

IFRS AT A GLANCE

*SIC-10 Government Assistance: No
Specific Relation to Operating Activities*



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Effective Date
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ISSUE

- 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:
 - Operate in a particular industry
 - Continue operating in recently privatised industries
 - Start or continue to run their business in underdeveloped areas.
- The issue is whether such government assistance is a 'government grant' within the scope of IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* and, therefore, should be accounted for in accordance therewith.

CONSENSUS

- 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 are therefore not credited directly to shareholders' interests and are thus required to be recognised in profit or loss.

For further information about how BDO can assist you and your organisation, please get in touch with one of our key contacts listed below. Alternatively, please visit [www.bdointernational.com/Services/Audit/IFRS/IFRS Country Leaders](http://www.bdointernational.com/Services/Audit/IFRS/IFRS_Country_Leaders) where you can find full lists of regional and country contacts.

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