# Appendix 1 – Example: project cost allocations

The following items are not exhaustive and assume that requirements to capitalise the project are met. Paragraphs 51-67 of [AASB 138](https://aasb.gov.au/pronouncements/accounting-standards/) and paragraphs 16-22A of [AASB 116](https://aasb.gov.au/pronouncements/accounting-standards/) provide further guidance on capitalisation of costs.

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| Item | Expense  | Software – Capitalise (AASB 138) | Plant & Equipment – Capitalise (AASB 116) |
| Research phase |  |  |  |
| User testing of existing software to inform a business case | **✓** |  |  |
| Consultant fees | **✓** |  |  |
| Staff costs | **✓** |  |  |
| Development phase |  |  |  |
| Off-the-shelf systems (excluding SAAS arrangements which are service contracts in substance)  |  | **✓** |  |
| Consultant fees – design & construction |  | **✓** |  |
| Depreciation of software licences & computers – specifically required to develop or test the asset |  | **✓** |  |
| Equipment - other (printers, PCs, etc) |  |  | **✓** |
| Data migration costs – test data used for system testing |  | **✓** |  |
| Data migration costs – outside of system testing | **✓** |  |  |
| Project manager costs – planning data migration and/or training | **✓** |  |  |
| Staff costs (including project managers) – development &/or testing |  | **✓** |  |
| Contractor & supplier costs – development &/or testing |  | **✓** |  |
| Staff costs (including project managers) – not directly related to the project (e.g. attending training) | **✓** |  |  |
| Administration costs – not directly related to development | **✓** |  |  |
| Project governance committees | **✓** |  |  |
| Stakeholder meetings | **✓** |  |  |
| Initial pilot system to test feasibility prior to developing the final system to be capable of being used by the entity |  | **✓** |  |
| Inefficiencies in development (e.g. if an entity develops a system to provide xyz functionality, but subsequently decides to abandon the work on z, the costs related to z could not be capitalised) | **✓** |  |  |
| Implementation phase |  |  |  |
| Replacement of computer terminals |  |  | **✓** |
| Training – staff costs | **✓** |  |  |
| Advertising and promotional costs | **✓** |  |  |
| Manuals (including their development at any phase) | **✓** |  |  |
| Post-implementation reviews | **✓** |  |  |