasonably withheld.

8.1.5 The Franchisee shall keep the Franchised Business open during the operating hours as defined in the Franchise Agreement.

8.1.6 The Franchisee shall in operating the Franchised Business comply with all applicable laws, by-laws and regulations of any competent authority having jurisdiction over the operation of the Franchised Business.

8.2 Information Technology The Franchisee shall not: -

8.2.1 use any computer equipment other than the computer processor in the Franchised Business;

8.2.2 use the computer processor for any purpose other than in the Franchised Business;

8.2.3 allow the computer processor to be online in such manner that any third party unauthorised by the Franchisor has the opportunity of gaining access to it and the software.

The Franchisee shall: -

8.2.4 use only such software in the computer as may be stipulated by the Franchisor from time to time;

8.2.5 not cause or permit any person to make a copy of the software at any time during the term of this agreement;

8.2.6 use only the current version of the software stipulated in the operating manual from time to time;

8.2.7 not engage any person except as authorised in writing by the Franchisor to provide support services for the software;

8.2.8 not permit any person, except a person who has signed the confidentiality/secretcy undertakings required by the Franchisor and set out in the operating manual to use the computer or the software.

8.3 Trademark

8.3.1 The Franchisee shall not in any way represent that he has rights of any nature in the trademarks or any registration thereof and all use of trademarks will inure to the benefit of the Franchisor;

8.3.2 The Franchisee shall not register any of the trademarks, or any part of them, or any trademark which is deceptively or confusingly similar to the trademarks as part of its name or any related entity or association which the Franchisee has an interest in either directly or indirectly and furthermore if the Franchisee does have such interest, it will procure that such name is changed upon demand by the Franchisor.

8.3.3 When using the trademarks, the Franchisee shall cause them to be reproduced exactly and accurately and in accordance with specifications and directions laid down by the Franchisor from time to time

8.4 Operating Manual

8.4.1 The operating manual will be made available to the Franchisee. However, the Franchisee is required to return the operating manual and any other copies thereof to the Franchisor on termination of this agreement.

8.5 Employees

8.5.1 The Franchisee shall not commence trading until such time as it receives written confirmation that its nominated employees have been sufficiently trained;

8.5.2 The Franchisee shall not permit any person to act or assist in the Franchised Business unless such person has undergone training and approved competent by the Franchisor;

8.5.3 The Franchisee will not induce employees of the Franchisor or other Franchisees to leave their employment and take up employment with the Franchisee.

8.6 Secrecy

8.6.1 The Franchisee acknowledges that the Franchisor is the owner of all rights of whatever nature in the intellectual property and the business method and as such will have no claim whatsoever to either the business method or to any element of the intellectual property. Furthermore the Franchisee shall not at any time induce any other person to attack or challenge such rights. The Franchisee shall furthermore not do or cause or permit anything to be done which may adversely affect the intellectual property or the Franchisor's rights to the intellectual property.

8.6.2 The Franchisee shall not at any time during or after the expiry of the term as defined in the franchise agreement divulge to any person any aspect of the business method, the know-how or trade secrets other than for the purpose of this agreement and to that extent, the Franchisee may be required to sign a secrecy undertaking to protect such business method, intellectual property, know-how or trade secrets.

9. NATURE AND EXTENT OF FRANCHISOR'S INVOLVEMENT

9.1 On the effective date, the Franchisor shall:-

9.1.1 disclose the business method to the Franchisee and make available the

9.1.2 design the décor of the premises;

9.1.3 instruct suitable contractors to install the necessary shop fitting, equipment, fixtures and fittings, the sign-writing and electrical installation, and to do whatever is necessary to convert the premises to a fully operational PizzaBoyz outlet.

9.1.4 provide the Franchisee with advice on initial staffing requirements and, in consultation with the Franchisee, determine which of the Franchisee's employees will undergo training in the business method. This initial training will commence as soon as possible after the effective date at a place chosen by the Franchisor and the extent and duration of any training will be determined by the Franchisor.

