▼B

7. The disclosures required in accordance with paragraph 6 of this interpretation should be provided individually for each service concession arrangement or in aggregate for each class of service concession arrangements. A class is a grouping of service concession arrangements involving services of a similar nature (e.g. toll collections, telecommunications and water treatment services).

Date of consensus: May 2001.

Effective date: this interpretation becomes effective on 31 December 2001.

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STANDING INTERPRETATIONS COMMITTEE INTERPRETATION SIC-31

Revenue — barter transactions involving advertising services

Paragraph 11 of IAS 1 (revised 1997), presentation of financial statements, requires that financial statements should not be described as complying with International Accounting Standards unless they comply with all the requirements of each applicable standard and each applicable interpretation issued by the Standing Interpretations Committee. SIC interpretations are not expected to apply to immaterial items.

Reference: IAS 18, revenue (revised 1993).

Issue

1. An enterprise (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 enterprises. 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 IAS 18 from a barter transaction involving advertising when, amongst other criteria, the services exchanged are dissimilar (IAS 18.12) and the amount of revenue can be measured reliably (IAS 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 IAS 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

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 (e.g. 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.

Date of consensus: May 2001.

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Effective date: this interpretation becomes effective on 31 December 2001. Changes in accounting policies should be accounted for according to the transition requirements of IAS 8.46.

STANDING INTERPRETATIONS COMMITTEE INTERPRETATION SIC-32

Intangible assets — web site costs

Paragraph 11 of IAS 1 (revised 1997), presentation of financial statements, requires that financial statements should not be described as complying with International Accounting Standards unless they comply with all the requirements of each applicable standard and each applicable interpretation issued by the Standing Interpretations Committee. SIC interpretations are not expected to apply to immaterial items.

Reference: IAS 38, intangible assets.

Issue

1. An enterprise may incur internal expenditure on the development and operation of its own web site for internal or external access. A web site designed for external access may be used for various purposes such as to promote and advertise an enterprise's own products and services, provide electronic services, and sell products and services. A web site designed for internal access may be used to store company policies and customer details, and search relevant information.

2. The stages of a web site's development can be described as follows:

   (a) planning — includes undertaking feasibility studies, defining objectives and specifications, evaluating alternatives and selecting preferences;

   (b) application and infrastructure development — includes obtaining a domain name, purchasing and developing hardware and operating software, installing developed applications and stress testing;

   (c) graphical design development — includes designing the appearance of web pages;

   (d) content development — includes creating, purchasing, preparing and uploading information, either textual or graphical in nature, on the web site before the completion of the web site's development. This information may either be stored in separate databases that are integrated into (or accessed from) the web site or coded directly into the web pages.

3. Once development of a web site has been completed, the operating stage begins. During this stage, an enterprise maintains and enhances the applications, infrastructure, graphical design and content of the web site.

4. When accounting for internal expenditure on the development and operation of an enterprise's own web site for internal or external access, the issues are:

   (a) whether the web site is an internally generated intangible asset that is subject to the requirements of IAS 38; and

   (b) the appropriate accounting treatment of such expenditure.

5. This interpretation does not apply to expenditure on purchasing, developing, and operating hardware (e.g. web servers, staging servers, production servers and Internet connections) of a web site. Such expenditure is accounted for under IAS 16, property, plant and equipment (revised 1998). Additionally, when an enterprise incurs expenditure on an Internet service provider hosting the enterprise's web site, the expenditure is recognised as an expense under IAS 8.7 and the framework when the services are received.

6. IAS 38 does not apply to intangible assets held by an enterprise for sale in the ordinary course of business (see IAS 2, inventories, and IAS 11, construction contracts) or leases that fall within the scope of IAS 17, leases (revised 1997). Accordingly, this interpretation does not apply to expenditure on the development or operation of a web site (or web site software) for sale to another enterprise. When a web site is leased under an operating lease, the lessor applies this interpretation. When a web site