

---

**INTERPRETATION OF  
STATUTORY BOARD  
FINANCIAL  
REPORTING STANDARD**

---

**INT SB-FRS 32**

**Intangible Assets - Web Site Costs**  
Illustrative Example

## Illustrative example

*This example accompanies, but is not part of, INT SB-FRS 32. Its purpose is to illustrate examples of expenditure that occur during each of the stages described in paragraphs 2 and 3 of INT SB-FRS 32 and illustrate application of INT SB-FRS 32 to assist in clarifying its meaning. It is not intended to be a comprehensive checklist of expenditure that might be incurred.*

### Example application of INT SB-FRS 32

| Stage/nature of expenditure  | Accounting treatment   |
|--|--|
| <p><b>Planning</b></p> <ul style="list-style-type: none"> <li>• undertaking feasibility studies</li> <li>• defining hardware and software specifications</li> <li>• evaluating alternative products and suppliers</li> <li>• selecting preferences</li> </ul>  | Recognise as an expense when incurred in accordance with SB-FRS 38.54  |
| <p><b>Application and infrastructure development</b></p> <ul style="list-style-type: none"> <li>• purchasing or developing hardware</li> <li>• obtaining a domain name</li> <li>• developing operating software (eg operating system and server software)</li> <li>• developing code for the application</li> <li>• installing developed applications on the web server</li> <li>• stress testing</li> </ul> | <p>Apply the requirements of SB-FRS 16</p> <p>Recognise as an expense when incurred, unless the expenditure can be directly attributed to preparing the web site to operate in the manner intended by management, and the web site meets the recognition criteria in SB-FRS 38.21 and SB-FRS 38.57<sup>(a)</sup></p> |
| <p><b>Graphical design development</b></p> <ul style="list-style-type: none"> <li>• designing the appearance (eg layout and colour) of web pages</li> </ul>  | <p>Recognise as an expense when incurred, unless the expenditure can be directly attributed to preparing the web site to operate in the manner intended by management, and the web site meets the recognition criteria in SB-FRS 38.21 and SB-FRS 38.57<sup>(a)</sup></p>  |

*continued...*

*...continued***Content development**

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>• creating, purchasing, preparing (eg creating links and identifying tags), and uploading information, either textual or graphical in nature, on the web site before the completion of the web site's development. Examples of content include information about an entity, products or services offered for sale, and topics that subscribers access</li> </ul> | <p>Recognise as an expense when incurred in accordance with SB-FRS 38.69(c) to the extent that content is developed to advertise and promote an entity's own products and services (eg digital photographs of products). Otherwise, recognise as an expense when incurred, unless the expenditure can be directly attributed to preparing the web site to operate in the manner intended by management, and the web site meets the recognition criteria in SB-FRS 38.21 and SB-FRS 38.57<sup>(a)</sup></p> |
|---|--|

**Operating**

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>• updating graphics and revising content</li> <li>• adding new functions, features and content</li> <li>• registering the web site with search engines</li> <li>• backing up data</li> <li>• reviewing security access</li> <li>• analysing usage of the web site</li> </ul> | <p>Assess whether it meets the definition of an intangible asset and the recognition criteria set out in SB-FRS 38.18, in which case the expenditure is recognised in the carrying amount of the web site asset</p> |
|---|---|

**Other**

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>• selling, administrative and other general overhead expenditure unless it can be directly attributed to preparing the web site for use to operate in the manner intended by management</li> <li>• clearly identified inefficiencies and initial operating losses incurred before the web site achieves planned performance [eg false start testing]</li> <li>• training employees to operate the web site</li> </ul> | <p>Recognise as an expense when incurred in accordance with SB-FRS 38.65–.70</p> |
|--|--|

(a) All expenditure on developing a web site solely or primarily for promoting and advertising an entity's own products and services is recognised as an expense when incurred in accordance with SB-FRS 38.68.