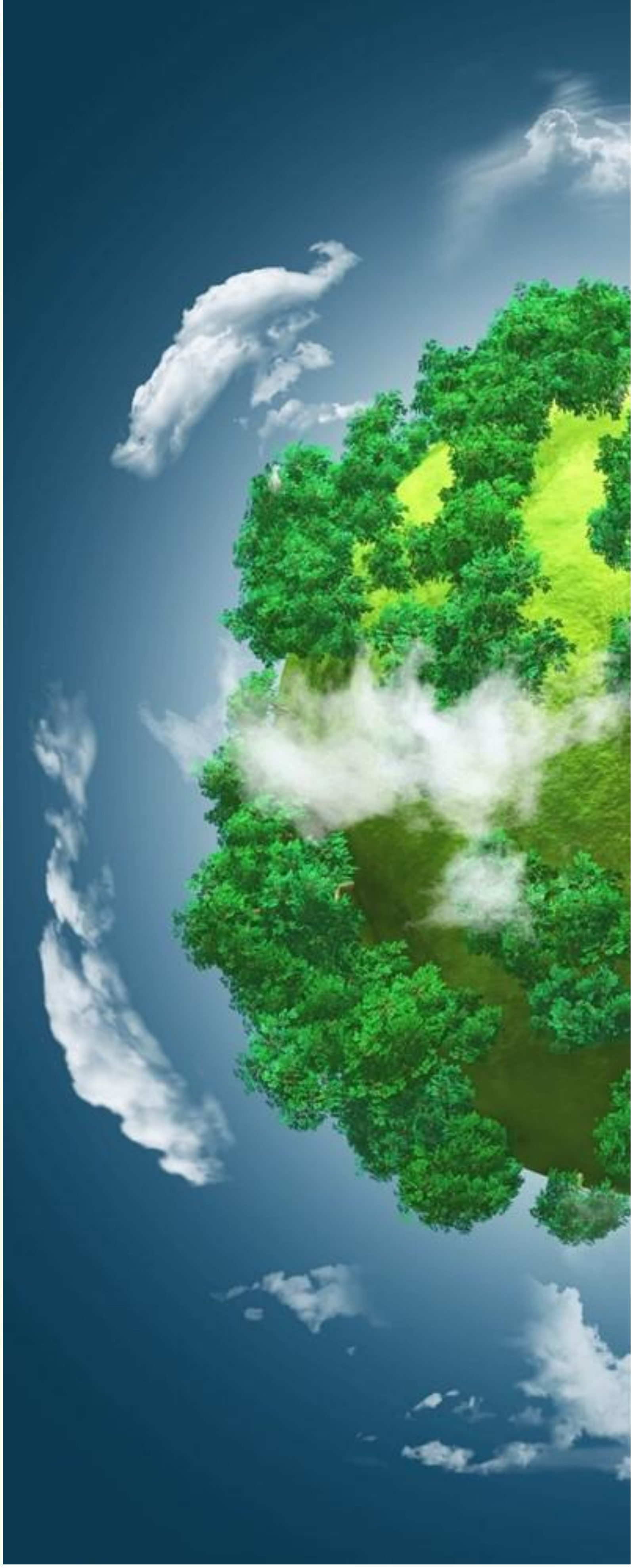
#DIFFERENCE MAKERS

Financial Reporting

Educational Material on illustrative examples on reporting uncertainties in the financial statements

July 2026



CA(SA) AGA(SA) AT(SA) SAICA

DIFFERENCE MAKERS™

Background

The IFRS Foundation has issued "Disclosures about Uncertainties in the Financial Statements," addressing practical application concerns of the disclosure requirements in existing IFRS ® Accounting Standards.

The illustrative examples were developed by the International Accounting Standards Board (IASB) in collaboration with the International Sustainability Standards Board (ISSB) to address feedback from stakeholders about insufficient information around uncertainties, particularly climate-related uncertainties. Uncertainty in financial reporting arising from climate-related matters is a focus area of many stakeholders around the world. The IASB concluded that examples illustrating the application of IFRS Accounting Standards to climate-related and other uncertainties would be most helpful in responding to the concerns of the stakeholders. The illustrative examples developed set out fact patterns applicable to a variety of entities experiencing different types of uncertainty, not limited to only climate-related uncertainties. The examples illustrate how judgements, assumptions, estimates and materiality connect financial and sustainability reporting. Entities may need to provide additional disclosures beyond the explicit disclosure requirements in the IFRS Accounting Standards to explain how uncertainties affect its financial reporting.

