

Recognition of Revenue from Tuition Fees (IFRS 15 *Revenue from Contracts with Customers*)

The Committee received a request about the period over which an educational institution recognises revenue from tuition fees.

Fact pattern

In the fact pattern described in the request:

- a. students attend the educational institution for approximately 10 months of the year (academic year) and have a summer break of approximately two months;
- b. during the summer break the educational institution's academic staff takes a four-week holiday and uses the rest of the time:
 - i. to wrap up the previous academic year (for example, by marking tests and issuing certificates); and
 - ii. to prepare for the next academic year (for example, administering re-sit exams for students who failed in the previous academic year and developing schedules and teaching materials); and
- c. during the four-week period in which the academic staff is on holiday:
 - i. the academic staff continues to be employed by, and receive salary from, the educational institution but provides no teaching services and does not carry out other activities related to providing educational services;
 - ii. non-academic staff of the educational institution provides some administrative support (for example, responding to email enquiries and requests for past records); and
 - iii. the educational institution continues to receive and pay for services such as IT services and cleaning.

Applying IFRS 15, the educational institution recognises revenue from tuition fees over time. The request asks whether the educational institution is required to recognise that revenue evenly over the academic year (10 months), evenly over the annual reporting period (12 months), or over a different period.

Findings and conclusion

Evidence gathered by the Committee indicated no diversity in accounting for revenue from tuition fees. The evidence suggests any differences in the period over which these educational institutions recognise revenue from tuition fees result from differing facts and circumstances and do not reflect diversity in accounting for revenue from tuition fees.

Based on its findings, the Committee concluded that the matter described in the request does not have widespread effect. Consequently, the Committee decided not to add a standard-setting project to the work plan.