
Accounting Standards Advisory Forum meeting

Date	July 2024
Project	Provisions—Targeted Improvements
Topic	Indicative drafting—decision tree
Contacts	Jingyi Ding, Technical Staff (jingyi.ding@ifrs.org) Joan Brown, Technical Staff (jbrown@ifrs.org)

This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (IASB). This paper does not represent the views of the IASB or any individual IASB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS[®] Accounting Standards. The IASB's technical decisions are made in public and are reported in the IASB[®] *Update*.

Accounting Standards Advisory Forum, July 2024, Agenda paper 3F

This paper was discussed at the International Accounting Standards Board's (IASB's) April 2024 meeting as [Agenda Paper 22F](#).

**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.

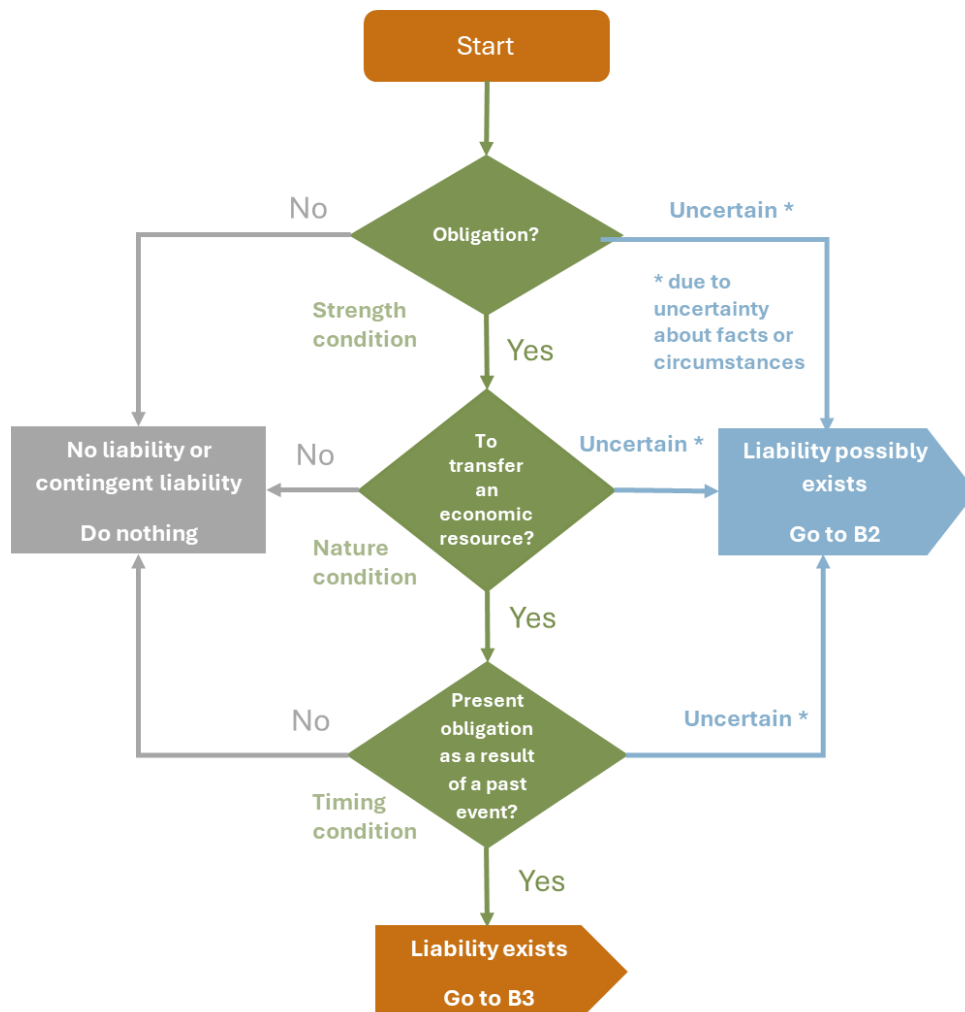
This paper contains no questions for the IASB—it is for reference only.

Guidance on Implementing IAS 37

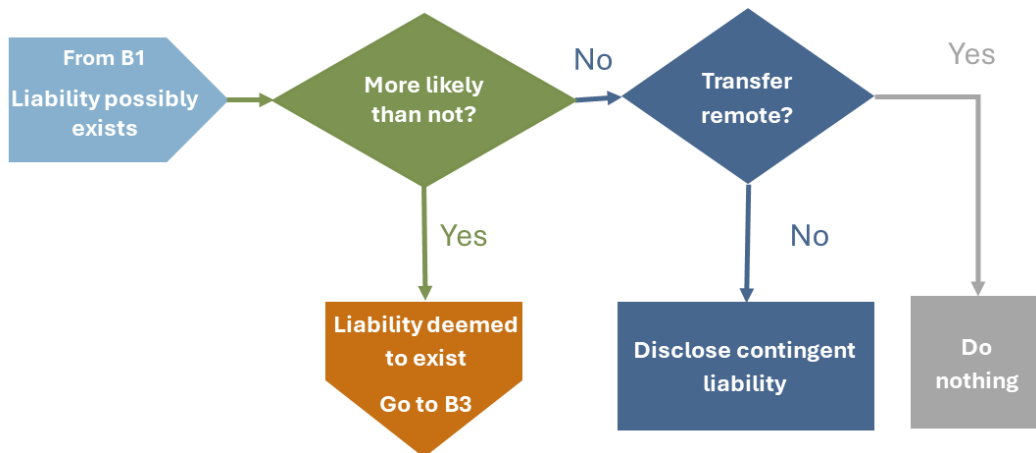
B Decision tree

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)

