



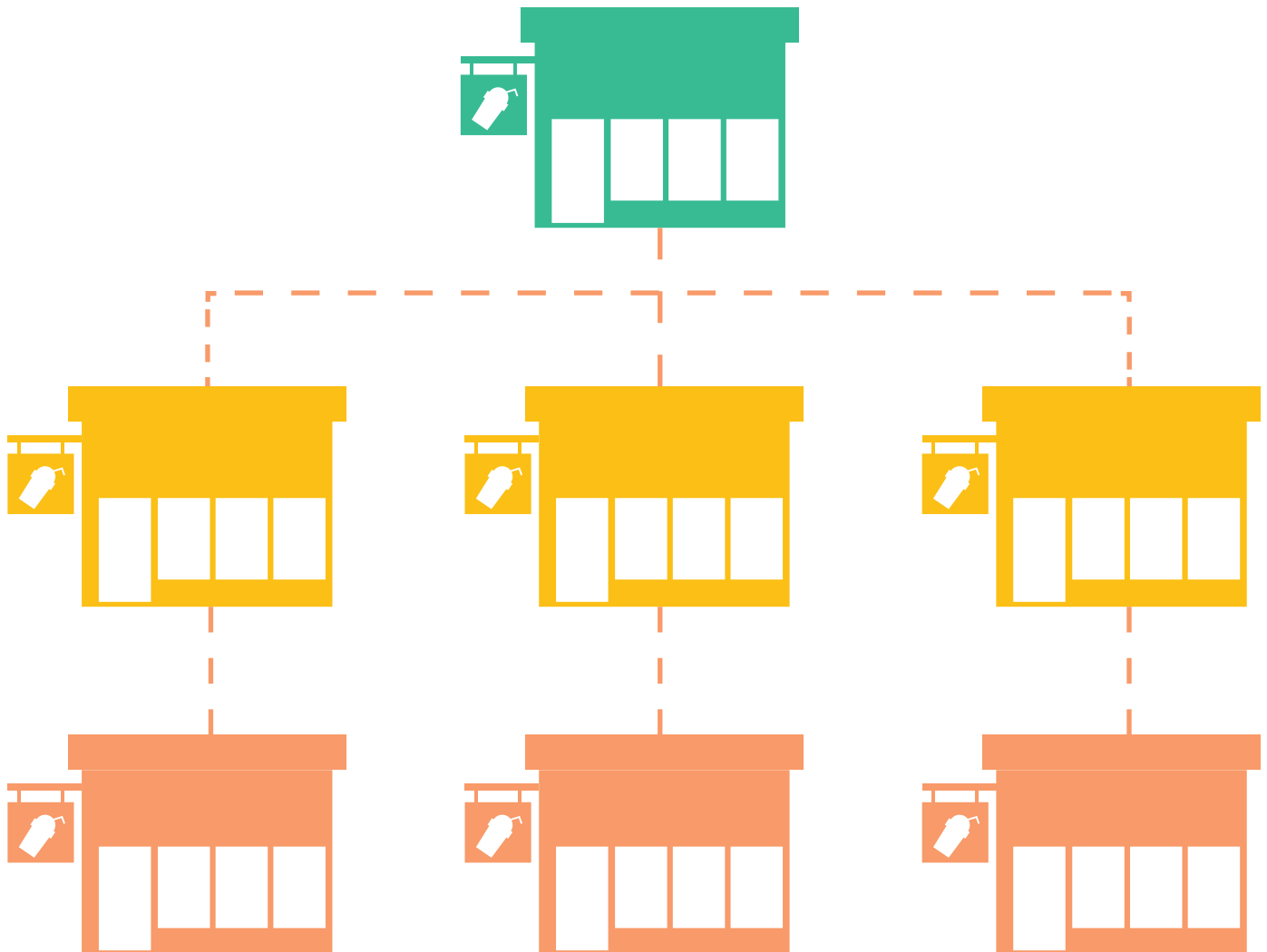
Aedon.Accounting



**WHY AEDON.FRANCHISING IS THE
BEST CHOICE FOR FRANCHISE
ACCOUNTING**

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Preface

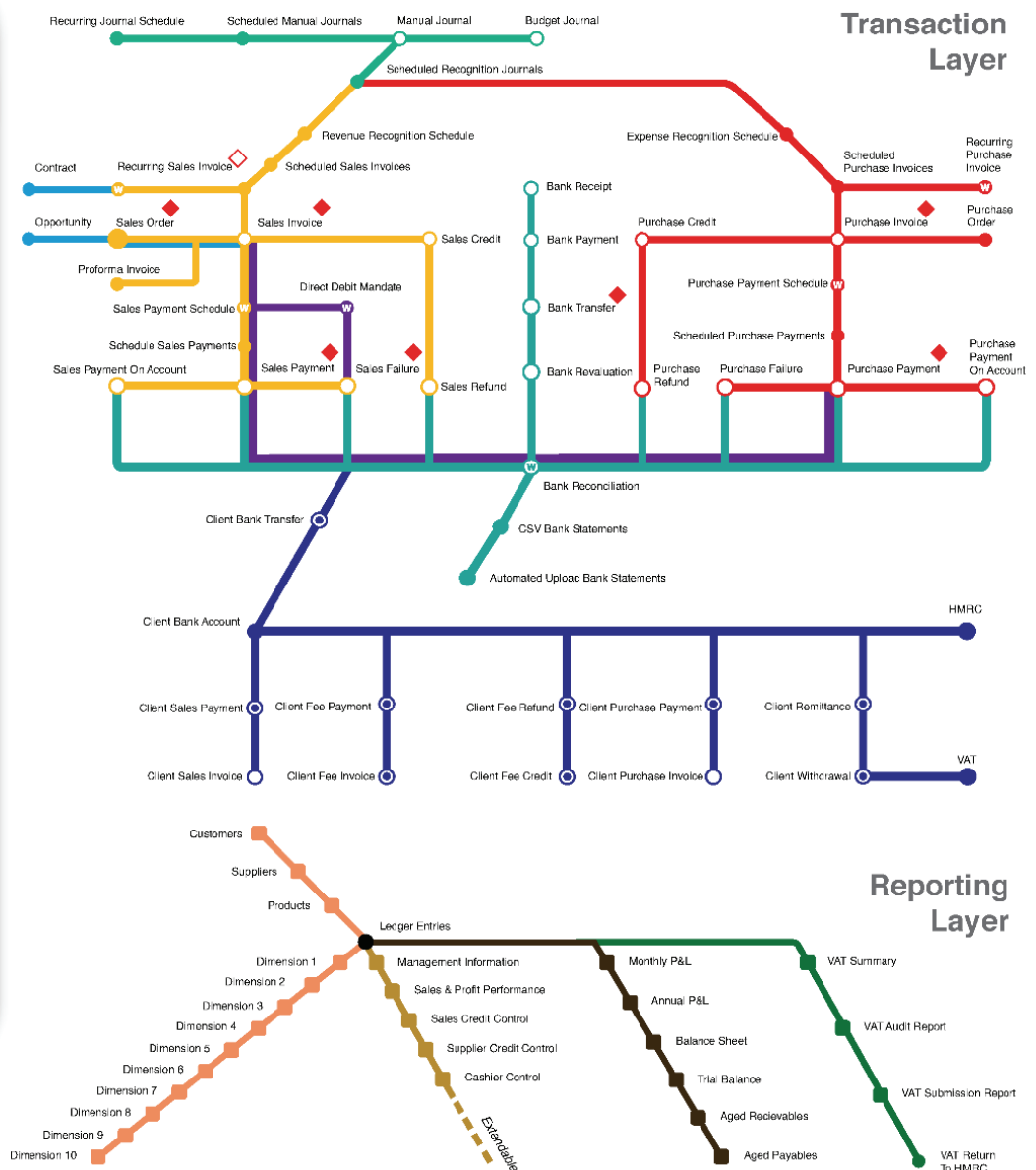
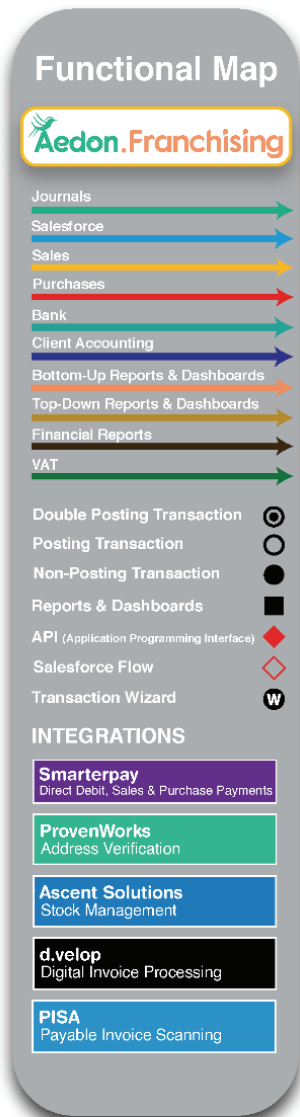
Managing a franchise network can be a headache. Each franchisee has their quirks, and keeping everyone on the same page financially is no small feat. Enter Aedon.Franchising, an accounting solution tailored specifically for franchise networks. Built on the trusted Salesforce platform, Aedon.Franchising takes the guesswork out of managing royalties, fees, and day-to-day accounting tasks, all within a single, user-friendly system. This tool doesn't just streamline financial operations, it helps franchisors and franchisees build stronger partnerships through clear financial insights and simplified reporting.

In this report, we will take you through how Aedon.Franchising is designed to make franchise accounting as straightforward and stress-free as possible. If you're a franchisor trying to get a grip on network-wide financials, Aedon.Franchising provides the transparency and functionality needed for success. So, grab a cuppa, settle in, and let's explore how Aedon.Franchising can transform your franchise accounting experience!



**Paul Foden, Founder & CEO of
Aedon.Accounting**

1. Summary



1.1 Functional Overview

Aedon.Franchising is an accounting solution specifically tailored for franchise networks, designed from the ground up to address the unique complexities and needs franchisors face. Built on the robust Salesforce platform, Aedon.Franchising brings a unique dual-record management capability, allowing franchisors to maintain real-time, interconnected financial records within a single system. This is a vital feature for franchises, as it provides seamless

oversight, financial clarity, and operational transparency between franchisor and franchisee, fostering a stronger, more efficient partnership.

1.2 Two-Layer Functional Map

Aedon.Franchising operates through a two-layer functional map, which includes both Transactional and Reporting layers, specifically designed to capture and report on franchise-specific data with high accuracy.

