

## Contingencies, Section 3290

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### Contingent losses

- .18 *The existence of a contingent loss at the date of the financial statements shall be disclosed in notes to the financial statements when:*
- (a) *the occurrence of the confirming future event is likely but the amount of the loss cannot be reasonably estimated;*
  - (b) *the occurrence of the confirming future event is likely and an accrual has been made but there exists an exposure to loss in excess of the amount accrued; or*
  - (c) *the occurrence of the confirming future event is not determinable.*
- .19 *At a minimum, the note disclosure shall include:*
- (a) *the nature of the contingency;*
  - (b) *an estimate of the amount of the contingent loss or a statement that such an estimate cannot be made; and*
  - (c) *any exposure to loss in excess of the amount accrued.*
- .20 Users of financial statements shall be advised of conditions or situations existing at the end of a reporting period when management considers that the probability of realization of a loss or incurrence of a liability is likely or not determinable. Such information would be important in evaluating the future prospects of an enterprise.
- .21 Disclosures about guarantees are provided in accordance with ACCOUNTING GUIDELINE AcG-14, Disclosure of Guarantees.

### Contingent gains

- .22 *When it is likely that a future event will confirm that an asset had been acquired or a liability reduced at the date of the financial statements, the existence of a contingent gain shall be disclosed in notes to the financial statements.*
- .23 *At a minimum, the note disclosure shall include:*
- (a) *the nature of the contingency; and*
  - (b) *an estimate of the amount of the contingent gain or a statement that such an estimate cannot be made.*
- .24 Disclosure of the existence of a contingent gain that is considered likely to be realized provides useful information and, therefore, would be included in a note to the financial statements. However, it is necessary to exercise particular care in the disclosure of contingent gains to avoid a misleading implication as to the likelihood of realization. It would not be appropriate to disclose the existence of a contingent gain that is unlikely to be realized.
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