9.2 In turn, the Franchisor together with the Franchisee will determine who are key staff members (including the Franchisee if he is a natural person, the partners in a partnership, the trustees and/or the beneficiaries in a Trust, the members of a close corporation and directors of a company of the Franchisee as the case may be). In the event of the death, incapacity, failure to act, resignation or dismissal of a key staff member, the Franchisor may itself provide a person, which in its discretion it considers suitable, to fulfil the key position until the Franchisee is able to fill the key position to the satisfaction of the Franchisor. The Franchisor shall be entitled to charge out such person to the Franchisee at the standard hourly rate.

9.3 The Franchisee shall indemnify and hold the Franchisor harmless against all losses or expenses incurred or claims made of whatever nature, arising out of the conduct of the Franchised Business by the Franchisor.

9.4 The Franchisor will disclose improvements and developments in the business method to the Franchisee.

9.5 The Franchisor shall assist the Franchisee in endeavouring to overcome any problems which the Franchisee may experience in operating the Franchised Business.

9.6 The Franchisor will make available to the Franchisee all services and facilities which the Franchisor makes available to its other Franchisees.

9.7 The Franchisor will not operate or license another to operate the Franchised Business within the territory unless the Franchisee is first offered the right to operate the proposed new Franchised Business on terms no more onerous than those set out in this agreement.

9.8 The Franchisor shall organize and hold at its own cost at least once annually, at a place convenient to the majority of the Franchisees, a conference of Franchisees to discuss the business method (including possible improvements in the business method) and the Franchised Business. It is specifically recorded that the Franchisee shall pay its own costs in respect of transport, accommodation and like costs incurred in attending the said conference.

9.9 The Franchisor shall assist the Franchisee in procuring such supplies, services and equipment, in addition to those supplied by the Franchisor, as may be required by the Franchisee to commence and operate the Franchised Business and as far as possible to negotiate and obtain from suppliers discount rates for furnishing such supplies and pass on such discounts to the Franchisee.

9.10 The Franchisor shall extend the term, at the option of the Franchisee, for only 1 (one) further period of 5 (five) years commencing on the day following the expiration of the term provided that the Franchisee: -

9.10.1 has properly observed and performed its obligations under this agreement throughout the term;

9.10.2 serves a notice on the Franchisor requiring such extension not later than 90 (ninety) days before the termination date failing which such term shall lapse on such termination date.

9.10.3 accepts that the terms of this agreement shall apply to any extension of the term alternatively the Franchisee shall execute a new agreement on the Franchisor's standard terms current at the expiry of this agreement save that there shall be no further grant of extension after expiry of the first term.

10. SUMMARY OF TERMS AND CONDITIONS

10.1 Termination of Agreement

The franchise agreement shall terminate on the termination date, alternatively by reason of the Franchisee committing a breach of agreement and failing to timeously remedy it.

10.2 Renewal of the agreement The Franchisor shall extend the term of the agreement at the option of the Franchisee for a further 1 (one) 5 (five) year period commencing the day following the expiration of the term, provided that the Franchisee has:-

10.2.1 Properly observe and perform its obligations under this agreement throughout the term.

10.2.2 Served a notice of the Franchisor requiring such extension no later than 90 (ninety) days before the termination date;

10.3 Goodwill

The goodwill as developed in the operation of the Franchised Business shall belong solely to the Franchisee and the Franchisor shall have no rights to such goodwill on the disposal of the Franchised Business by the Franchisee.

10.4 Cession and Assignment of the Franchisee's Rights to the Franchised Business The rights and obligations of the Franchisee are personal to it and may not be ceded, assigned, let or otherwise disposed of in any manner whatsoever without the prior written consent of the Franchisor.

11. OBLIGATIONS OF THE FRANCHISOR

11.1 On payment of the upfront fee, the Franchisor shall be obliged to assist the Franchisee in preparation of a business plan if required which will be at the cost of the Franchisee and the securing of finance to pay the establishment costs.