Transactional Layer:

This layer includes standard accounting functionality, such as tracking income, expenses, assets, liabilities, and equity, but has been extended to include franchise-specific transactions, enabling users to manage royalties, franchise fees, and shared operational costs seamlessly. The ability to manage franchise-specific transactions directly in the system means that franchise accounting processes are streamlined, reducing manual entry and the risk of errors. Whether it's capturing royalties from franchisees, managing payments between franchisee and franchisor, or tracking inventory-specific transactions, this transactional layer is essential for day-to-day franchise management.

Reporting Layer:

The Reporting layer offers detailed financial insights tailored to franchise operations. It provides both parties with a comprehensive view of the financial health of the franchise network, enabling transparency and fostering trust. This layer is essential for generating specific reports that meet franchise requirements, such as detailed profit and loss statements for each franchise unit, consolidated financials, royalty income summaries, and performance benchmarking reports. Through these capabilities, franchisors can evaluate franchisees' financial performance, identify trends, and make data-driven decisions.

1.3 Optimised for Salesforce Integration

Aedon.Franchising is highly versatile and can function as a standalone solution; however, it is particularly powerful when integrated with other Salesforce applications such as Sales, Service, and

Experience Clouds. These Salesforce products form the operational backbone of a franchise's IT architecture, offering support for everything from sales and customer service to comprehensive franchisee and customer experience management.

When integrated with Salesforce, Aedon.Franchising provides a fully interconnected environment where accounting, sales, and customer service are harmonised. This means that franchisors can manage every aspect of their business – from customer interactions to back-office accounting – within a single, cohesive ecosystem. For instance, sales data collected in Salesforce Sales Cloud can feed directly into Aedon.Franchising, allowing for seamless revenue tracking and accurate royalty calculations without duplicating data entries.

1.4 Leveraging the Salesforce AppExchange for Enhanced Functionality

Beyond core accounting functions, Aedon.Franchising extends its capabilities through Salesforce AppExchange integrations, which provide a wide array of additional tools to meet specific business requirements. Some of these key AppExchange integrations include:

- **Revenue Collection & Managed Payments by SmarterPay:** SmarterPay enables direct debit collections and bulk payment of purchase invoices, which can simplify accounts payable and receivable processes for franchise networks. Franchisors can benefit from efficient, automated payment processing.

- **PISA by Cloud Team Company:** Optical Character Recognition (OCR) through PISA allows for automated processing of purchase invoices, transforming scanned invoices into actionable financial data, reducing manual entry, and improving accuracy in record-keeping.
- **Ascent by Ascent Solutions:** This app provides advanced stock management and assembly manufacturing capabilities, supporting franchises that operate with complex inventory needs, especially in industries such as retail or food and beverage where stock levels are critical.
- **AddressTools by ProvenWorks:** Address verification services (integration specifics available in the appendix) help franchise networks standardise customer address data, improving shipping accuracy, reducing operational errors, and ensuring consistent service quality across locations.

With the Salesforce AppExchange, Aedon.Franchising is highly customisable, enabling franchisors to tailor their solution based on unique operational requirements. By combining these tools, franchise businesses can streamline processes, reduce administrative burdens, and automate repetitive tasks, allowing teams to focus on strategic growth and customer experience.

1.5 User-Friendly Sophistication

While Aedon.Franchising is sophisticated enough to meet the demands of the most complex franchise networks, its interface and operational design prioritise ease of use. The software is intuitive, making it accessible even to users without extensive accounting backgrounds. This user-friendly design is essential for franchisees, who may not have dedicated finance teams but still need accurate and efficient accounting processes. Aedon.Franchising's built-in guides, automated workflows, and clear reporting functions ensure that users can navigate the platform with confidence, optimising financial management across all levels of the franchise network.

In summary, Aedon.Franchising offers franchises a robust, scalable, and highly customisable accounting solution that not only addresses day-to-day accounting needs but also supports long-term growth. Its dual-layer functional map, seamless Salesforce integration, AppExchange enhancements, and user-friendly design make it a vital tool for franchisors and franchisees alike.



1.6 Aedon.Franchising Benefits

Allow us to explain the reasons Aedon.Franchising is the right choice for anyone running a franchise business model.

Aedon.Franchising empowers franchise networks with the financial insights, control, and automation they need to succeed in a competitive landscape.

Aedon.Franchising offers significant functional advantages to the franchisor.

BENEFITS	
1. Single source of truth for Franchisor and Franchisee	✓
2. Records Royalties & Fees at the same time	✓
3. Shares detailed invoice information between both	✓
4. Reduces queries over financial transactions	✓
5. Allows benchmarking of Franchisee Performance	✓
6. Maintain Financial Records	✓
7. Fully Scalable	✓
8. Submission of Accruals or Cash VAT Returns	✓

1.7 Salesforce Features

Salesforce is widely recognised as a global leader in Customer Relationship Management (CRM) solutions, consistently ranked as the top CRM provider for the past decade. Known for its versatility, scalability, and rich feature set, Salesforce is much more than just a CRM platform. It offers a comprehensive suite of tools that empower businesses to manage all aspects of customer engagement, sales, and operations.

This remarkable platform has become indispensable across multiple industries, largely due to its three core strengths: Salesforce Sales Cloud, AppExchange integration, and a thoughtfully designed architecture optimised for seamless data handling and integration.

