
**INTERPRETATION OF
FINANCIAL
REPORTING STANDARD**

INT FRS 10

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

This Interpretation is applicable for annual reporting period beginning on
1 January 2023.

INT FRS 10

Interpretation of Financial Reporting Standard 10 *Government Assistance—No Specific Relation to Operating Activities* (INT FRS 10) is set out in paragraph 3. The scope and authority of Interpretations are set out in the *Preface to Financial Reporting Standards*.

Interpretation of Financial Reporting Standard 10 Government Assistance—No Specific Relation to Operating Activities

References

- FRS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*
- FRS 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 FRS 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 FRS 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.

Effective date

This Interpretation becomes effective on 1 February 2003. Changes in accounting policies shall be accounted for in accordance with FRS 8.