
IFRS[®] Interpretations Committee meeting

Date	March 2025
Project	Recognition of Revenue from Tuition Fees (IFRS 15)
Topic	Comment letters on tentative agenda decision
Contacts	Rashida Abdryashitova (rabdryashitova@ifrs.org)

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Introduction

1. In September 2024, the IFRS Interpretations Committee (Committee) published a [tentative agenda decision](#) in response to a submission about the period over which an educational institution recognises revenue from tuition fees.
2. The objective of this paper is:
 - (a) to summarise and analyse comments on the tentative agenda decision; and
 - (b) to ask the Committee whether it agrees with our recommendation to finalise the agenda decision.

Structure

3. This paper includes:
 - (a) [background](#) (paragraphs 5–9);
 - (b) [comment letter summary](#) (paragraphs 10–13);
 - (c) [staff analysis](#) (paragraphs 14–26);
 - (d) [staff recommendation](#) (paragraph 27); and

- (e) [questions for the Committee](#).
4. The [appendix](#) to this paper sets out the proposed wording of the agenda decision.

Background

5. In the fact pattern described in the submission:
- (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 school's academic staff take a four-week holiday and use the rest of the time:
 - (i) to wrap-up the school year just ended (for example, marking tests and issuing certificates); and
 - (ii) to prepare for the next school year (for example, administering re-sit exams for students who failed in the previous school year and developing schedules and teaching materials); and
 - (c) during the four-week period in which academic staff are on holiday:
 - (i) the academic staff continue to be employed by, and receive salary from, the educational institution but they provide no teaching services and do not undertake other activities relating to the provision of educational services;
 - (ii) non-academic staff of the educational institution provide 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.
6. Applying IFRS 15 *Revenue from Contracts with Customers*, the educational institution recognises revenue from tuition fees over time. The submission asked

about the period over which the educational institution recognises that revenue—that is, evenly over the academic year (10 months), evenly over the calendar year (12 months) or a different time period.

7. Responses to our information request¹ indicated that, while not common, educational institutions in some jurisdictions prepare financial statements applying IFRS Accounting Standards. However, the responses did not provide evidence of diversity in how those educational institutions recognise revenue from tuition fees. We also received no evidence of diversity in accounting for similar fact patterns in other industries.
8. Based on its findings, the Committee concluded that the matter described in the submission did not have widespread effect. In particular, the application of the different views described in the submission to the fact pattern described in the submission was not widespread.
9. Consequently, the Committee tentatively decided not to add a standard-setting project to the work plan and published a tentative agenda decision that explained its reasons for not adding a standard-setting project.

Comment letter summary

10. We received 7 comment letters by the comment letter deadline. All comment letters received, including any late comment letters, are available on our [website](#).² This agenda paper includes analysis of only the comment letters received by the comment letter deadline.

¹ See paragraphs 10–18 of [Agenda Paper 3](#) for the Committee's September 2024 meeting.

² At the date of posting this agenda paper, there was one late comment letter.

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11. Four respondents agree with the Committee’s decision not to add a standard-setting project to the work plan for the reasons set out in the tentative agenda decision. Of these respondents:
- (a) one accounting firm says the agenda decision, as drafted, is not useful and suggests updating the agenda decision to explain how an entity applies IFRS 15 when considering the submitted fact pattern; and
 - (b) one accounting firm suggests some wording changes to the agenda decision (see paragraph 24).
12. One standard-setter agrees that the recognition of revenue from tuition fees depends on facts and circumstances. However, they suggest updating the agenda decision to:
- (a) explain how an entity applies IFRS 15 when considering the submitted fact pattern; and
 - (b) state prevalent practice.
13. Two respondents (individuals) do not specify whether they agree with the decision but provide their own technical analysis of the submitted fact pattern.

Staff analysis

14. This section considers feedback on:
- (a) the Committee’s findings and including explanatory material (paragraphs 15–23); and
 - (b) wording of the agenda decision (paragraphs 24–26).

The Committee's findings and including explanatory material***Feedback summary***

15. The tentative agenda decision states:

...

Evidence gathered by the Committee [to date] indicates no diversity in accounting for revenue from tuition fees. Feedback 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.

...

16. As paragraphs 11(a) and 12 note, two respondents, while not disagreeing with the Committee's observations and conclusions, suggest updating the agenda decision to explain how an entity applies IFRS 15 when considering the submitted fact pattern.

