

## Government assistance - no specific relation to operating activities

### REFERENCE

- IAS 8 Accounting policies, changes in accounting estimates and errors  
IAS 20 Accounting for government grants and disclosure of government assistance

### ISSUE

Government assistance for entities may be aimed at various objectives, including:

- encouragement or long-term support of business activities;
- support for certain regions;
- support for certain industry sectors.

Conditions for eligibility for assistance are not necessarily related to the operating activities of the entity. Some assistance may involve transfers of public resources to entities that:

- operate in a specific industry;
- operate an activity in a recently privatized industry; or
- are beginning or continuing to run their business activities in underdeveloped areas.

The key issue is whether such government assistance is a “government grant” within the scope of IAS 20, and so should be accounted for as such.

### POSITION ADOPTED

Even if the only condition required of the company is for it to operate in certain industry sectors or regions, grants for government assistance – should be treated in accordance with IAS 20, and should not be recognized directly in equity.