

Addressing disclosure requirements of IFRS 15

This document was prepared to support the TAC schedules in 2018/19. It may be a useful source of reference in the future but providers should note that specific TAC note and table references may be out of date in subsequent years.

Please note that the first column presents only a very brief summary of each requirement of the standard. The purpose of this table is to assist users in understanding how the requirements of IFRS 15 have been applied in this template. It is not intended to be a substitute for preparers reading the standards themselves. As with all disclosures providers should be mindful of materiality. All providers are required to complete disclosures within the TAC schedules but where these disclosures are not material locally, providers should consider whether it is necessary to include them in local accounts and can always consider if information could be presented in a simpler way.

Disclosure requirement of standard (paraphrased summary)	How addressed in TAC schedules		Considerations for local accounts
	Included	Details	
<p>Paragraphs 105:109 states where one of the parties to a contract has performed (by meeting performance obligations or making payment), contracts should be presented in the SoFP as:</p> <ul style="list-style-type: none"> contract receivables (where the right to consideration is unconditional) contract assets (where right to consideration is dependent on a factor other than the passage of time or an administrative process); or contract liabilities (to the extent that performance obligations have not yet been satisfied) 	Yes	<p>Addressed by TAC18: Note 20.1 and TAC 20: Note 25.</p> <p>TAC18: Note 20.1, the breakdown of receivables has been revised to include contract receivables and contract assets meeting this requirement and avoiding the burden of multiple analyses of one financial statement line item. The previous categories of 'trade receivables' and 'accrued income' have been removed to avoid overlap.</p> <p>TAC20: Note 25 separately identifies contract liabilities. The majority of deferred income not relating to grants, leases or PFI credits is expected to fall within contract liabilities. However where small other deferred income balances are recognised, a line is provided to record these amounts.</p> <p>Further practical guidance on classifying contract balances is given in the TAC Completion Instructions.</p>	<p>The TAC template uses the terms 'contract asset' and 'contract liability' as used in the standard to avoid any ambiguity and ensure consistency of reporting. Providers can consider using alternative descriptions in local accounts as permitted by paragraph 109 of the standard. However sufficient information must be provided to enable a reader to distinguish between contract receivables and contract assets.</p> <p>Contract receivables are split between 'invoiced' and 'not yet invoiced / non-invoiced' in the TAC schedules. This is not required by the standard and providers can consider whether this split is meaningful to readers of the local accounts.</p>

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<p>Paragraph 113 requires disclosure of:</p> <ul style="list-style-type: none"> a) revenue recognised in the period from contracts with customers b) impairments on contract receivables and contract assets in the period (separately from impairments of other receivables) 	<ul style="list-style-type: none"> a) Yes b) Yes 	<p>a) Addressed by TAC06: Notes 1.1 & 1.2 and TAC07: Note 2.1.</p> <p>Categories of income within Note 2.1 have been re-ordered in order to separate IFRS 15 income streams from non-IFRS 15 income streams.</p> <p>b) Addressed by TAC08: Note 4.1 and TAC18 Note 20.2</p> <p>The standard does not require these amounts to be presented on the face on the SoCI unless required by another Standard.</p> <p>Further practical guidance on classifying revenue is given in in the TAC Completion Instructions.</p>	<p>The TAC form discloses income as ‘recognised in accordance with IFRS 15’ or ‘recognised in accordance with other standards’ for the avoidance of ambiguity. Providers may wish to use alternative terminology with reference to contracts and/or customers to aid readers’ understanding.</p>
<p>Paragraph 114 requires revenue to be disaggregated into categories that depict the how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.</p>	<p>Yes</p>	<p>For the consolidated provider accounts, the existing disaggregation of revenue of patient care activities by both nature of service and source of income and the disaggregation of significant income streams within other operating income is deemed sufficient to meet this requirement at a group level. Changes have therefore only been made to income categories where an income category might contain both IFRS 15 and non-IFRS 15 income.</p>	<p>Providers (particularly non-acute providers) should consider whether further disaggregation of revenue from patient care activities by nature of service might provide relevant information for a reader of local accounts.</p> <p>Where providers have material amounts of revenue disclosed within the ‘other’ categories in either Note 1.1 or Note 2.1, they should consider further disaggregating revenue within local accounts. Similarly, insignificant categories of income may be aggregated in line with paragraph 112 of the Standard.</p>