Salesforce Sales Cloud supports businesses by providing powerful tools for sales automation, customer relationship management, and revenue tracking, all of which make it easier for teams to build strong customer relationships and boost sales. For franchises, Sales Cloud centralises customer information across the entire network, allowing franchisors to access valuable insights and interact with customers with accuracy and consistency.

Furthermore, Salesforce's AppExchange ecosystem comprises over 10,000 applications, all designed to integrate seamlessly with the core Salesforce platform, making it highly adaptable to diverse business needs. AppExchange enhances Salesforce's offerings by providing ready-to-use and customisable solutions for anything from analytics to inventory management. This ecosystem is pivotal for franchises using Aedon.Franchising, as it allows businesses to tailor their systems to meet specific operational demands without the need for additional infrastructure.

A defining aspect of Salesforce is its architecture, which is designed to prioritise ease of integration, flexibility, and data security. This allows Salesforce-based applications like Aedon.Franchising to interact smoothly with other business systems, creating a cohesive and efficient IT environment. This architecture is the backbone that supports seamless

communication between Aedon. Franchising's accounting tools and other Salesforce services, enabling franchises to streamline both their customer relations and financial management.

1.8 Aedon.Franchising as a Native Salesforce Solution

Built natively on Salesforce, Aedon.Franchising is not only optimised for franchise accounting but also takes full advantage of Salesforce's robust infrastructure. By being available on Salesforce AppExchange as Aedon.ClientAccounting, Aedon.Franchising aligns seamlessly with the rest of the Salesforce product ecosystem, making it a convenient and accessible option for any franchise business already leveraging Salesforce.

As a native Salesforce product, Aedon.Franchising benefits from the platform's built-in scalability, multiform adaptability, and top-tier security measures. The following features of Salesforce architecture significantly enhance Aedon.Franchising's value for franchises:

- **Scalability:** Salesforce's cloud-based infrastructure allows Aedon.Franchising to grow alongside the franchise network. As franchise networks expand, the platform scales effortlessly to accommodate new data, users, and functionalities without the need for hardware changes or extensive IT adjustments.
- **Robust Architecture:** Salesforce is renowned for its reliability and stability. Aedon.Franchising, built on this foundation, offers a dependable and resilient accounting solution that franchise businesses can rely on for their day-to-day operations and strategic planning.

- **Multiform Adaptability:** Salesforce's flexible architecture is adaptable to various business models and franchise structures. This multiform adaptability means that Aedon.Franchising can be configured to suit a wide range of franchise models, whether in retail, hospitality, or service industries, providing each with a solution that fits their specific operational needs.
- **GDPR Compliance:** Given the importance of data privacy, particularly within franchise networks that handle extensive customer data, GDPR compliance is essential. Salesforce's infrastructure is fully compliant with GDPR, ensuring that all customer data and interactions within Aedon.Franchising are managed in line with European privacy regulations. This compliance provides peace of mind for both franchisors and franchisees, knowing that their operations meet legal requirements.
- **TRUSTe Security Certification:** Security is at the core of Salesforce's operations, demonstrated by its TRUSTe certification. This certification underscores Salesforce's commitment to protecting data and maintaining transparency in data practices. Aedon.Franchising inherits this high standard of security, ensuring that all financial and customer data within the system is secure and well-protected from external threats.



1.9 Salesforce Features Empowering Franchise Accounting

Salesforce's built-in features enhance Aedon.Franchising's ability to deliver a powerful accounting experience specifically for franchises:

- 1. Centralised Data Management:** By consolidating customer, sales, and financial data in a single platform, Aedon.Franchising provides a unified view of the franchise's performance. This feature enables franchisors to make data-driven decisions with real-time insights.
- 2. Integrated Workflows:** Through Salesforce's architecture, Aedon.Franchising supports integrated workflows that span across departments and functions within the franchise network. This integration allows franchises to automate repetitive tasks, reduce manual data entry, and ensure consistent processes across all franchise locations.
- 3. Seamless AppExchange Integrations:** By being part of Salesforce AppExchange, Aedon.Franchising can leverage thousands of third-party applications that expand its functionality. This includes industry-specific apps for inventory management, marketing automation, and customer service, all of which integrate with Aedon.Franchising to create a comprehensive franchise management system.

- 4. Mobile Access:** Salesforce's mobile capabilities extend Aedon.Franchising's functionality to mobile devices, making it easier for franchisees to access and manage their accounts from anywhere. This flexibility is especially valuable for franchisees working in dynamic environments, enabling them to stay connected to their data and processes on the go.
- 5. Real-Time Reporting and Analytics:** Salesforce's real-time reporting and analytics tools empower Aedon.Franchising to deliver actionable insights quickly. This functionality is invaluable for both franchisors and franchisees, as it provides immediate visibility into performance metrics, financials, and customer trends, helping franchises make timely, informed decisions.

Aedon.Franchising's foundation on Salesforce provides franchise networks with a versatile, secure, and scalable accounting solution that is adaptable to the diverse needs of franchise businesses. The synergy of Salesforce's CRM capabilities with Aedon.Franchising's robust accounting functionality allows franchises to achieve streamlined operations, accurate financial tracking, and consistent growth. Through Salesforce, Aedon.Franchising becomes an invaluable resource that supports every aspect of a franchise's financial and operational success.



2. Cultivating A Better Relationship Between Franchisor and Franchisee

At the heart of every successful franchise network lies a strong, symbiotic relationship between the franchisor and franchisee. In many ways, these two entities are two sides of the same coin: their success is interconnected, and each depends on the other for sustained growth and profitability.

