



Issue 0702

IFRIC Interpretation 13 *Customer Loyalty Programmes*

The Interpretations Committee has released IFRIC 13, addressing the accounting for customer loyalty programmes. Such programmes are designed to give customers incentives to purchase goods and services, and earn awards or points to redeem at a later date in exchange for free or discounted goods and services.

The Interpretation only relates to loyalty awards that an entity has granted to its own customers as part of sales transactions that the customers can redeem for future free or discounted goods or services. Redemption can be by the entity itself, or a third party.

An entity should account for the award as a separate component of the initial sale transaction. The initial consideration received or receivable should be allocated between sale and the award yet to be fulfilled. The deferred revenue should be recognised when the award is fulfilled or the obligation expires.

The effective date of IFRIC 13 is for annual periods beginning on or after 1 July 2008, with early adoption permitted.

If you wish to discuss this or any other NZ IFRS related matter, please contact your usual PwC contact or one of the following NZ IFRS specialists:

Michele Embling, partner, Auckland - michele.j.embling@nz.pwc.com

Karen Shires, partner, Wellington - karen.f.shires@nz.pwc.com

Robert Harris, partner, Christchurch - harris.r@nz.pwc.com

For more information on the new standards, please access the following link:

<http://www.pwc.com/nz/IFRSinPractice>

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