

## IASB® meeting

Date **April 2024**

Project **Provisions—Targeted Improvements**

Topic **Indicative drafting—decision tree**

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## **Indicative drafting for decision tree to accompany IAS 37 *Provisions, Contingent Liabilities and Contingent Assets***

We suggest:

- deleting the decision tree currently in Section B of the Guidance on Implementing IAS 37; and
- replacing it with the more comprehensive 3-part decision tree set out below.

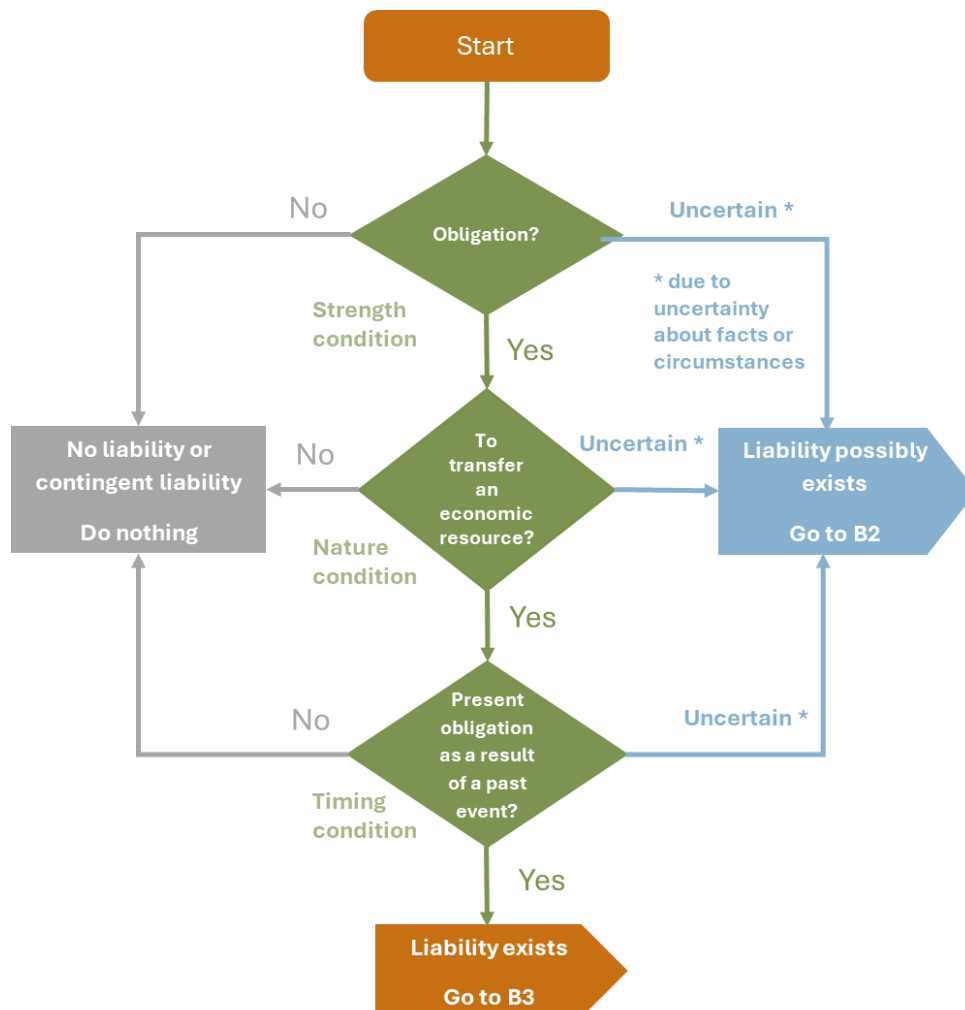
This paper contains no questions for the IASB—it is for reference only.

**Guidance on Implementing IAS 37**

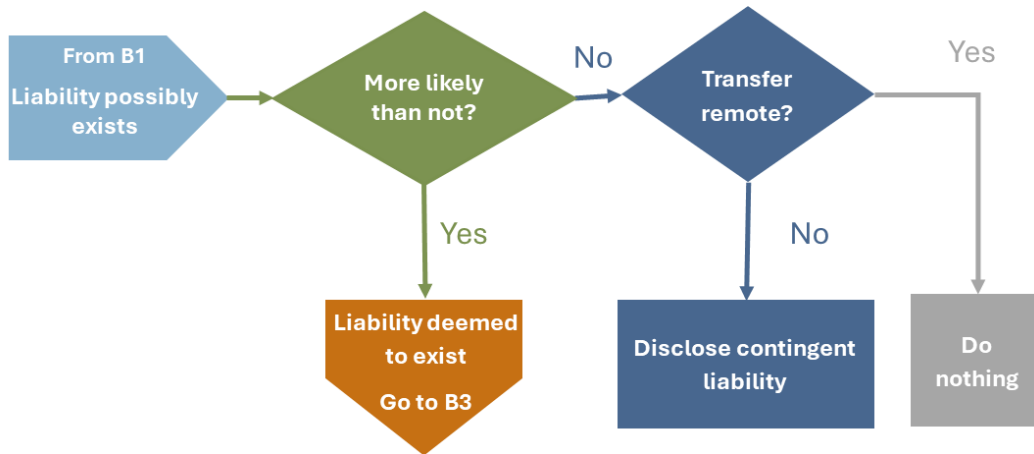
**B Decision tree**

This 3-part decision tree summarises the process of applying the recognition criteria in paragraphs 14–26 of IAS 37.

**B1 Recognition criterion 1—The entity has a present obligation to transfer an economic resource as a result of a past event—a liability exists (paragraphs 14(a) and 14A–22)**



**B2 Additional decisions needed if it is possible but not certain that a liability exists (paragraphs 22A–22B)**



**B3 Recognition criteria 2 and 3—transfer probable and reliable estimate (paragraphs 14(b), 14(c) and 23–26)**