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Paragraph 115 requires disclosure of sufficient information to understand the relationship between disaggregated revenue (para 114) and segmental reporting disclosures	No	Segmental reporting disclosures in the consolidated provider accounts are prepared at a group level from the perspective of NHS Improvement and are not a consolidation of local disclosures.	<p>Providers will need to consider how to address this requirement locally based on the format of local segmental reporting disclosures.</p> <p>Providers may need to revisit IFRS 8 and consider whether disclosures made in local accounts meet the requirements of the standard.</p>
<p>Paragraph 116 requires disclosure of:</p> <p>(a) the opening and closing balances for contract receivables, contract assets and contract liabilities</p> <p>(b) revenue recognised in the period that was included as a contract liability at the previous period end (ie release of deferred contract income)</p> <p>(c) revenue recognised in the period where performance obligations were satisfied in a previous period (eg changes in transaction price)</p>	<p>(a) Yes</p> <p>(b) Yes</p> <p>(c) Yes</p>	<p>(a) Addressed by TAC18: Note 20.1 and TAC 20: Note 25.</p> <p>(b) and (c) Addressed by TAC07 Note 3.1</p> <p>For part (c) this will also include where income has been derecognised in the period where an accounting estimate was made at the end of the previous period.</p>	The TAC disclosures should fully meet the requirements for local accounts.
Paragraph 117 requires narrative disclosure of how differences in timing of satisfaction of performance obligations and receipt of payment affect contract balances.	No	This is not a disclosure that consolidates and is therefore not collected in the TACs	Providers should consider how to address this requirement locally in conjunction with the requirements of paragraph 119 (a) and (b) below.
Paragraph 118 requires entities to provide explanations for significant movements in contract assets and contract liabilities. The paragraph provides examples of such changes.	No	<p>Contract assets are not expected to be material to the consolidated provider accounts.</p> <p>Although contract liability balances are expected to be material, the movement in</p>	Where movements in contract assets or contract liabilities are significant to local accounts, providers should consider how to address this requirement. Note that a narrative (but still quantitative) explanation is

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This paragraph does not apply to contract receivables.		<p>balances is not expected to be significant at a group level.</p> <p>No information on movements in these balances (except para 116(c) requirement above) is collected in the TAC schedules.</p>	sufficient. The basis of conclusion section of the standard clarifies that the IASB specifically dismissed a requirement for a reconciliation of opening and closing balances.
<p>Paragraph 119 requires disclosure of information relating to performance obligations in its contracts. Specifically:</p> <ul style="list-style-type: none"> (a) when performance obligations are typically satisfied (b) significant payment terms (c) nature of the goods or services (d) obligations for refunds (e) types of warranties 	No	This is not a disclosure that consolidates and is therefore not collected in the TACs	Providers will need to consider the disclosure locally for significant contracts. Aggregation criteria can be used for revenue streams with similar contractual terms.
<p>Paragraph 120 requires entities to disclose the following where current contracts have performance obligations outstanding at the year end:</p> <ul style="list-style-type: none"> (a) Aggregate amount of transaction price remaining that has been allocated to performance obligations that will be met in future periods. (b) An explanation of when the entity expects to recognise the income either in quantitative time bands or in a qualitative disclosure. 	Yes	<p>Addressed in TAC07: Note 3.2</p> <p>The TAC schedules use the approach in paragraph (a) separating the transaction price allocated to future period into time bands to facilitate consolidation.</p> <p>The TAC form also requires providers to apply the practical expedients described in paragraph 121 by excluding contracts with a duration of 1 year or less and contracts where an entity has a right to consideration directly corresponding to work done to date.</p>	<p>Providers may opt to include a narrative disclosure in their accounts (per option b), particularly where the provider's future performance obligations fall into only one time band in the TAC schedules.</p> <p>In accordance with paragraph 122, providers must disclose in local accounts when the practical expedients have been used in preparing this disclosure.</p>
Paragraph 123 to 126 gives detail on the extent of disclosure required for significant judgements and changes in significant judgements made in applying this Standard, particularly relating to:	Partly	A confirmation question asked providers whether significant judgements have been made in relation to revenue outside of the NHS Standard Contract. Where the answer is yes, brief details are required in the free text	Providers should already include details of significant judgements made in applying accounting policies as required by IAS 1 paragraph 122. These should be expanded to cover

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<p>(a) the timing of satisfaction of performance obligations (for both obligations satisfied at a point in time and over time); and</p> <p>(b) the measurement of transaction price and its allocation to performance obligations</p>		with reference to the nature of the revenue (eg R&D, Education and training etc).	these requirements. Providers will also need to consider any significant judgements in relation to the NHS standard contract in these disclosures which are not collected in the TAC schedules.
<p>Paragraphs 127 and 128 require disclosure of the following where assets have been recognised from the costs to obtain or fulfil a contract:</p> <ul style="list-style-type: none"> • judgements made in determining the value of such costs, • methods used to calculate amortisation • the closing balances of such assets split by category of cost; and • the amount of amortisation and any impairment recognised in the period. 	No	<p>We do not expect such assets to be material to the consolidated provider accounts therefore no details are collected in the TAC schedules.</p> <p>Please note this is not the same as a 'contract asset'.</p>	Where assets have been recognised from such costs, providers should consider whether these disclosures would be material to their local accounts.
Paragraph 129 requires entities to disclose any use of the practical expedients in this Standard.	No	This disclosure does not consolidate so is not included in the TAC schedules.	Providers should disclose locally where they have used such expedients.