The IASB had previously published a near-final staff draft of the illustrative examples in July 2025, and the final illustrative examples were issued in November 2025. The illustrative examples issued also include the amendments made to the Basis for Conclusions for each relevant IFRS Accounting Standard.

The amendments do not add to or change existing requirements.

Illustrative examples on reporting uncertainties

The collection of examples illustrates how entities can improve the reporting of uncertainties in their financial statements to avoid creating inconsistencies within their annual report. The illustrative examples are mainly focused on climate-related fact patterns. However, the principles and requirements illustrated can be applied equally to all types of uncertainties.
A summary of each example as disclosed in the publication is indicated below:

1. Materiality judgements applying paragraph 31 of IAS 1 'Presentation of Financial Statements' [paragraph 20 of IFRS 18 [1]'Presentation and Disclosure in Financial Statements']

- Illustration of how an entity makes materiality judgements in the context of financial statements.
- The illustrative example contains two scenarios: one scenario in which these judgements lead to additional disclosures beyond those specifically required by IFRS Accounting Standards and a second scenario in which they do not.
- This example reinforces the principle that entities may need to provide additional information beyond those specified in the IFRS Accounting Standards.

2. Disclosure of disaggregated information applying [IFRS 18]

[1] **IFRS 18** is a new IFRS Accounting Standard that replaces IAS 1, effective for annual reporting periods beginning on or after **January 1, 2027.** IFRS Accounting Standards included in brackets are not yet effective at the date of this publication.

- Illustration of how an entity might disaggregate the information it provides in the notes about a class of property, plant and equipment on the basis of dissimilar risk characteristics if necessary to provide material information.

3. Disclosure about credit risk applying IFRS 7 'Financial Instruments; Disclosures'

- Illustration of how an entity might disclose information about the effects of particular risks on its credit risk exposures and credit risk management practices and how these practices relate to the recognition and measurement of expected credit losses.

4. Disclosure of assumptions: general requirements applying IAS 1 [IAS 8 'Basis of Preparation of Financial Statements'][2]

Illustration of how an entity:

- might be required to disclose information about assumptions it makes about the future, even if the specific disclosure requirements in other IFRS Accounting Standards require no such disclosure.
- identifies the assumptions about which it is required to disclose information, and
- determines what information about these assumptions it is required to disclose.

5. Disclosure of assumptions: specific requirements applying IAS 36 'Impairment of Assets'

- Illustration of how an entity discloses information about the key assumptions it uses to determine the recoverable amounts of assets.

6. Disclosure about decommissioning and restoration provisions applying IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'

- Illustration of how an entity might disclose information about plant decommissioning and site restoration obligations, even if their quantitative effect on the carrying amount of the entity's plant decommissioning and site restoration provision is immaterial.

Status of the illustrative examples

The illustrative examples have been approved and included as illustrative examples in the relevant IFRS Accounting Standard to which they relate. There is no effective date of the illustrative examples as they do not amend the IFRS Accounting Standards. In other words, they are effective immediately. The release of the illustrative examples should improve the overall quality of financial reporting and support greater connectivity between financial reporting and sustainability-related disclosures. SAICA encourages entities to consider the application of the illustrative examples to their financial statements.

[2] With the adoption of IFRS 18, certain paragraphs in IAS 1 have been moved without amendment to IAS 8. For this reason, IAS 8 is referenced as the IFRS Accounting Standard not yet effective.

SAICA

DIFFERENCE MAKERS ™

#DIFFERENCE MAKERS

Connect with us

8 Anslow Lane, Bryanston, Sandton, Johannesburg, 2191

Private Bag X32, Northlands, 2116 Central Region

T: +27 (0) 86 107 2422 SAICA International

T: +44 (0) 7397 611 113

CA(SA) AGA(SA) AT(SA)