

NZ SIC-31 (Diff Rep)



NZ SIC Interpretation 31 (Diff Rep)

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

Issued November 2012

This Interpretation was issued by the New Zealand Accounting Standards Board of the External Reporting Board pursuant to section 24(1)(a) of the Financial Reporting Act 1993.

This Interpretation is a Regulation for the purposes of the Regulations (Disallowance) Act 1989.

As at 1 December 2012, the requirements in this Interpretation are identical to the requirements in NZ SIC-31 *Revenue—Barter Transactions Involving Advertising* as applied by qualifying entities. Versions of NZ SIC-31 applied by qualifying entities prior to adoption of this Interpretation are available in the Archived Standards page of the External Reporting Board (XRB) website at xrb.govt.nz

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NZ SIC Interpretation 31 (Diff Rep) *Revenue—Barter Transactions Involving Advertising Services* (NZ SIC-31 (Diff Rep)) is set out in paragraph 5.

NZ SIC-31 (Diff Rep) should be read in the context of the Basis for Conclusions on SIC-31.

Differential Reporting

Qualifying entities must comply with all the provisions in NZ SIC-31 (Diff Rep).

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HISTORY OF AMENDMENTS

Table of Pronouncements – NZ SIC-31 (Diff Rep) Revenue—Barter Transactions Involving Advertising Services

This table lists the pronouncement establishing NZ SIC-31 (Diff Rep).

Pronouncements	Date approved	Early operative date	Effective date (annual reporting periods... on or after ...)
NZ SIC-31 (Diff Rep) Revenue— <i>Barter Transactions Involving Advertising Services</i>	Nov 2012	Early application permitted	1 Dec 2012

The following tables list the pronouncements establishing and substantially amending NZ SIC-31 as applied by qualifying entities prior to the issue of this Interpretation as NZ SIC-31 (Diff Rep).

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

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References

- NZ IAS 8 (Diff Rep) *Accounting Policies, Changes in Accounting Estimates and Errors*
- NZ IAS 18 (Diff Rep) *Revenue*

NZ SIC-31 (Diff Rep) is identical to NZ SIC-31 applied by qualifying entities prior to the issuance of NZ SIC-31 (Diff Rep). That is, there is no change to the recognition, measurement, presentation and disclosure requirements of NZ SIC-31 on adoption of this Interpretation.

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 (Diff Rep) from a barter transaction involving advertising when, amongst other criteria, the services exchanged are dissimilar (NZ IAS 18 (Diff Rep).12) and the amount of revenue can be measured reliably (NZ IAS 18 (Diff Rep).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 (Diff Rep).
- 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.

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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;
 - (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 (Diff Rep).]

Effective Date

<p>A Tier 3 for-profit entity shall apply this Interpretation for annual periods beginning on or after 1 December 2012. Early application is permitted. This Interpretation replaces NZ SIC-31 as applied by qualifying entities prior to the issuance of this Interpretation. There are no changes to the requirements of NZ SIC-31 as it applied to qualifying entities.</p>
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