
IASB® meeting

Date	July 2023
Project	Provisions—Targeted Improvements
Topic	Cover note
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Purpose of this session

1. The IASB is developing proposals for three targeted improvements to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.
2. At this meeting, the IASB will discuss two of the possible improvements.

Papers for this meeting

Agenda Paper 22A Provisions—Targeted Improvements—Discount rates—stakeholder feedback

3. In this session, the IASB will discuss stakeholder feedback on discount rates for provisions within the scope of IAS 37—specifically, feedback on whether the risks reflected in the rate should include non-performance risk.
4. Agenda Paper 22A includes:
 - (a) a summary of feedback from users and preparers of financial statements and from national standard-setters;

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- (b) a staff analysis of the implications of the stakeholder feedback—
identifying four options for possible amendments to IAS 37; and
 - (c) staff suggestions for next steps.
5. IASB members will be asked to comment on the stakeholder feedback and the four options and next steps suggested by the staff. The IASB will not be asked to make any decisions.

Agenda Paper 22B Provisions—Targeted Improvements—Costs to include in measuring a provision

6. IAS 37 requires an entity to measure a provision at the best estimate of the expenditure required to settle its present obligation.
7. Agenda Paper 22B discusses whether IAS 37 should specify the types of costs to include in estimating that expenditure.
8. The staff recommend that the IASB propose to specify in IAS 37 that:
- (a) the expenditure required to settle an obligation comprises the costs that relate directly to settling the obligation; and
 - (b) the costs that relate directly to settling an obligation consist of both:
 - (i) the incremental costs of settling the obligation; and
 - (ii) an allocation of other costs that relate directly to settling obligations of that type.