



# Franchise Royalties Policy

**Objective:** To define the royalty structure for UAC franchisees, ensuring clarity, transparency, and consistency in royalty fee collection and usage.

**Scope:** This SOP applies to all UAC franchisees and UAC head office staff involved in royalty calculation, invoicing, and support services.

## Policy:

- UAC charges a flat 8% royalty fee on gross revenue.
- The royalty fee is all-inclusive, with no hidden charges, marketing levies, or compliance fees.
- Royalties are designed to support franchisee *operations, brand growth, and ongoing business success*.

## Procedure

### 1. Calculation & Payment

- Royalties are calculated as 8% of gross monthly revenue.
- Payments must be submitted to UAC by the 5th business day of each month.
- Franchisees receive an automated invoice through the UAC Finance System.

### 2. Inclusions in 8% Royalty

The following services and resources are covered under the flat royalty fee:

- Full access to the UAC brand and operating system.
- National marketing fund contributions (no extra %).
- Custom local marketing assets and strategy tools.
- Technology access and ongoing support.
- Operational support, coaching, and performance audits.
- Access to franchise-exclusive programs and systems.
- Continuous upgrades to resources, manuals, and content.
- Head office-led campaigns, innovation, and partnerships.

### 3. What Franchisees Will Not Pay

Franchisees are not charged for the following:

- No separate marketing levies (normally 1-3% extra in other systems).
- No hidden software or technology fees.
- No training levies or “ongoing support” charges.
- No surprise admin fees or compliance costs.

# CLUB OPERATIONS STANDARDS

## 4. Compliance

- Franchisees must submit accurate monthly revenue reports for royalty calculation.
- Late or missed payments will incur penalties as outlined in the Franchise Agreement.
- UAC Finance Team will conduct regular audits to ensure compliance.

## Responsibilities

- Franchisee: Report accurate gross revenue and ensure timely royalty payments.
- UAC Finance Team: Issue invoices, process payments, and conduct audits.
- UAC HQ (Support & Marketing): Deliver services included in the royalty fee.

## References

- Franchise Agreement
- UAC Finance Policy
- UAC Franchise Information Document