11.2 On payment of the establishment costs, the Franchisor shall be obliged to: -

11.2.1 disclose the business method to the Franchisee and make available the property rights and operating manual and any updates,

11.2.2 convert the unit to a fully operational PizzaBoyz outlet;

11.2.3 advise the Franchisee on initial staffing requirements and provide the necessary training so that the Franchised Business can commence trading as soon as possible;

11.2.4 disclose improvements and any developments in the business method to the Franchisee and provide any further training relating thereto;

11.2.5 assist the Franchisee in overcoming any problems that may be experienced in operating the Franchised Business;

11.2.6 should it deem appropriate to operate another Franchised Business within the territory, first offer such right to the current Franchisee operating in such territory;

11.2.7 organize and hold annual Franchisee meetings as required;

11.2.8 Assist the Franchisee in procuring such supplies, services and equipment as may be required in addition to those initially supplied by the Franchisor.

11.3 Law Applicable The Franchise Agreement shall be governed in accordance with the laws applicable in the Republic of South Africa.

12. FRANCHISEE PROFILE

12.1 Characteristics

The prospective Franchisee must:

- Have personal day-to-day involvement in the management of the business.
 - Have financial security and the financial capacity to open and operate the business as well as supporting any borrowing costs associated with the business.
 - Have the willingness to adhere to established concept guidelines and procedures.
 - Be enthusiastic, ambitious, have integrity and have a desire to work hard.
 - Be committed to and have a belief in the product quality standards.
 - Have a positive attitude.
- 12.2 Skills

The prospective Franchisee must have:

- Strong communication and people skills.
- Sound business and management skills.

13. TRAINING

13.1 Compulsory training

The training schedule consists of a combination of theory and hands-on practical training and you will be required to attend training for a minimum period of 21 (twenty-one) working days.

- Basic business skills
- Customer service
- Finance
- Stock management
- Store administration
- Human resources
- Point of sale training
- Marketing
- Safety
- Hygiene
- Security
- Standard of operations
- Product preparation
- Equipment maintenance

Training for the Franchisee's staff consists of a combination of theory and hands-on practical training and they will be required to attend training for a period of 21 (twenty one) working days.

- Product training
- Customer care and relations.
- Financial controls

13.2 Ongoing training

The Franchisee will be given support, training on any new developments on an ongoing basis by:

- Updating our comprehensive Operations and Procedures Manual.
- Telephone support.
- Service Representatives.
- PizzaBoyz will provide an ICU team to assist an ailing Franchisee for a minimum period of 1 (one) week.

14. OPPORTUNITIES

There are opportunities available throughout RSA.

15. ACTIVITIES

Pizza outlet opportunity.

16. CURRENT OUTLETS

16.1 Current outlets contact details

Durban North
Company-owned
Ezio Arrigo and Greg Crews
17 Mackeurtan Avenue
Durban North
031- 564 2732
ezio@pizzaboyz.co.za

Umhlanga Ridge - Halaal
Franchise
6 Aurora Drive
Umhlanga Ridge
031-566 5428
ismail@pizzaboyz.co.za

Phoenix - Halaal
Franchise
13 Acropolis Street,
Phoenix Square
Phoenix
031-880 1350
ismail@pizzaboyz.co.za

Florida Road, Windermere – Halaal
Franchise
150 Florida Road,

Windermere,
Berea,
031-020 0556
ismail@pizzaboyz.co.za

16.2 Franchise terminated or not renewed over the past twelve months
N/A

16.3 Litigation with former Franchisees
N/A

16.4 Details of material debt, criminal, civil or administrative proceedings There have been no material debt, criminal, civil or administrative proceedings, or bankruptcies, insolvencies concerning PizzaBoyz or its officers for the past five years.

17. FASA MEMBERSHIP STATUS

PizzaBoyz is not a current member but is listed with FASA and we fully subscribe and adhere to the FASA Code of Ethics and Business Practices. Please note that all PizzaBoyz Franchisees are required to familiarise themselves with, and comply with, this Code which is readily available from FASA which can be contacted at 011-6150359.

18. DISCLOSURE IN TERMS OF REGULATION 3 OF THE CONSUMER PROTECTION ACT 68/2000

18.1 There has been no significant or material changes in the Franchisor's financial position since the date of the last Accounting Officer's certificate that the Franchisor has reasonable grounds to believe that it will be able to pay its debts as and when they fall due.

18.2 Attached marked annexure "A" are written projections which are based on the current outlets owned by the Franchisor which projections are also based on historic figures.

