

***AASB 120 Accounting for Government Grants and Disclosure of Government Assistance and IFRS for SMEs Section 24 Government Grants***

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**1. Executive Summary**

**Main differences in recognition, measurement or presentation requirements**

The *IFRS for SMEs* does not provide the same range of recognition and measurement accounting policy choices as AASB 120.

The *IFRS for SMEs* requires a single, simplified method of accounting for all government grants based on recognising income when performance conditions are met.

**Disclosure proposals**

It is proposed to not add the guidance in paragraph 24.7 of the *IFRS for SMEs* to the RDR.

## 2. Analysis of disclosure requirements

Text in AASB 120 <i>Accounting for Government Grants and Disclosure of Government Assistance</i>	Text in <i>IFRS for SMEs</i> Section 24 <i>Government Grants</i>	Comment
<p><b>Disclosure</b></p> <p><b>39. The following matters shall be disclosed:</b></p> <p>(a) <b>the accounting policy adopted for government grants, including the methods of presentation adopted in the financial statements;</b></p> <p>(b) <b>the nature and extent of government grants recognised in the financial statements and an indication of other forms of government assistance from which the entity has directly benefited; and</b></p> <p>(c) <b>unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.</b></p>	<p><b>Disclosures</b></p> <p>24.6 An entity shall disclose the following about government grants:</p> <p>(a) the nature and amounts of government grants recognised in the financial statements.</p> <p>(b) unfulfilled conditions and other contingencies attaching to government grants that have not been recognised in income.</p> <p>(c) an indication of other forms of government assistance from which the entity has directly benefited.</p> <p>24.7 For the purpose of the disclosure required by paragraph 24.6(c), government assistance is action by government designed to provide an economic benefit specific to an entity or range of entities qualifying under specified criteria. Examples include free technical or marketing advice, the provision of guarantees, and loans at nil or low interest rates.</p>	<p>Paragraph 39(a) of AASB 120 has no equivalent in the <i>IFRS for SMEs</i>. Because paragraph 39(a) requires useful information about the entity's accounting policy choices (as referred to in paragraph IN6(d) of this Appendix), it should be retained in the RDR.</p> <p>Paragraph 24.6 of the <i>IFRS for SMEs</i> re-orders the disclosure requirements in AASB 120 paragraphs 39(b) and 39(c), without significantly improving the clarity of those requirements. Based on paragraph IN2 of this Appendix, paragraphs 39(b) and 39(c) should be retained.</p> <p>Paragraph 24.7 of Section 24 of the <i>IFRS for SMEs</i> is additional to the disclosure section in AASB 120, but largely repeats guidance in the body of AASB 120. Therefore, paragraph 24.7 should not be added to the RDR.</p>

**3. AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*: Text of Proposed Disclosures**

The following are the disclosure requirements of AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*. It is proposed that they be retained without amendment in the RDR.

**Disclosure**

**39. The following matters shall be disclosed:**

- (a) the accounting policy adopted for government grants, including the methods of presentation adopted in the financial statements;**
- (b) the nature and extent of government grants recognised in the financial statements and an indication of other forms of government assistance from which the entity has directly benefited; and**
- (c) unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.**