

NZ SIC-10 (Diff Rep)



NZ SIC Interpretation 10 (Diff Rep)

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

Issued November 2012

This Interpretation was issued by the New Zealand Accounting Standards Board of the External Reporting pursuant to section 24(1)(a) of the Financial Reporting Act 1993.

This Interpretation is a Regulation for the purposes of the Regulations (Disallowance) Act 1989.

As at 1 December 2012, the requirements in this Interpretation are identical to the requirements in NZ SIC-10 *Government Assistance—No Specific Relation to Operating Activities* as applied by qualifying entities. Versions of NZ SIC-10 applied by qualifying entities prior to adoption of this Interpretation are available in the Archived Standards page of the External Reporting Board (XRB) website at xrb.govt.nz

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ISBN 978-1-927238-04-2

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NZ SIC Interpretation 10 (Diff Rep) *Government Assistance—No Specific Relation to Operating Activities* (NZ SIC-10 (Diff Rep)) is set out in paragraph 3.

NZ SIC-10 (Diff Rep) should be read in the context of the Basis for Conclusions on SIC-10.

Differential Reporting

Qualifying entities must comply with all the provisions in NZ SIC-10 (Diff Rep).

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HISTORY OF AMENDMENTS

Table of Pronouncements – NZ SIC-10 (Diff Rep) *Government Assistance—No Specific Relation to Operating Activities*

This table lists the pronouncement establishing NZ SIC-10 (Diff Rep).

Pronouncements	Date approved	Early operative date	Effective date (annual reporting periods... on or after ...)
NZ SIC-10 (Diff Rep) <i>Government Assistance—No Specific Relation to Operating Activities</i>	Nov 2012	Early application permitted	1 Dec 2012

The following tables list the pronouncements establishing and substantially amending NZ SIC-10 as applied by qualifying entities prior to the issue of this Interpretation as NZ SIC-10 (Diff Rep).

Pronouncements	Date approved	Early operative date	Effective date (annual reporting periods... on or after ...)
NZ SIC-10 <i>Government Assistance—No Specific Relation to Operating Activities</i>	Nov 2004	1 Jan 2005	1 Jan 2007
NZ IAS 1 <i>Presentation of Financial Statements</i> (revised 2007)	Nov 2007	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 (Diff Rep) *Accounting Policies, Changes in Accounting Estimates and Errors*
- NZ IAS 20 (Diff Rep) *Accounting for Government Grants and Disclosure of Government Assistance*

NZ SIC-10 (Diff Rep) is identical to NZ SIC-10 applied by qualifying entities prior to the issuance of NZ SIC-10 (Diff Rep). That is, there is no change to the recognition, measurement, presentation and disclosure requirements of NZ SIC-10 on adoption of this Interpretation.

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 (Diff Rep) 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 (Diff Rep), even if there are no conditions specifically relating to the operating activities of the entity other than the requirement to operate in certain

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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 (Diff Rep).]

Effective Date

A Tier 3 for-profit entity shall apply this Interpretation for annual periods beginning on or after 1 December 2012. Early application is permitted. This Interpretation replaces NZ SIC-10 as applied by qualifying entities prior to the issuance of this Interpretation. There are no changes to the requirements of NZ SIC-10 as it applied to qualifying entities.