New Zealand Equivalent to SIC Interpretation 10

Government Assistance—No Specific Relation to Operating Activities (NZ SIC-10)

Issued November 2004 and incorporates amendments up to December 2009

This Interpretation was issued by the Financial Reporting Standards Board of the New Zealand Institute of Chartered Accountants* and approved by the Accounting Standards Review Board in November 2004 under the Financial Reporting Act 1993. This Interpretation is a regulation for the purpose of the Regulations (Disallowance) Act 1989.

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NZ SIC-10

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New Zealand Equivalent to SIC Interpretation 10 *Government Assistance–No Specific Relation to Operating Activities* (NZ SIC-10) is set out in paragraph 3.

NZ SIC-10 should be read in the context of the Basis for Conclusions on SIC-10. The scope and authority of Interpretations are set out in paragraphs 2 and 7–17 of the *Preface to International Financial Reporting Standards* and paragraph 13 of the New Zealand *Preface.*

Differential Reporting

Qualifying entities must comply with all the provisions in NZ SIC-10.

HISTORY OF AMENDMENTS

Table of Pronouncements – NZ SIC-10 *Government Assistance – No Specific Relation to Operating Activities*

This table lists the pronouncements establishing and amending NZ SIC-10. The table is based on amendments approved as at 31 December 2009.

Pronouncements	**Date approved (ASRB approval)**	**Early operative date**	**Effective date (annual reporting periods… on or after …)**
NZ SIC-10 *Government Assistance – No Specific Relation to Operating Activities*	Nov 2004 (Approval 38)	1 Jan 2005	1 Jan 2007
NZ IAS 1 *Presentation of Financial Statements* (revised 2007)	Nov 2007 (Approval 94)	Early application permitted	1 Jan 2009

Table of Amended Paragraphs in NZ SIC-10		
Paragraph affected	**How affected**	**By … [date]**
Paragraph 3	Terminology changed	NZ IAS 1 [Nov 2007]

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References

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

Issue

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 NZ IAS 20 and, therefore, should be accounted for in accordance with this Standard.

Consensus

3 Government assistance to entities meets the definition of government grants in NZ 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.

Basis for Conclusions on SIC-10

4 [Paragraph 4 does not form part of NZ SIC-10.]

Effective Date

This Interpretation becomes operative for an entity's financial statements that cover annual accounting periods beginning on or after 1 January 2007. Early adoption of this Interpretation is permitted only when an entity complies with NZ IFRS 1 *First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards* for an annual accounting period beginning on or after 1 January 2005.

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