



NZ ACCOUNTING  
STANDARDS  
BOARD

## **New Zealand Equivalent to SIC Interpretation 31**

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

**Issued November 2004 and incorporates amendments to 30 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.

**This Interpretation is superseded by NZ IFRS 15 *Revenue from Contracts with Customers*. NZ IFRS 15 shall be applied for annual reporting periods beginning on or after 1 January 2018. Earlier application is permitted, in which case this Standard is superseded from the earlier date of application.**

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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.

Any New Zealand additional material is shown with either “NZ” or “RDR” preceding the paragraph number.

**Reduced Disclosure Regime**

Tier 2 for-profit entities must comply with all the provisions in NZ SIC-31.

**The following is available within New Zealand on the XRB website as additional material**

**BASIS FOR CONCLUSIONS ON SIC-31**

# New Zealand Equivalent to SIC Interpretation 31

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

### References

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

### Issue

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- 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

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- 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

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

### Effective Date

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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.

*Framework: Tier 1 and Tier 2 For-profit Entities*, issued in November 2012, amended extant NZ IFRSs by deleting any public benefit entity paragraphs, deleting any differential reporting concessions, adding scope paragraphs for Tier 1 and Tier 2 for-profit entities and adding disclosure concessions for Tier 2 entities. It made no changes to the requirements for Tier 1 entities. A Tier 2 entity may elect to apply the disclosure concessions for annual periods beginning on or after 1 December 2012. Early application is permitted.

**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 November 2012.

<b>Pronouncements</b>	<b>Date approved</b>	<b>Early operative date</b>	<b>Effective date (annual reporting periods... on or after ...)</b>
NZ SIC-31 Revenue—Barter Transactions Involving Advertising Services	Nov 2004	1 Jan 2005	1 Jan 2007
<i>Framework: Tier 1 and Tier 2 For-profit Entities<sup>1</sup></i>	Nov 2012	Early application permitted	1 Dec 2012

<b>Table of Amended Paragraphs in NZ SIC-31</b>		
<b>Paragraph affected</b>	<b>How affected</b>	<b>By ... [date]</b>
Effective date	Amended	<i>Framework: Tier 1 and Tier 2 For-profit Entities</i> [Nov 2012]

<sup>1</sup> This pronouncement amended extant NZ IFRSs by (i) deleting any public benefit entity paragraphs, (ii) deleting any differential reporting paragraphs, (iii) adding scope paragraphs for Tier 1 and Tier 2 for-profit entities, and (iv) adding RDR disclosure concessions.