- It is a general guideline to illustrate the percentages of applicable expenses in relation to turnover and its accuracy should be discussed and verified by a prospective Franchisee and their accountant.

- Is based on the performance of an existing well-managed outlet and only indicates estimates of expenses and profit levels at various sale volumes, using good management practices and strict compliance with operating procedures.
- Is not to be considered as the actual or potential operating results that will be realised by any particular Franchisee.
- PizzaBoyz cannot and does not imply or warrant that any particular level of sales is achievable or that the outlet will be a success in any way.

18.3 Attached marked annexure "B" is a certificate by the Accounting Officer certifying that: -

18.3.1 The business of the Franchisor is a going concern; PizzaBoyz © 2004 – 2020

18.3.2 To the best of his knowledge the Franchisor is able to meet its current contingent liabilities

18.3.3 The Franchisor is capable of meeting all its financial commitments in the ordinary course of business as they fall due

18.3.4 That the financial statements for the most recently expired financial year have been drawn up in accordance with South African general accepted accounting standards, are in accordance with the provisions of the Companies Act and fairly reflect the financial position, affairs, operations and results of the Franchisor.

18.5 The Franchisee is entitled to contact any of the members and/or managers of the respective outlets and also visit the respective outlets for the purposes of obtaining information and assistance in the running of the Franchisee's business.

We the undersigned Ezio Arrigo and Gregory Hyde Crews being Directors of PizzaBoyz (Pty) Ltd Registration Number 2013/177965/07 certify that the information disclosed under this document to our best knowledge and believe is true and correct.

Dated at _____ this ____ day of _____ 2020

E. ARRIGO

GH CREWS

I _____ in my personal capacity or on behalf of a company/ close corporation to be formed, acknowledge receipt of this Disclosure Document and undertake to treat all the information contained therein as confidential and undertake further not to disclose such information to any third party without the prior written consent of the directors of PizzaBoyz (Pty) Ltd Registration Number 2013/177965/07

Dated at _____ this _____ day of _____ 2020

Signature _____

18.7 Accountant details

Accountant Details

Company Name : Smith & Partners

Name : Shannon Smith

Telephone : 087-255 7999

19. CONTENTS OF OPERATIONS AND TRAINING MANUAL

Volume One - Business Start-up
Volume Two - Operating the business
Volume Three - Owner's Manual
Volume Four – Product training

20. PROPOSAL

Once a franchisee application has been approved and an acceptance letter has been drafted and signed, the modus operandi from there on is as follows:

- The initial Upfront Fee of R 150,000 (one hundred and fifty thousand rand) excluding VAT should be paid into Strauss Daly Trust Account while further finance is being secured through a financial institute of your own choice. This fee is refundable subject to administration costs (please confirm with the attorney) should the transaction not be completed for any reason whatsoever.
- Should you decide to withdraw from the agreement for any reason whatsoever the sum of R 10,000.00 (ten thousand rand) plus VAT of the Upfront Fee is nonrefundable and will be retained to offset any administration and miscellaneous expenses incurred.
- Once the finance has been approved and payment has been made by the bank (if finance option is required) and the funds in the trust account (including the 50% unencumbered amount) is transferred to PizzaBoyz then the equipment, fittings, signage and stock will be ordered.
- A date will then be set aside for the training of the Franchisee and his/her staff in all aspects of the business and an opening date will be set aside. Please note: Any deposits paid will be deposited into a separate bank account and will be dealt with as provided for in Paragraph.

9.14 of the FASA Code of Ethics

9.14 Every Franchisor Member shall ensure that all moneys which such Franchisor Member may receive from any other person ("the prospective Franchisee") in contemplation of the conclusion of a franchise agreement are deposited in an attorneys trust account or a separate bank account maintained by the Franchisor Member for that purpose. In the latter event, PizzaBoyz © 2004 – 2020

DISCLOSURE DOCUMENT 21

The Franchisor Member shall advise the prospective Franchisee in writing that the moneys deposited therein do not constitute trust moneys and shall not be protected against claims by the Franchisor member's creditors in the event of its insolvency.