Both franchisor and franchisee are invested in building a thriving, cohesive network that supports the brand, meets customer expectations, and achieves financial success. Achieving these goals requires open communication, mutual trust, and a shared commitment to upholding brand standards and pursuing operational excellence.

2.1 Shared Goals and Interlinked Success

Franchisors and franchisees share a fundamental goal: to grow the franchise network's market presence and profitability. This common objective unifies them, encouraging collaboration to strengthen the brand and expand its reach. When a franchisee performs well, it not only drives local profitability but also contributes to the overall reputation and value of the franchise brand.

Each franchisee is, in effect, an ambassador of the brand, and their success directly enhances the brand's reputation, attracting new customers and potentially inspiring more franchisees to join the network.

Conversely, challenges faced by a single franchisee can have repercussions across the entire network. Mediocre performance, customer complaints, or negative publicity can tarnish

the franchise brand, affecting other franchisees and potentially deterring new franchisees from investing. This interconnectedness means that a high-performing franchisee adds value to the network, while a struggling franchisee may impact the collective reputation. This dynamic underscores the importance of collaborative success, where each franchisee's achievement is viewed as a gain for the entire franchise network.

2.2 Franchisor Support as a Pillar of Franchisee Success

A major responsibility of the franchisor is to provide franchisees with the resources, training, and guidance needed to operate effectively and in line with brand standards. This support often includes access to operational systems, marketing materials, customer service protocols, and ongoing training programs. By equipping franchisees with the tools and knowledge required to run their businesses successfully, the franchisor is investing in the network's overall stability and growth.

A franchisee's ability to thrive is greatly influenced by the franchisor's commitment to continuous support and effective resource allocation. A robust support system not only drives financial success for individual franchisees but also strengthens the collective brand. When franchisees are well-trained and have access to quality operational resources, they can deliver a consistent, high-standard customer experience that reflects positively on the entire network.

2.3 Revenue Streams and Financial Success

Franchisors typically earn revenue through franchise fees, royalties, and, in some cases, product sales to franchisees. This revenue structure means that the franchisor's income is closely tied to the financial performance of its franchisees. As franchisees grow their businesses, they generate increased royalty income for the franchisor, creating a mutually beneficial financial cycle. This direct link between the franchisee's profitability and the franchisor's revenue underscores the importance of fostering an environment in which franchisees can succeed.

Financial health is not just a matter of business expansion but a core element that drives the entire franchise ecosystem. A successful franchisee, one who is well-supported and operating at optimal levels, contributes not only to their own profitability but also enhances the franchisor's financial strength. In this sense, every effort the franchisor makes to support franchisees—whether through improved training, operational guidance, or marketing initiatives—ultimately benefits both parties.

2.4 Consistency and Brand Cohesion

One of the primary challenges for franchises is maintaining consistency across multiple locations. This consistency is crucial for building a unified brand image and delivering a reliable customer experience. Customers who visit any location within a franchise expect a similar experience, whether that is in terms of product quality, service standards, or atmosphere. To achieve this, franchisors establish strict operational standards that franchisees must follow, covering everything from customer service protocols to product presentation.



Adhering to these standards is essential for each franchisee, as a consistent experience across all locations builds trust and familiarity with the brand. For instance, customers expect the same quality and value from any location within a franchise network, and meeting these expectations is vital for customer retention and brand loyalty. Franchisors rely on franchisees to uphold these standards, and franchisees, in turn, benefit from the strong brand identity that consistent operations foster.

2.5 Franchisee Success Fuels Network Expansion

The success of individual franchisees contributes directly to the expansion and growth of the entire franchise network. When franchisees perform well and deliver high-quality customer experiences, they not only generate positive local buzz but also strengthen the brand's appeal on a larger scale. A thriving franchise network, where each

location consistently meets or exceeds expectations, creates a valuable market presence that attracts new franchisees. As more franchisees join the network, the brand's market reach and visibility expand, driving growth that benefits all stakeholders.

A successful franchise network operates as a cohesive whole, where each franchisee's achievements build upon the success of the others. The cumulative effect of strong individual performance is an elevated brand reputation, increased customer loyalty, and a competitive edge in the market. For this reason, supporting franchisee success is a strategic imperative for the franchisor, as it fuels organic network expansion and reinforces the brand's position in the marketplace.

By choosing Aedon.Franchising, franchisors are investing in their franchisee's success by implementing a less complicated, intuitive system to take care of their accounting.



3. Powerful Integration with Salesforce

Salesforce can offer franchises a key competitive advantage over others in the sector. Salesforce can empower franchises to outperform competitors by centralising customer data and interactions across the entire network. This enables franchisees to deliver personalised experiences, track leads efficiently, and offer superior customer service.

Automation capabilities streamline operations, freeing up time to focus on growth. With deeper insights into customer behaviour and market trends, franchises can tailor marketing campaigns and offerings for maximum impact. All in all, Salesforce helps franchises achieve higher customer satisfaction, increased sales, and a sustainable competitive advantage.

Salesforce's comprehensive suite of features, combined with its scalability, flexibility, and integration capabilities, make it an ideal platform for managing the complex operations of a franchise network. By streamlining communication, centralising data, and automating workflows, Salesforce empowers franchisors to build stronger relationships with franchisees, drive performance, and achieve sustainable growth.

