

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 NZ IAS 38 - *Intangible Assets*; and
 - The appropriate accounting treatment of such expenditure.
- NZ 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 NZ IAS 38.
- Any internal expenditure on the development and operation of an entity’s own web site is accounted for in accordance with NZ 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 NZ SIC 32).
- Costs incurred are only capitalised if the criteria in NZ IAS 38.57 are met in full.
- The best estimate of a website’s useful life is short.

TIER 2 NZ IFRS RDR REPORTERS

NZ IFRS RDR Reporters are required to comply with NZ SIC 32 in full.