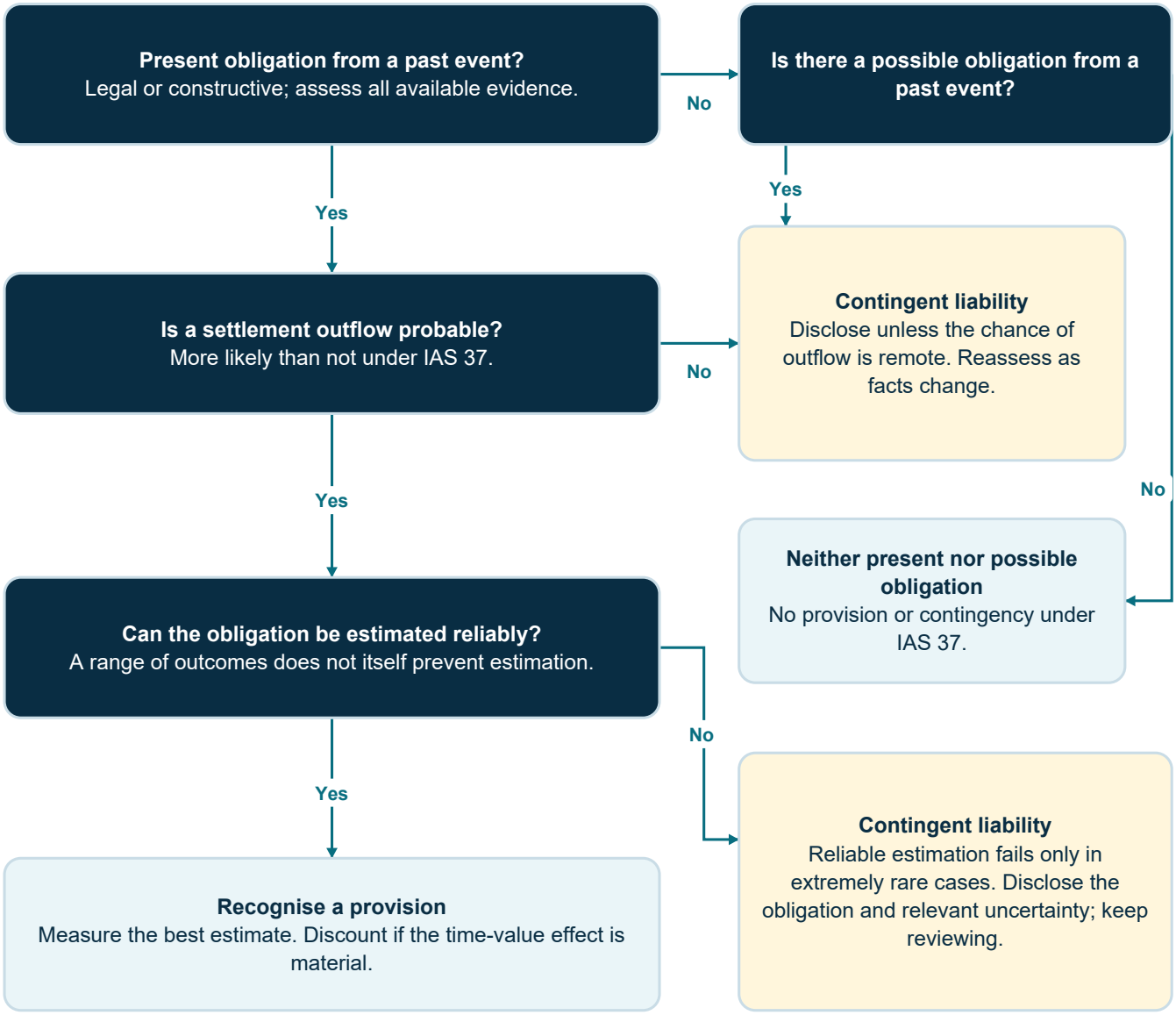
Provision, contingency or neither?

MODULE 3 / APPLY IAS 37 AFTER CHECKING SCOPE

A provision has uncertain timing or amount. A budget, intention or future operating loss is not enough. First apply another standard if it specifically covers the item.



Class-level probability: assess a population of similar obligations, such as assurance warranties, as a whole. A low claim probability for one item does not prevent a provision for the class.

Constructive obligation: conduct, policies or a sufficiently specific statement must create a valid expectation in others. A private management intention does not do that.

Historical accounting context: October 2022. Independent Accounting Ahead design and examples. AASB 137, December 2021, paragraphs 1-5, 10, 14-30, 36-47 and 86.