

Amendments to Australian Accounting Standards – Disclosures about Uncertainties in the Financial Statements

[AASB 136 & AASB 137]



Australian Government

**Australian Accounting
Standards Board**

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IASB Illustrative Examples – Amendments

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Australian Accounting Standard AASB 2026-1 *Amendments to Australian Accounting Standards – Disclosures about Uncertainties in the Financial Statements* is set out on pages 5–7. All the paragraphs have equal authority.

Preface

Standards amended by AASB 2026-1

This Standard makes amendments to AASB 136 *Impairment of Assets* (August 2015) and AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* (August 2015).

These amendments arise from the issuance of International Financial Reporting Standard *Disclosures about Uncertainties in the Financial Statements* (Amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37) by the International Accounting Standards Board (IASB) in November 2025, which introduced new illustrative examples for those Standards.

The examples added by the IASB to the Illustrative Examples accompanying IAS 36 *Impairment of Assets* and the Implementation Guidance accompanying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* are incorporated into the Illustrative Examples accompanying AASB 136 and the Implementation Guidance accompanying AASB 137 through this amending Standard. The remaining new examples (relating to IFRS 7, IFRS 18, IAS 1 and IAS 8) are not included in this amending Standard as the illustrative examples or implementation guidance accompanying those Standards has not been published with the corresponding AASB Standards. Instead, those examples are accessible to users of the AASB website in Australia on the IASB Support Materials page.

Main features of this Standard

Main requirements

This Standard amends AASB 136 and AASB 137 to add additional illustrative examples to their accompanying guidance. The objective of the new examples is to illustrate how an entity applies the requirements of the Standards to report the effects of uncertainties in its financial statements. In particular, the examples demonstrate:

- (a) in relation to AASB 136 – how an entity discloses information about the key assumptions it uses to determine the recoverable amounts of assets; and
- (b) in relation to AASB 137 – how an entity might disclose information about plant decommissioning and site-restoration obligations even if their effect on the carrying amount of the entity's plant decommissioning and site-restoration provision is immaterial.

Application date

This Standard applies to annual periods beginning on or after 1 July 2025 that end on or after 28 February 2026. Earlier application is permitted.

Accounting Standard AASB 2026-1

The Australian Accounting Standards Board makes Accounting Standard AASB 2026-1 *Amendments to Australian Accounting Standards – Disclosures about Uncertainties in the Financial Statements* under section 334 of the *Corporations Act 2001*.

Dated 28 January 2026

Keith Kendall
Chair – AASB

Accounting Standard AASB 2026-1 *Amendments to Australian Accounting Standards – Disclosures about Uncertainties in the Financial Statements*

Objective

This Standard amends AASB 136 *Impairment of Assets* (August 2015) and AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* (August 2015) as a consequence of the issuance of International Financial Reporting Standard *Disclosures about Uncertainties in the Financial Statements* (Amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37) by the International Accounting Standards Board in November 2025.

Application

The amendments set out in this Standard apply to entities and financial statements in accordance with the application of AASB 136 and AASB 137 set out in AASB 1057 *Application of Australian Accounting Standards*.

This Standard applies to annual periods beginning on or after 1 July 2025 that end on or after 28 February 2026. Earlier application is permitted.

This Standard uses typographical material to identify the amendments to AASB 136 and AASB 137 in order to make the amendments more understandable. However, the amendments made by this Standard do not include that typographical material. Ellipses (...) are used to help provide the context within which amendments are made and also to indicate text that is not amended.

Amendments to AASB 136

Illustrative examples accompanying AASB 136

Paragraphs IE90–IE95, their related headings and the italicised introductory text are added as Example 10.
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Example 10 Disclosure of assumptions related to uncertainties

This example illustrates the requirements in paragraphs 134(d)(i)–(ii) and 134(f) of AASB 136. In particular, it illustrates how an entity discloses information about the key assumptions it uses to determine the recoverable amounts of assets.

Background

IE90 The entity's operations result in a high amount of greenhouse gas emissions. The entity is subject to greenhouse gas emission regulations in some of the jurisdictions in which it operates. Those regulations

require the entity to acquire emission allowances for some of its emissions, resulting in costs (emission allowance costs).^{*} The entity expects such regulations to become more widespread in the future.

^{*} This example illustrates only the entity's consideration of emission allowance costs when testing an asset for impairment and its disclosure of information about related key assumptions. The example does not cover, for example, other costs an entity might incur in managing climate-related risks.

