

IFRS AT A GLANCE

SIC-32 *Intangible Assets: Website Costs*



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ISSUE

- When accounting for internal expenditure on the development and operation of an entity's own web site for internal or external access, the issues are:
 - Whether the web site is an internally generated intangible asset that is subject to the requirements of IAS 38 *Intangible Assets*
 - The appropriate accounting treatment of such expenditure.
- SIC-32 does not apply to expenditure on purchasing, developing and operating hardware of a website.

CONSENSUS

- An entity's own web site that arises from development and is for internal or external access is an internally generated intangible asset that is subject to the requirements of IAS 38
- Any internal expenditure on the development and operation of an entity's own web site is accounted for in accordance with IAS 38. The nature of each activity for which expenditure is incurred (e.g. training employees and maintaining the web site) and the web site's stage of development or post-development is evaluated to determine the appropriate accounting treatment (additional guidance is provided in the Appendix to SIC-32)
- Cost incurred are only capitalised if the criteria in IAS 38.57 are all met
- The best estimate of a website's useful life should be short.

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