# EXPERT ADVISORY COMMITTEE OPINION IN AS – 1

**Loans not repaid on due date {i.e., Interest provided up to due date of repayment but not for the period thereafter, since the company feels that there is no legal obligation}**

***EAC OPINION:***

- According to Prudence Concept, Provision should be made for all known liabilities & losses even if amount cannot be determined with certainty.
- Since principal is unpaid, the company has an obligation to pay overdue interest.
- Non-Provision of overdue interest liability violates prudence & accrual concepts.