Salesforce provides a single, centralised platform to manage all franchise-related data, including franchisee information, agreements, performance metrics, marketing campaigns, and customer interactions. This eliminates data silos and ensures everyone has access to the latest information.

Salesforce's collaboration tools, such as Chatter and Communities, enable seamless communication between the franchisor, franchisees, and other stakeholders. This fosters knowledge sharing, best practice dissemination, and efficient issue resolution across the network. Here are some other ways it pays to have Salesforce in your corner as a franchisor:

- Salesforce's robust reporting and analytics capabilities allow franchisors to track key performance indicators (KPIs) across the network, identify trends, and benchmark franchisee performance. This data-driven approach helps identify areas for improvement and provide targeted support to franchisees.



- Salesforce’s workflow automation tools streamline franchise onboarding, training, compliance management, and other operational processes. This ensures consistency across the network and reduces administrative overhead for both the franchisor and franchisees.
- Salesforce’s CRM functionality enables franchisors to manage customer interactions and track leads across the entire network. This helps identify opportunities for cross-selling and upselling, improving customer satisfaction, and driving revenue growth.
- Salesforce’s cloud-based platform is highly scalable and can easily accommodate the growth of a franchise network. Its flexible architecture allows franchisors to customise the system to meet their specific needs and adapt to evolving business requirements.
- Salesforce integrates seamlessly with other critical business applications, such as accounting software, marketing automation tools, and e-commerce platforms. This ensures data flows smoothly across the organisation, eliminating manual data entry and providing a unified view of the business.
- Salesforce’s mobile apps allow franchisors to access critical information and perform tasks on the go. This empowers field-based teams and ensures everyone stays connected and informed, regardless of location.



4. Eliminate Financial Disputes between Franchisors and Franchisees

One of the most common sources of friction in franchise relationships is financial disputes. These disagreements often arise from misunderstandings, miscommunication, or differing interpretations of the financial responsibilities and performance expectations outlined in franchise agreements.

Because financial transactions and revenue-sharing arrangements form the backbone of the franchisor-franchisee relationship, clarity around fees, royalties, and contributions is crucial. Yet, financial disputes can still occur for a variety of reasons.

Disputes over Fees and Royalties

Fees and royalties are central to the franchise agreement, and any lack of clarity or complexity in their structure can quickly lead to confusion and contention. Franchise agreements typically include franchise fees, royalty payments, and sometimes additional fees for training, marketing, or other support services. However, if these fees are not clearly outlined, franchisees may feel blindsided by unexpected charges, leading to feelings of mistrust and frustration.

Causes of Dispute

- **Ambiguity in Agreements:** When franchise agreements use unclear language or fail to specify the structure and calculation methods for fees and royalties, it can lead to misunderstandings. Franchisees may feel that they are paying more than anticipated or that fees are increasing without justification.
- **Hidden Fees:** Sometimes, additional

fees that were not explicitly mentioned in the initial agreement are introduced later on. Franchisees can feel misled if these fees are not made clear upfront.

- **Disagreement Over Royalties**

Calculation: Royalty payments are often calculated as a percentage of revenue or profit, but differences in interpreting these metrics can create friction. For instance, if a franchise agreement does not specify which revenue streams are included in royalty calculations, franchisees may dispute the amounts they owe.

For a healthy franchise relationship, clear and transparent communication about fees and royalties is essential. A well-structured agreement, coupled with open channels for discussing changes or concerns, can mitigate misunderstandings and foster trust.

Disputes over Advertising and Marketing Contributions

Marketing and advertising are critical to franchise success, benefiting the brand as a whole and individual franchisees by attracting more customers. However, disputes over marketing contributions and their use are common, often arising from a lack of transparency on the franchisor's part regarding how funds are allocated and managed.

Common Disputes in Marketing Contributions

- **Lack of Transparency:** Franchisees are often required to contribute to a central advertising fund, which the franchisor then allocates to marketing campaigns. If franchisors do not provide detailed breakdowns of how

these funds are used, franchisees may suspect that their contributions are not being spent effectively or fairly across the network.

- **Perceived Ineffectiveness:** Franchisees may feel that the marketing efforts funded by their contributions do not provide value or align with their local market needs. This disconnect can lead to disagreements over the efficacy of corporate marketing campaigns and frustration over the perceived lack of return on investment.

To prevent these disputes, franchisors should provide regular, detailed reports on marketing expenditures, showing franchisees exactly how their contributions support brand growth. Allowing franchisees to give feedback or input on marketing strategies can also help align corporate efforts with local market needs, creating a more cooperative approach to advertising.

Concerns About the Financial Performance of the Franchise

Another area that can lead to disputes is the franchisee's financial performance. During the sales process, franchisors often set performance expectations, sometimes with optimistic projections about profitability and growth. If these expectations are not met, franchisees may feel that they were misled or that the franchisor is not providing adequate support.

Key Issues That Impact Financial Performance

- **Unrealistic Projections:** Initial sales pitches may paint an overly optimistic picture of potential earnings. If franchisees do not achieve these results, it can create resentment and a perception that the franchisor exaggerated revenue prospects to

secure a sale.

- **Inadequate Support:** Franchisees rely on the franchisor's expertise for training, operational guidance, and ongoing support. If the franchisor falls short in these areas, it can impact the franchisee's ability to generate revenue, affecting their financial performance.
- **External Economic Factors:** Outside influences such as economic downturns, shifts in consumer behaviour, or increased competition can impact profitability. Although these factors may be beyond the franchisor's control, they can still lead to tension, especially if franchisees feel they lack the support needed to adapt to changing market conditions.

