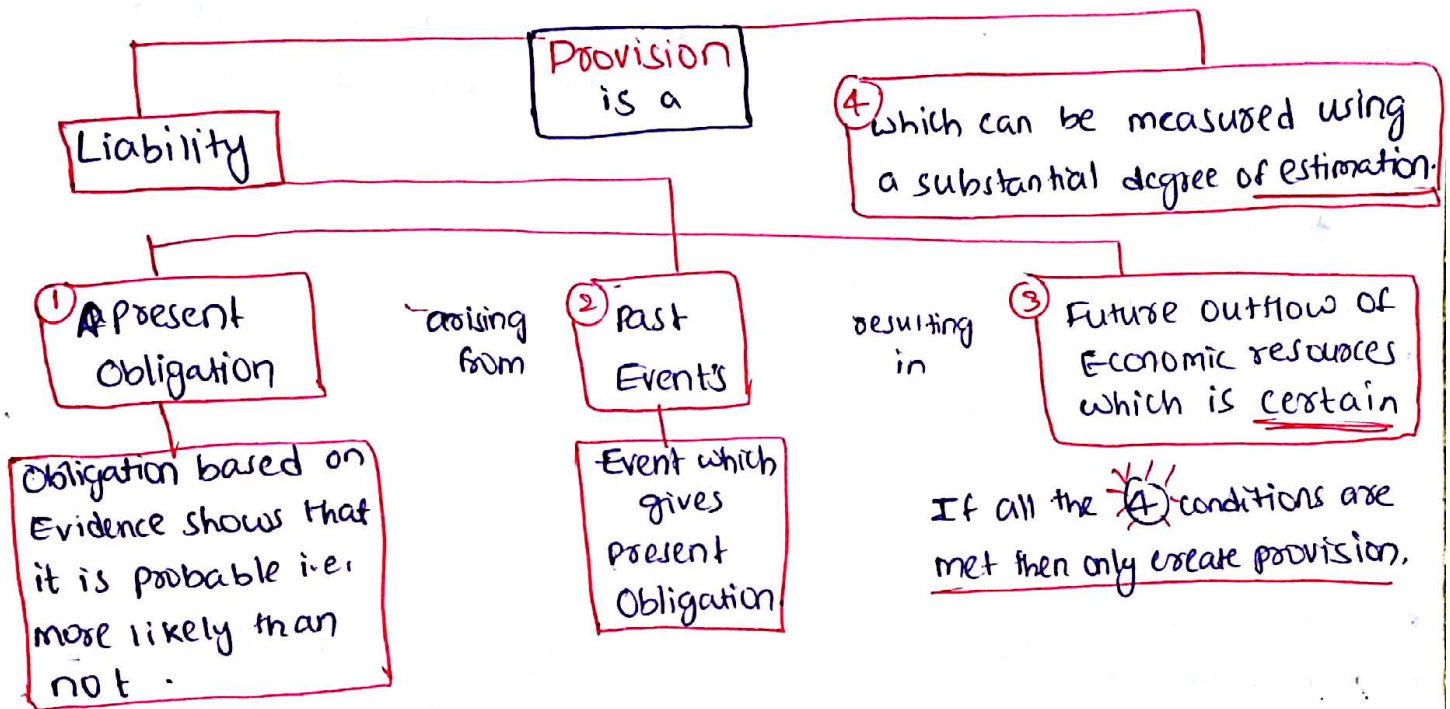


AS 29: Provisions, Contingent Liabilities and contingent Assets.

Should be applied in accounting for Prov, Cont Liab, Cont Asset except:

- X (i) Those resulting from financial instruments that are carried @ FV
- X (ii) Those " " Executory contracts.
- X (iii) Those arising in Ins. entp. from contracts with policy Holders
- X (iv) Those covered by another AS (AS 7, AS 9, AS 15, AS 19)



Special points:

1. **Amendment**: Provision should be discounted - (ie. apply PV factor).
2. It should be recorded as before tax i.e., Gross but not Net.
3. Effect of Risk & uncertainty should be considered in measurement of provision (eg: if only 70% risk, the create prov. for ~~100%~~ 70% only)
4. If there is any reimbursement right, then it shall not be Deducted against provision.
5. It should appear as a separate item in Liabilities side of B/S.

Contingent Liability

* A possible obligation that arises from past events and existence of which will be confirmed only by the occurrence (or) non-occurrence of one (or) more uncertain future events not wholly within the control of the enterprise.

* It is not recognised because:

i) It is not probable that an outflow of resources.

ii) A reliable estimate of the obligation cannot be made.

* Entp. should not recognise CL but, Disclosed by way of FOOTNOTE in BIs.

Contingent Asset

* A possible Asset -----
----- do -----

* It should not be recognised

* It should not be Disclosed

* Generally disclosed in "Director's Report".

Disclosure - Requirements :

For each class prov. at the BIs date

- A brief description of the Nature of the obligation and the expected timing of any resulting outflows of Economic benefits.
- carrying amount at the beginning and end of the period.
- Add. prov made in the period, including increase to existing prov.
- Amount used (i.e., incurred & charged against the prov) during period
- Unused amounts reversed during the period

For each class of Contingent Liability at the BIs date

(a) Brief description of Nature of CL, and wherever practicable:

- An estimate of its financial effect.
- An indication of the uncertainties relating to any outflow
- The possibility of any reimbursement.

For each class of Contingent Asset



NO Disclosure.