Provisions & Contingencies

Accounting & Finance

When an uncertain future cost belongs in the accounts.

Recognition by likelihood.

Likelihood	Obligation	Contingent asset
Virtually certain	Provide	Recognise
Probable (>50%)	Provide	Disclose
Possible	Disclose	Ignore
Remote	Ignore	Ignore

The asymmetry is deliberate: prudence means recognising likely losses earlier than likely gains.