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)
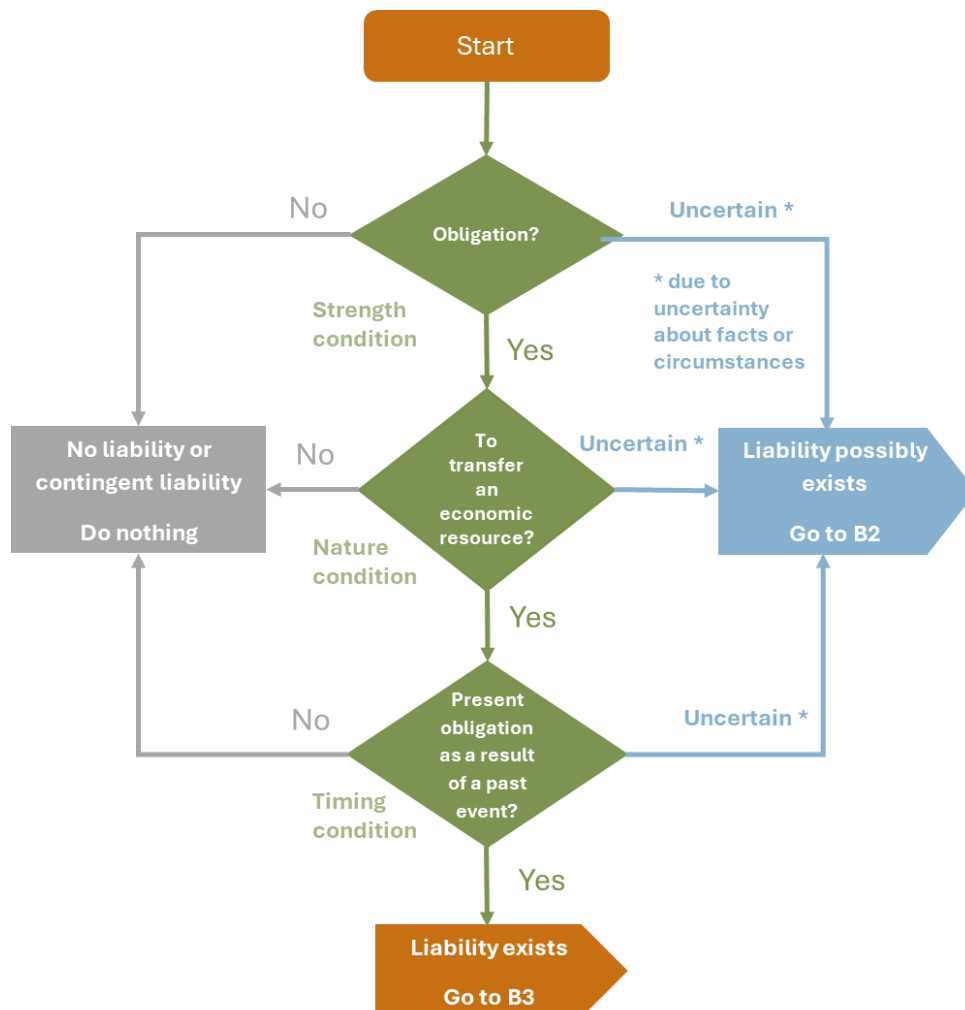
B2   Additional decisions needed if it is possible but not certain that a liability exists (paragraphs 22A–22B)
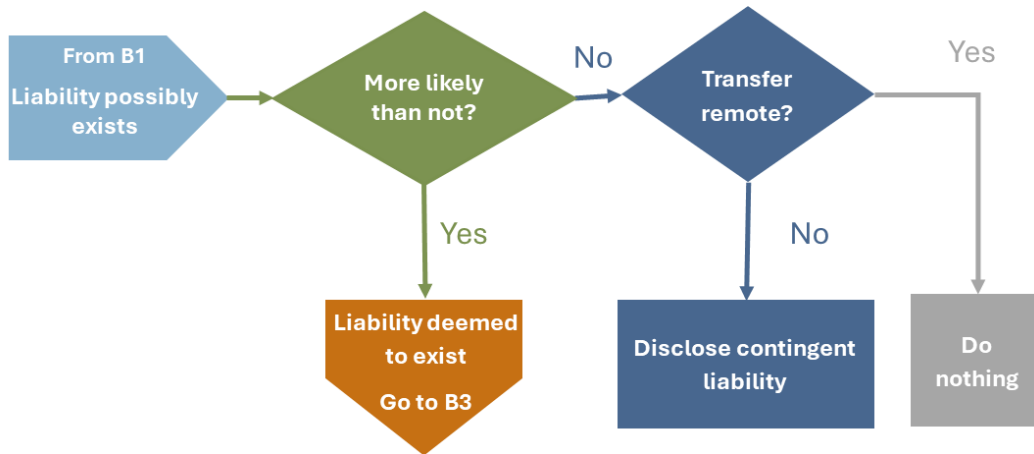
B3   Recognition criteria 2 and 3—transfer probable and reliable estimate (paragraphs 14(b), 14(c) and 23–26)