

New Zealand Equivalent to SIC Interpretation 31
Revenue—Barter Transactions Involving Advertising
Services (NZ SIC-31)

Issued November 2004 and incorporates amendments up to and including 30 June 2011

This Interpretation was issued by the Financial Reporting Standards Board of the New Zealand Institute of Chartered Accountants and approved by the Accounting Standards Review Board in November 2004 under the Financial Reporting Act 1993. This Interpretation is a Regulation for the purpose of the Regulations (Disallowance) Act 1989.

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New Zealand Equivalent to SIC Interpretation 31 *Revenue—Barter Transactions Involving Advertising Services* (NZ SIC-31) is set out in paragraph 5.

NZ SIC-31 should be read in the context of the Basis for Conclusions on SIC-31. The scope and authority of Interpretations are set out in paragraphs 2 and 7–16 of the *Preface to International Financial Reporting Standards*.

Differential Reporting

Qualifying entities must comply with all the provisions in NZ SIC-31.

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HISTORY OF AMENDMENTS

Table of Pronouncements – NZ SIC-31 Revenue—Barter Transactions Involving Advertising Services

This table lists the pronouncements establishing and substantially amending NZ SIC-31. The table is based on amendments approved as at 30 June 2011.

Pronouncements	Date approved (ASRB approval)	Early operative date	Effective date (annual reporting periods... on or after ...)
NZ SIC-31 <i>Revenue—Barter Transactions Involving Advertising Services</i>	Nov 2004 (Approval 46)	1 Jan 2005	1 Jan 2007

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Revenue—Barter Transactions Involving Advertising Services (NZ SIC-31)

References

- NZ IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*
- NZ IAS 18 *Revenue*

Issue

- 1 An entity (Seller) may enter into a barter transaction to provide advertising services in exchange for receiving advertising services from its customer (Customer). Advertisements may be displayed on the Internet or poster sites, broadcast on the television or radio, published in magazines or journals, or presented in another medium.
- 2 In some cases, no cash or other consideration is exchanged between the entities. In some other cases, equal or approximately equal amounts of cash or other consideration are also exchanged.
- 3 A Seller that provides advertising services in the course of its ordinary activities recognises revenue under NZ IAS 18 from a barter transaction involving advertising when, amongst other criteria, the services exchanged are dissimilar (NZ IAS 18.12) and the amount of revenue can be measured reliably (NZ IAS 18.20(a)). This Interpretation only applies to an exchange of dissimilar advertising services. An exchange of similar advertising services is not a transaction that generates revenue under NZ IAS 18.
- 4 The issue is under what circumstances can a Seller reliably measure revenue at the fair value of advertising services received or provided in a barter transaction.

Consensus

- 5 Revenue from a barter transaction involving advertising cannot be measured reliably at the fair value of advertising services received. However, a Seller can reliably measure revenue at the fair value of the advertising services it provides in a barter transaction, by reference only to non-barter transactions that:
 - (a) involve advertising similar to the advertising in the barter transaction;

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- (b) occur frequently;
- (c) represent a predominant number of transactions and amount when compared to all transactions to provide advertising that is similar to the advertising in the barter transaction;
- (d) involve cash and/or another form of consideration (eg marketable securities, non-monetary assets, and other services) that has a reliably measurable fair value; and
- (e) do not involve the same counterparty as in the barter transaction.

Basis for Conclusions on SIC-31

6–10 [Paragraphs 6–10 do not form part of NZ SIC-31.]

Effective Date

This Interpretation becomes operative for an entity's financial statements that cover annual accounting periods beginning on or after 1 January 2007. Early adoption of this Interpretation is permitted only when an entity complies with NZ IFRS 1 *First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards* for an annual accounting period beginning on or after 1 January 2005.

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