

**SIC Interpretation 10**

# Government Assistance—No Specific Relation to Operating Activities

*This version includes amendments resulting from IFRSs issued up to 31 December 2009.*

SIC-10 *Government Assistance—No Specific Relation to Operating Activities* was developed by the Standing Interpretations Committee and issued in July 1998.

In April 2001 the International Accounting Standards Board resolved that all Standards and Interpretations issued under previous Constitutions continued to be applicable unless and until they were amended or withdrawn.

SIC-10 has been amended by IAS 1 *Presentation of Financial Statements* (as revised in September 2007).\*

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\* effective date 1 January 2009

SIC-10

SIC Interpretation 10 *Government Assistance—No Specific Relation to Operating Activities* (SIC-10) is set out in paragraph 3. SIC-10 is accompanied by a Basis for Conclusions. The scope and authority of Interpretations are set out in paragraphs 2 and 7-17 of the *Preface to International Financial Reporting Standards*.

FOR THE BASIS FOR CONCLUSIONS ON SIC-10 SEE PART B OF THIS EDITION

## **SIC Interpretation 10**

### **Government Assistance—No Specific Relation to Operating Activities**

#### **References**

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- IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*
- IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*

#### **Issue**

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- 1 In some countries government assistance to entities may be aimed at encouragement or long-term support of business activities either in certain regions or industry sectors. Conditions to receive such assistance may not be specifically related to the operating activities of the entity. Examples of such assistance are transfers of resources by governments to entities which:
  - (a) operate in a particular industry;
  - (b) continue operating in recently privatised industries; or
  - (c) start or continue to run their business in underdeveloped areas.
- 2 The issue is whether such government assistance is a 'government grant' within the scope of IAS 20 and, therefore, should be accounted for in accordance with this Standard.

#### **Consensus**

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- 3 Government assistance to entities meets the definition of government grants in IAS 20, even if there are no conditions specifically relating to the operating activities of the entity other than the requirement to operate in certain regions or industry sectors. Such grants shall therefore not be credited directly to shareholders' interests.

#### **Date of consensus**

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January 1998

#### **Effective date**

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This Interpretation becomes effective on 1 August 1998. Changes in accounting policies shall be accounted for in accordance with IAS 8.