

## FINANCIAL REPORTING OF PROVISIONS UNDER IAS 37 – CROSS COUNTRY STUDY

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### **Abstract:**

International Financial Reporting Standards prescribe the accounting and disclosure for liabilities. IAS 37 - Provisions, Contingent Liabilities and Contingent Assets sets out recognition criteria, measurement bases and presentation rules that should be applied to provisions, contingent liabilities and contingent assets to enable users of financial statements to understand their nature, timing and amount. In this research we examine disclosure information for provisions presented in financial statements of companies listed on British, German and Polish stock exchange, prepared under IFRSs. We seek to answer the following questions. Do companies provide obligatory information about amounts of provisions at the beginning and end of the accounting period, additional provisions made in the period, provisions used and reversed during the period? Do companies provide adequate descriptions of the nature of the obligation and the expected timing of resulting outflows of economic benefits? Are the uncertainties about the amount or timing of those outflows clearly indicated? Do presentation practices vary between entities on the same capital market? Are there any substantial cross-country differences in disclosure practices in the area of provisions? If those differences exist – what may be the reasons and consequences of different presentation procedures used by companies in selected countries?

*Keywords: financial reporting, liabilities, provisions, IAS 37, cross-country differences in disclosure practices.*