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Insights: Publications

ASC 606 and Its Impact on the Franchise Industry

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Revenue is a key component of all businesses, including franchisors, and it is important that counsel to franchisors have an understanding of the potential effects that accounting changes relating to revenue recognition can have on a franchisor. An important change in the rules related to revenue recognition became effective in 2019 and 2020 due to the adoption of Accounting Standards Codification, “Revenue from Contracts with Customers” (Topic 606) (ASC 606) by the Financial Accounting Standards Board (FASB) on May 28, 2014.

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