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Subject: Comments on Tentative Agenda Decision and comment letters: Recognition of Revenue from Tuition Fees (IFRS 15)

- 1) I welcome the opportunity provided for sending comments on Tentative Agenda Decision and comment letters: Recognition of Revenue from Tuition Fees (IFRS 15)
- 2) My view considering fact pattern.

Scenarios or events	Student benefits	Fee bundled or separate	Constructive obligation or legal obligation	Fee repaid or cancelled	Fixed Cost incurred or not
Activities provided after academic year like correction, issue of mark sheet, issue of certificates etc.,	Yes	Bundled and no separate standalone price will be available as these activities cannot be provided to non-students	Legal	Non-cancellable and no repayment	Yes
Vacation to staff after academic year	Yes, like additional coaching. Class 11, 12 and final year students will	Bundled	Legal	Non-cancellable and no repayment	Yes

	have school even during vacation				
Leave during natural calamity	May be yes and may be no depending on whether students get online training or work to learn	Not included/not anticipated	Legal	Non-cancellable and no repayment	Few costs incurred like salary, property tax, few not incurred like EB
Physical activities not carried out during pandemic – admin, maintenance, vehicle services, paper printing, notebook printing, EB cost, cost of functions & celebration	Yes	Not included/not anticipated	Legal	Non-cancellable and no repayment	Yes, few cost not incurred
Celebrations during vacation	Yes	Bundled, some school or collages collect separately, and this revenue can be recognised as per completion of specific performance obligation	Constructive	Cancellable and if cancelled amount collected to be refunded	Yes
Internship during collage	Yes	Bundled, some school or collages collect separately, and this revenue can be recognised	Legal	None	Yes

		as per completion of specific performance obligation			
Temporary Closure Due to Damage	Yes	Not included	Legal	Non-cancellable and no repayment	Yes
Staff Strikes	No	Not included	Constructive	No	Sometimes salary not paid due to mis understanding between parties
Break during Religious Observances	Yes	Not included	Constructive	Non-cancellable and no repayment	Yes
Students Strikes	No	Not included	Constructive	No	Sometimes salary not paid due to mis understanding between parties
Government extension of leave	Yes	Not included	Legal	Non-cancellable and no repayment	Yes
License cancellation	No	Not applicable	Legal	Refund to be given if license is cancelled and school/collage cannot operate or carry out certain classes/courses	No

After school or college hours	Yes	Bundled	Constructive	None	Yes, like nominal EB charges, security cost, cleaning after school hours etc.,
Specific event-based fees like transportation, training, campus interview	Yes	Bundled, some school or collages collect separately, and this revenue can be recognised as per completion of specific performance obligation	Few are legal and few constructive	Refunded in few cases if activities are not rendered like transportation etc.,	Yes, like depreciation, salary Few not incurred if cancelled like EB etc.,

Many of above scenarios are legal and not controllable by institutions. Further student continues to benefit from these activities of the institutions.

All the above are not distinct obligation and these will be a consolidated package as school doesn't operate during national holiday, festival, quarterly/half yearly leaves, government extension of leave.

If revenue needs to be recognised over academic year, then during above period revenue cannot be recognised as no services are rendered during these periods or after school hours.

As per para 22 of IFRS 15 all amount received is bundled for services except for goods like sale of books, exam fees, late fees, extra-curricular activities, transportation fees which are collected separately & services are rendered separately/goods are supplied separately etc.,

As per para 35 a customer receives benefits simultaneously and consumes the benefits provided by the entity's performance as the entity performs.

As per para 35 b Students enjoys the benefits and they have control over those documents like mark sheet, papers etc.,

As per para 35 c the entity's performance does not create an asset with an alternative use to the entity (see paragraph 36) and the entity has an enforceable right to payment for performance completed to date (see paragraph 37).

Analysis when fees are collected separately & when revenue can be recognised during fulfilment of specific performance obligations or when activities are spread over specific time as analysed below:-

Fees type	Time period spread
Academic fees	<p>Full 12 months as this includes services even after academic. Further the amount of revenue per student arrived after considering all 12 months cost. Further approving authorities also consider these facts before approving fees for academic year class wise or course wise.</p> <p>Further institution factors all efforts till the last day of leaving the institutions</p>
Transportation fees	Event based recognised months which are operated
Admin fees	<p>Full 12 months as this includes services even after academic. Further the amount of revenue per student arrived after considering all 12 months cost. Further approving authorities also consider these facts before approving fees for academic year class wise or course wise.</p> <p>Further institution factors all efforts till the last day of leaving the institutions</p>
Book fees	Event based recognised when books are sold
Extra-curricular activities fees	Event based recognised months which are operated
Building fees	<p>Full 12 months as this includes services even after academic. Further the amount of revenue per student arrived after considering all 12 months cost. Further approving authorities also consider these facts before approving fees for academic year class wise or course wise.</p> <p>Further institution factors all efforts till the last day of leaving the institutions</p>
Donation	<p>Full 12 months as this includes services even after academic. Further the amount of revenue per student arrived after considering all 12 months cost. Further approving authorities also consider these facts before approving fees for academic year class wise or course wise.</p> <p>Further institution factors all efforts till the last day of leaving the institutions</p>
Library fees	Full 12 months as this includes services even after academic. Further the amount of

	revenue per student arrived after considering all 12 months cost. Further approving authorities also consider these facts before approving fees for academic year class wise or course wise.
	Further institution factors all efforts till the last day of leaving the institutions
Event fees	Event based recognised months in which event happens
Hostel fees	When hostel is Occupied

Based on the above, General education revenue should be recognized on a straightline basis over the financial year, including the summer vacation after related academic year (12 months) for few cases and few cases over the period during which services are rendered which can be less than 12 months or less than academic year.

It would be appropriate to analyse fee's structure and recognise after critically analysing five steps of revenue recognition of IFRS 15 as fee structure, service rendering varies across institutions, varies across countries due to different regulations in effect, varies due to practical situation during every year.

I concur that views stated above are my individual opinion and not of any organization where I am working or not of any committee or organization I am connected with.

Regards

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