

IAS 38 *Intangible Assets* (November 2006)

Classification and accounting for SIM cards

The IFRIC received a request for an Interpretation as to whether a mobile phone operator should account for a Subscriber Identity Module (or ‘SIM card’) as an intangible asset in accordance with IAS 38 or as inventory in accordance with IAS 2.

The IFRIC noted that the accounting for SIM cards before their delivery to customers or after connecting these customers to the network using such SIM cards was unlikely to be of practical or widespread relevance as the amounts involved were unlikely to be significant.

The IFRIC also noted that the accounting for SIM cards that had been delivered to customers is part of the question of which costs incurred by a mobile phone operator entering into a contract with a customer qualify for recognition as subscriber acquisition costs. The IFRIC had previously considered the treatment of subscriber acquisition costs in the telecommunications industry and, in March 2006, declined to take the issue onto its agenda.

The IFRIC therefore considered that the question of how SIM cards should be accounted for was a part of the issue that it had declined to take onto its agenda in March 2006. The IFRIC reaffirmed its March 2006 decision that the issue should not be taken onto its agenda