Analysis

17. Assessing whether a matter has widespread effect requires considering not only whether the fact pattern or transaction described in the submission is prevalent, but also whether the existence of different views, and consequently, diversity in accounting for that fact pattern or transaction is widespread.
18. Feedback on the tentative agenda decision supports the Committee's tentative conclusion that the matter does not have widespread effect. Respondents either confirmed the Committee's findings—that is, that there is no evidence of diversity in how educational institutions recognise revenue from tuition fees—or did not provide any contrary evidence. Respondents also did not provide any evidence of diversity in accounting for similar fact patterns in other industries.

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19. Regarding whether the agenda decision should explain the required accounting, paragraph 8.3 of the [Due Process Handbook](#) states:

... An agenda decision typically includes explanatory material when the reason for not adding a standard-setting project to the work plan is the Interpretations Committee's conclusion that the principles and requirements in the Standards provide an adequate basis for an entity to determine the required accounting. ...

20. In this case, the Committee's reason for not adding a standard-setting project to the work plan is a different one—it is that the matter does not meet the 'widespread and material' criterion set out in paragraph 5.16(a) of the *Due Process Handbook*.
21. As paragraph 27 of [Agenda Paper 4](#) of the Committee's September 2023 meeting—which discussed similar comments on another matter in which the Committee concluded that the matter did not meet the 'widespread and material' criterion—notes:

...the Committee's role is not to undertake technical analysis and provide explanatory material in agenda decisions when the Committee has obtained insufficient evidence that the matter has widespread effect and has, or is expected to have, a material effect on those affected. We think doing so could risk setting a precedent that the Committee will provide technical analysis on all matters submitted to it, even when the evidence obtained indicates that the matter is not widespread (including when evidence suggests there is little diversity in the accounting treatment entities apply).

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22. Consistent with the Committee’s decisions on previous issues that did not meet the ‘widespread and material’ criterion³, we recommend not including explanatory material in this agenda decision.

Conclusion

23. Based on our analysis, we:
- (a) continue to agree with the Committee’s conclusion that the matter described in the submission does not have widespread effect; and
 - (b) recommend not adding explanatory material to the agenda decision.

Wording of the agenda decision

24. One accounting firm says differing facts and circumstances might affect not only the period over which revenue from tuition fees is recognised but also the pattern of revenue recognition. They suggest updating wording in the agenda decision as follows (new text is underlined):

...Feedback suggests any differences in the period over which these educational institutions recognise revenue from tuition fees and/or the pattern of revenue recognition result from differing facts and circumstances.

...

25. We agree with the comment and think it would be useful to update the agenda decision. Appendix to this paper includes our recommended change to the agenda decision in this respect.

³ For example, see Agenda Decisions [Classification of Cash Flows related to Variation Margin Calls on ‘Collateralised-to-Market’ Contracts \(IAS 7 Statement of Cash Flows\)](#) published in February 2025, [Merger between a Parent and Its Subsidiary in Separate Financial Statements \(IAS 27 Separate Financial Statements\)](#) published in January 2024 and [Homes and Home Loans Provided to Employees](#) published in October 2023.

26. Another respondent suggests updating the agenda decision to state the prevalent practice. We think there is no need to update the agenda decision in response to the comment. The agenda decision already comments on practice and states:

...differences in the period over which these educational institutions recognise revenue from tuition fees result from differing facts and circumstances...

Staff recommendation

27. Based on our analysis, we recommend finalising the agenda decision, as published in [IFRIC Update](#) in September 2024, with a change to the wording of the tentative agenda decision as explained in paragraph 24 and marked in the appendix to this paper. If the Committee agrees with our recommendation, we will ask the IASB whether it objects to the agenda decision at the first IASB meeting at which it is practicable to present the agenda decision.

Questions for the Committee

Questions

1. Does the Committee agree with our recommendation to finalise the agenda decision as explained in paragraph 27?
2. Do Committee members have any comments on the wording of the agenda decision in the appendix to this paper?

Appendix—proposed wording of the agenda decision

A1. We propose the following wording for the final agenda decision (new text is underlined and deleted text is struck through).

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 submission:

- (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 calendar year (12 months) or over a different period.

Findings and conclusion

Evidence gathered by the Committee ~~[to-date]~~ indicated ~~indicates~~ no diversity in accounting for revenue from tuition fees. Feedback suggests any differences in the period over which these educational institutions recognise revenue from tuition fees and the pattern of revenue recognition 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.