PizzaBoyz recognises the importance of the fact that PizzaBoyz benefits directly from the success of its Franchisees and therefore, we are committed to making the Franchisees successful. It is important to note that being part of PizzaBoyz family means that you are never alone and you are encouraged to communicate with PizzaBoyz to ensure that we are able to give you the maximum opportunity to achieve your goals. The success of the franchise relies on both you the Franchisee and us as the Franchisor. We have included a typical Cash Flow Forecast, costing and pricing schedule, application for a Franchise, etc.

Note: There is no guarantee that similar results will be achieved.

21. ESTIMATED ESTABLISHMENT COST OF A ±100M2–150M2 PIZZABOYZ OUTLET

Item	Standard
Upfront Fees	
Joining fee (Access to intellectual property)	
Recruitment assistance	
Legal fees (Limited)	
Initial marketing (Limited)	150,000
Equipment	
POS	
Smalls	
Office furniture	
Signage	
Security equipment	
Fire equipment	
Shopfitting	
Wet works	
Electrical and lighting installation	
Plumbing installation	
Gas installation	
NB: Exclusions of any major building work, electrical work or special request required to convert the site.	

	2,200,000
Franchise Cost	2,350,000
VAT	352,500
Total	2,702,500
Opening stock	
Stock	80,000
Uniforms	10,000
Working Capital	
Working capital	100,000
Total establishment cost	2,892,500

NB: The purpose of the information above is to provide a general idea of cost and that:

- This is for a store within KZN and there will be some additional charges to cover, transport, accommodation etc. should the setup be in another region.
- The upfront fee will need to be paid to the Franchisor and only when all the finances have been transferred in full will we proceed with setting the store up.
- Initial training will take place in Durban - transport, accommodation, food and staff wages will be for your account.

- In the event of the Franchisee not being granted finance to pay the establishment costs and/or the option to lease the premises not being secured and/or the Franchisee having secured the finance and an option to but failing to pay the establishment costs and sign the lease agreement, the upfront fee shall be refunded to the Franchisee together with interest less an amount of R 10,000 (ten thousand rand) plus VAT thereon which shall be retained by the Franchisor as an administration fee to cover out of pocket expenses incurred by the Franchisor in contemplation of the agreement becoming effective.

- A team will go to your store to assist with the final training and handover.
- The cost of the imported equipment is subject to the foreign exchange rate and may change from the initial price quoted by the supplier.

- Costs outlined above are inclusive of VAT.

- Allowances are made for start-up costs, opening stock, marketing and working capital.

- Please note that prices quoted are only valid for 30 (thirty) days.

NB: To be used in conjunction with Cash flow projection (See Annexure “A”).

21.1 RECOMMENDATIONS

- PizzaBoyz recommends that anyone interested in investing in a franchise should consult an accountant and an attorney prior to signing the Franchise Agreement to determine whether he or she might succeed as a Franchisee.

- Such a business should be considered as a business venture with inherent risk factors.

- These risk factors should be thoroughly considered prior to executing any documentation.

Note: There is no guarantee that similar results will be achieved.

22. COSTING AND PRICING SCHEDULE

22.1 Costing

- The COS% of the product is 40% (forty percent).

- See attached menu for details. Please note that prices are subject to change without notice.

22.3 Profit Margins

- GP% is 60%.

- NP% is set at an average 20% (Twenty percent) before tax 28%.

- The NP% earnings after tax are approximately 15% (Fifteen percent).

Note: There is no guarantee that the above or similar results will be achieved.

22.4 Cash flow

Please see Annexure “A” for cash flow.

Note: There is no guarantee that similar results will be achieved.

23. CONCLUSION

PizzaBoyz Franchisees will be part of a franchise operation which will be supported by a team of dedicated professionals whose finest recommendation is their track record of successful enterprises.

PizzaBoyz with the emphasis on quality, service and value for money, will be successful.

Apart from being assured of a real market if PizzaBoyz is run according to the specified methodology, it will be financially viable and attractive. While net profits are reasonably good in the short term PizzaBoyz integrated marketing communication strategy will result in substantial growth.

PIZZABOYZ[®]

CRAFTED



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