

Freedom of Information Act Request

- 1. To what degree has the implementation of IFRS 15 within your organization substantively influenced (1 – no impact to 5 - high impact):**
 - The recognition of revenue in the Statement of Financial Performance (Income Statement), **1**
 - The amounts acknowledged in the Statement of Financial Position (including contract assets, contract liabilities, or capitalized costs), and **1**
 - The nature and informational substance of disclosures offered in the notes (comprehensively)? **1**
- 2. Considering the impact on financial statements, to what extent do the following items contribute to changes in the Statement of Financial Performance/Income Statement (1 – no impact to 5 - high impact):**
 - Changes in how revenue is allocated among various goods and services in accordance with the contract. **1**
 - Recognition of revenue over time or at a point in time. **1**
 - Accounting for significant financing when payments are received in advance or in arrears (i.e., more than 12 months). **1**
 - Accounting for variable consideration (e.g., contingent consideration, volume discount, loyalty programs, incentives). **1**
 - Determining whether a company is a principal with requirements for gross presentation or an agent with requirements for net presentation. **1**
- 3. To what extent do these items contribute to changes in the Statement of Financial Position/Balance Sheet (1 – no impact to 5 - high impact):**
 - Contract assets. **1**
 - Contract liabilities. **1**
 - Capitalized incremental costs of obtaining or fulfilling a contract. **1**
- 4. In your perspective, how does the adoption of IFRS 15 impact the usefulness of external financial reporting in terms of (1 – no impact to 5 - high impact):**
 - Relevance. **1**
 - Faithful representation. **1**
 - Comparability with entities of the same industry under IFRS. **1**
 - Comparability with entities of the same industry under US-GAAP. **1**

5. To what extent do you agree with the statement: "After the adoption of IFRS 15, I am making less use of alternative performance measures/non-GAAP measures related to revenue." (1 – no impact to 5 - high impact) **1**

MCS and interactive use of MCS:

6. Valuate the extent to which the top management team utilises the mandated information resulting from the implementation of IFRS 15 to (1 – no impact to 5 - high impact):

- establish a shared perspective of the organisation
- facilitate discussions in meetings with superiors, subordinates, and peers
- foster continual challenge and debate regarding underlying data, assumptions, and action plans
- concentrate the organisation's attention on critical success factors
- coalesce the various facets of the organisation
- direct the organisation's focus towards common issues

Is this question focused on the step change since IFRS15, or the post IFRS15 introduction? The organisation was already creating and using the information on a monthly basis, prior to IFRS15, therefore if the question is asking for the impact of IFRS15, an answer would be 1, but if it is asking for an overall, "as now" view, then it would be 5

7. Assess the extent to which the top management team employs the requisite information arising from the implementation of IFRS 15 to (1 – no impact to 5 - high impact):

- monitor progress towards established goals
- scrutinise outcomes against expectations
- compare achieved results with anticipated benchmarks
- review key performance measures

See response to question 6

8. Consider to which the degree the top management team uses the information mandated by the implementation of IFRS 15 to communicate the firm's fundamental values to the workforce through the mission statement clearly (1 – no impact to 5 - high impact).

1 – the Trust values/mission statement is not driven by accounting standards

9. The implementation of IFRS 15 has rendered the commercial implications of transactions more explicitly discernible within accounting figures. To what degree do alterations in management control systems resulting from the IFRS 15 implementation process influence decision-making in the following realms (1 – no impact to 5 - high impact):

- Product mix and lines decisions (e.g., decisions under capacity constraints, discontinuation choices, contract components, and new contracts).

- Product pricing decisions (e.g., restructuring or simplifying commercial offers, enforcing contracting and pricing discipline across divisions).
- Make-or-buy decisions (e.g., outsourcing activities).
- Resource allocation decisions between different activities (e.g., stemming from differentiating performance obligations).
- Decisions regarding adaptations of the product/service to meet standards (e.g., modifying or eliminating performance obligations, adjusting customer contract clauses).
- Homogenization of procedures in information systems (e.g., ensuring appropriate clauses in future contracts or limiting add-ons).
- Centralization of information and integration of accounting/financial and sales/commercial departments.

1 IFRS15 has had a negligible impact on commercial income for the Trust.

10. To what extent have previous changes in management control systems resulting from the IFRS 15 implementation process led to financial consequences in terms of (1 – no impact to 5 - high impact):

- Annual earnings
- Return on assets
- Return on equity
- Cash flow
- Cost reduction
- Tax strategy

1 as being a public healthcare provider, the Trust does not consider ROE, annual earnings or tax strategy

11. To what extent have these changes affected customer, supply chain, product and service quality, alliances with other organizations, product and service innovation, and control of organizational behaviours? (1 – no impact to 5 - high impact) **1**
1 The accounting standard has not directly impacted organisational behaviours around those factors

12. In the context of these changes in management control systems resulting from IFRS 15 implementation, what are the observed consequences on the control of organizational behaviors (1 – no impact to 5 - high impact)?

- lower likelihood of actions such as deferring revenue recognition to subsequent periods to meet sales targets,
- refraining from providing incentives for customers to increase purchases in the current period (even with more lenient credit terms),
- reducing the likelihood of postponing accounting charges,
- the impact on achieving better control of subsidiaries.

1 These metrics are not applicable for a public sector healthcare provider

MCS & IT:

13. Have any alterations been implemented in your IT systems (e.g., SAP, Oracle, Excel sheets) in response to IFRS 15? To what extent did following specific aspects significantly influence your IT systems (1 – no impact to 5 - high impact)?

- Accounting for multiple-element arrangements
- Recognizing revenue over time
- Accounting for variable consideration
- Accounting for contract costs
- Disclosure requirements

2 The Trust had to review accounting disclosure arrangements and ensure correct accounting treatment, but this was minimal

14. The adoption of IFRS 15 may have necessitated the development of novel IT systems linked to various databases (performance obligations database, stand-alone selling prices database, tool for determining transaction prices, etc.). To what degree have the subsequent management control systems been altered during the implementation process (1 – no impact to 5 - high impact)? **1**