To mitigate these issues, franchisors should provide realistic projections based on solid data, ongoing performance support, and adaptability in the face of economic challenges. An emphasis on data-driven forecasts and a strong support system can help franchisees feel confident in their financial potential and the franchisor's commitment to their success.

Auditing and Financial Reporting Disagreements

Auditing and financial reporting practices can be another source of contention in franchise relationships, especially when franchisees question the transparency or fairness of these processes. Regular audits are a critical component of franchise management, as they provide insights into financial health, ensure compliance, and assess royalty calculations. However, if franchisees suspect that audits are not being conducted fairly, disputes can arise.

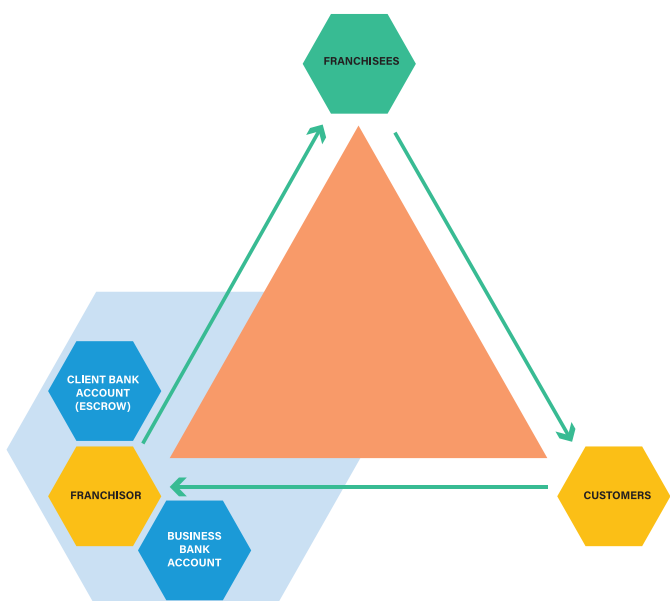
Factors Leading to Audit Disputes

- **Lack of Transparency in Reporting:** If franchisors do not share detailed audit results with franchisees or fail to explain how financial metrics are calculated, it can lead to mistrust. Franchisees may feel they are not given adequate insight into the financial health of the business or the fairness of royalty charges.
- **Discrepancies in Audit Findings:** Disagreements over discrepancies found during audits can be challenging, especially if franchisees believe that these findings are inaccurate or unfair. This may include disputes over revenue recognition, expense classification, or compliance with royalty calculations.
- **Suspicion of Bias or Unfair Practices:** In rare cases, franchisees may feel that audits are being conducted in a way that favours the franchisor. If they believe that audit practices are biased or overly restrictive, they may question the integrity of the financial reporting process.

To alleviate these concerns, franchisors should conduct transparent and standardised audits, ideally with third-party verification to maintain impartiality. Providing franchisees with a clear understanding of the audit process and sharing findings openly can foster trust and help resolve discrepancies effectively.



5. How Aedon.Franchising Supports Franchisors



5.1 Triangular Accounting

Aedon.Franchising uses a technique called Triangular Accounting™ to record the three-cornered relationship between the Franchisor, Franchisee and Client. It is particularly effective if the Franchisor collects Franchisee client money and segregates them from their own in an escrow, separate bank account generally referred to as a “Client Bank Account”

Triangular Accounting allows Aedon.Franchising to maintain separate “client ledgers” for each Franchisee so that all the interactions between them are recorded in one place. This combines the conventional Sales and Purchase Ledgers and nets-off the different types of transactions.

If the Franchisor receives all payments from the Client deducts any Franchisee fees, royalties, etc. and then remits the money to the Franchisee and transfers its portion to its own bank account, conventionally called the “Business Bank Account”.

Aedon.Franchising leverages Salesforce’s transparent infrastructure to bring clarity and efficiency to the financial relationships between franchisors and franchisees. This transparency is key to building trust, ensuring accurate record-keeping, and promoting a collaborative business environment within the franchise network. The system not only provides a shared understanding of each franchisee’s financial performance but also automates transaction management to streamline accounting processes for both parties.

5.2 Clear Transaction Recording Between Franchisor and Franchisee

One of the unique features of Aedon.Franchising is its ability to record transactions between franchisors and franchisees in a clear way. Transactions, such as royalty payments, service fees, or marketing development fund contributions, are automatically recorded in both the franchisor’s and franchisee’s account. This dual recording offers multiple benefits:

- **Income and Expense Allocation:** For the franchisor, transactions from franchisees are recorded as income, while for the franchisee, these transactions are treated as expenses. This automated process ensures that both parties have an accurate view of their finances, simplifying monthly or quarterly reconciliation processes.
- **Automated Entries:** Aedon.Franchising reduces manual accounting work by automatically posting entries in both accounts. This saves time, minimises errors, and ensures that financial records are up-to-date on both ends.

This shared financial view is crucial for maintaining trust, as it gives both franchisors and franchisees full visibility into transactions, supporting a collaborative relationship and making it easier to address any discrepancies promptly.

5.3 Client Bank Account Structure for Enhanced Accountability

Franchise networks often have unique financial arrangements where services provided by franchisees may involve payments made directly to the franchisor. In these instances, Aedon.Franchising allows funds to be segregated into a Client Bank Account, a specialised account used to separate funds that legally belong to the franchisee but are temporarily held by the franchisor. This is particularly useful in cases where a central billing system or unified payment processing is used, and it provides enhanced accountability and compliance.

