Revenue streams of Franchise Agreements:

1. Initial Franchise Fee

   Downpayment xx
   Value of note xx
   a. Interest Bearing = Face Value
   b. Non-Interest Bearing = Present Value

   Initial Franchise Fee xx
   Direct Cost (xx)
   Gross Profit – IFF xx

2. Continuing Franchise Fee = % of sales

3. Interest
   a. Interest Bearing = Face amount X Nominal Rate
   b. Non-Interest Bearing = Carrying value X Effective Rate

IFRS 15:

Step 1: Identify Contract
Step 2: Identify Performance Obligations
Step 3: Determine Transaction Price
Step 4: Allocate Transaction Price to Performance Obligations
   (Relative to the Stand-Alone Selling Prices)
Step 5: Recognize Revenue
   a. Overtime
   b. Point in Time