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**INTERPRETATION OF  
STATUTORY BOARD  
FINANCIAL  
REPORTING STANDARD**

**INT SB-FRS 31**

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**Revenue - Barter Transactions Involving  
Advertising Services**

This version of INT SB-FRS 31 does **not** include amendments that are effective for annual periods beginning **after** 1 January 2017.

Interpretation of Statutory Board Financial Reporting Standard 31 *Revenue—Barter Transactions Involving Advertising Services* (INT SB-FRS 31) is set out in paragraph 5. The scope and authority of Interpretations are set out in the *Preface to Statutory Board Financial Reporting Standards*.

# Interpretation of Statutory Board Financial Reporting Standard 31

## ***Revenue—Barter Transactions Involving Advertising Services***

### **References**

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- SB-FRS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*
- SB-FRS 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 SB-FRS 18 from a barter transaction involving advertising when, amongst other criteria, the services exchanged are dissimilar (SB-FRS 18.12) and the amount of revenue can be measured reliably (SB-FRS 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 SB-FRS 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.

### **Effective date**

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This Interpretation becomes effective on 1 February 2006. Changes in accounting policies shall be accounted for in accordance with SB-FRS 8.