Aedon.Franchising's Client Bank Account structure is governed by the Solicitors Regulation Authority (SRA) rules, which set strict standards for handling and recording funds held in trust. By following these guidelines, Aedon.Franchising ensures that funds in the Client Bank Account are transparently managed and allocated correctly. Here is how it works:

- **Client Ledger Maintenance:** Aedon.Franchising creates a unique Client Ledger for each franchisee, which records all transactions associated with that franchisee's funds in the Client Bank Account. This ledger provides a real-time snapshot of the franchisee's financial position, allowing both parties to track the exact amount held and its rightful allocation.

- **Easy Fund Allocation:** At any given time, Aedon.Franchising can accurately allocate all monies in the Client Bank Account to its respective franchisees. This transparency prevents misallocations, ensuring that each franchisee's funds are managed fairly and in line with SRA requirements.

By maintaining a Client Ledger and following SRA standards, Aedon.Franchising provides franchise networks with a secure and reliable method for handling shared funds, protecting the interests of both franchisors and franchisees.

5.4 Legitimate Drawing of Funds for Fees and Royalties

Aedon.Franchising enables franchisors to draw fees and royalties from the Client Bank Account, in line with the terms set forth in the franchise agreement. Once funds are received into the Client Bank Account, they can be legitimately transferred to the franchisor's Business Bank Account for fees, royalties, or other agreed-upon payments.

To ensure transparent and accurate handling of these transfers:

- **Dual Recording of Payments:** Each payment drawn from the Client Bank Account is recorded in both the franchisors and franchisees financial records. For the franchisor, the amount appears as income, while for the franchisee, it is categorised as an expense. This dual-entry system ensures that both parties can track the flow of funds and verify that transactions are managed according to the agreement.

- **Detailed Record-Keeping:** Aedon. Franchising provides a comprehensive record of all transactions related to fees and royalties, including the date, amount, and purpose of each transfer. This record-keeping not only simplifies audits but also provides franchisees with a clear breakdown of their financial obligations, supporting a relationship built on transparency and accountability.

This systematic approach to fund transfer and record-keeping reassures both franchisors and franchisees that their financial interactions are well-documented, compliant, and accessible.

2.10 Building a Foundation of Trust and Financial Clarity

Aedon.Franchising’s transaction management features offer franchise networks a streamlined approach to handling complex financial relationships. By establishing a transparent Client Bank Account structure and adhering to SRA regulations, Aedon.Franchising ensures that each transaction is traceable, each fund allocation is accurate, and each party has access to the data they need.

The benefits of Aedon.Franchising’s approach to financial transparency include:

- **Improved Trust:** Franchisees feel secure knowing that their financial contributions are managed fairly and that funds are allocated in line with the franchise agreement.
- **Reduced Disputes:** Clear records and real-time visibility into financial transactions prevent misunderstandings and reduce the potential for financial disputes.
- **Simplified Audits:** With detailed transaction histories and automated

ledgers, both franchisors and franchisees have the information needed for straightforward audits and financial reporting.

Aedon.Franchising’s robust transaction management and financial transparency tools set a high standard for franchise accounting. By providing shared insights, structured client account management, and detailed record-keeping, Aedon.Franchising supports a cooperative financial relationship, ensuring franchisors know exactly where they always stand financially.

Maintaining financial harmony between franchisors and franchisees is both a challenge and a necessity. Aedon.Franchising brings clarity, efficiency, and peace of mind to this relationship, offering a bespoke accounting solution that adapts to the unique needs of franchise networks. By automating complex tasks like royalty calculations, consolidating data in real-time, and integrating effortlessly with Salesforce, Aedon.Franchising turns the often-tedious task of franchise accounting into a streamlined process.

With features that ensure transparency, support compliance, and facilitate growth, Aedon.Franchising is more than software—it is a partner in fostering trust and collaboration. It allows franchisors to focus on strategic growth while empowering franchisees to succeed without getting lost in financial complexities.

Ready to take your franchise accounting to the next level? Let Aedon.Franchising handle the heavy lifting, so you can keep your eye on what truly matters: building a successful and cohesive franchise network and maintaining that all-important relationship with franchisees.

Conclusion

Aedon.Franchising is a game-changing accounting solution tailored specifically for franchise networks. Built on Salesforce, it streamlines complex financial relationships, promotes transparency, and supports seamless collaboration between franchisors and franchisees. From automated royalty calculations to dual-record transaction management, Aedon.Franchising eliminates common pain points in franchise accounting, helping reduce disputes and foster trust.

This whitepaper explores how Aedon.Franchising leverages Salesforce integration, financial clarity, and user-friendly design to empower franchisors and franchisees alike. Download it today to discover why Aedon.Franchising is the best choice for efficient, scalable, and transparent financial management within your franchise network.

Like what you have read?

You can always contact us to pick our brains. We have a wealth of resources on our website, or call or email to arrange a consultation, and see how Aedon.Accounting can help you in your role as charity treasurer or finance director.



aedon.co



[\(+44\)161 262 3355](tel:+441612623355)



sales@aedon.co

Aedon.Accounting
Suite 48
792 Wilmslow Road,
Manchester,
M20 6UG,
United Kingdom