- IE91 The entity has allocated a significant amount of goodwill to one of its cash-generating units (CGUs) and tests that CGU for impairment at least annually. The entity has concluded that the CGU's recoverable amount is greater than its carrying amount and, therefore, recognises no impairment loss in the current reporting period. The entity has determined that its assumptions about future emission allowance costs are key assumptions – that is, they are among the assumptions to which the CGU's recoverable amount is most sensitive.

Application

Reasonable and supportable assumptions

- IE92 The entity measures the value in use of the CGU when testing it for impairment. Applying paragraphs 33–38 of AASB 136 in measuring the CGU's value in use, the entity bases its cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist in the future. These assumptions include assumptions about future emission allowance costs.
- IE93 The assumptions about future emission allowance costs include assumptions about the future price of emission allowances and future emission regulations. However, these assumptions do not reflect risks already reflected in the discount rate.

Disclosures

Key assumptions and approach used to determine the values assigned to them

- IE94 Applying paragraph 134(d)(i)–(ii) of AASB 136, the entity discloses:
- (a) that its key assumptions include future emission allowance cost assumptions, such as the future price of greenhouse gas emission allowances and future emission regulations; and
 - (b) its approach to determining the values assigned to these key assumptions, including whether its assumptions about the future price of greenhouse gas emission allowances and future emission regulations are consistent with external sources of information and, if not, how and why they differ from such sources of information.

Sensitivity information

- IE95 Applying paragraph 134(f) of AASB 136, the entity also considers whether a reasonably possible change in a key assumption would cause the CGU's carrying amount to exceed its recoverable amount – that is, whether such a change in assumption would result in an impairment loss. For example, the entity considers whether an impairment loss would result from a reasonably possible change in the entity's assumptions about the future price of greenhouse gas emission allowances. If so, the entity discloses:
- (a) the amount by which the CGU's recoverable amount exceeds its carrying amount;
 - (b) the values assigned to the assumptions about the future price of greenhouse gas emission allowances; and
 - (c) the amount by which these values must change, after incorporating any consequential effects of that change on the other variables used to measure the recoverable amount, in order for the CGU's recoverable amount to be equal to its carrying amount.

Amendments to AASB 137

Guidance on implementing AASB 137

Example 2A and the italicised introductory text are added.

D Examples: disclosures

...

The example below illustrates the requirements in paragraph 85 of AASB 137. In particular, it illustrates how an entity might disclose information about plant decommissioning and site-restoration obligations even if their effect on the carrying amount of the entity's plant decommissioning and site-restoration provision is immaterial.

Example 2A Decommissioning and site-restoration obligations

Background

The entity is a manufacturer and has plant decommissioning and site-restoration obligations for its facilities. The entity assumes it will continue to maintain and operate some of its facilities for an extremely long time. Consequently, the costs required to settle the obligations related to these facilities will be incurred so far into the future that, when discounted to their present value, their effect on the carrying amount of the entity's plant decommissioning and site-restoration provision is immaterial. However, the costs to settle the obligations relating to these facilities will be high and there is a significant and increasing risk that the entity might be required to close the facilities earlier than it expects. This risk stems from efforts to transition to a lower-carbon economy, which might include shifting consumer demand for the entity's products and possible regulatory and policy actions to reduce greenhouse gas emissions in the jurisdictions in which the entity operates.

Application

Paragraph 85 of AASB 137 requires an entity to disclose information for each class of provision. The entity concludes that, although some of its plant decommissioning and site-restoration obligations have an immaterial effect on the carrying amount of its plant decommissioning and site-restoration provision (see the 'Background' section), information about these obligations is material. The entity reaches this conclusion after considering, among other factors:

- (a) *the size of the costs required to settle the obligations* – the costs of settling the obligations are high;
- (b) *the risk of early settlement* – the risk that the entity might be required to settle the obligations earlier than expected is significant and is increasing; and
- (c) *external climate-related qualitative factors* – the industry and jurisdictions in which the entity operates (including the entity's market, economic, regulatory and legal environments) make the information about the obligations more likely to influence the decisions that primary users of the entity's financial statements make on the basis of the financial statements.

In applying paragraph 85 of AASB 137, the entity discloses information about its plant decommissioning and site-restoration provision. This information includes information about the obligations that have an immaterial effect on the carrying amount of the provision. The information the entity discloses includes:

- (a) a brief description of the nature of the obligations and the expected timing of the outflows of economic benefits required to settle them.
- (b) an indication of the uncertainties about the amount or timing of those outflows. Where necessary to provide adequate information, the entity also discloses the major assumptions made concerning future events. These assumptions could include assumptions about the future use of each of the entity's main facilities – for example, when the entity expects to close the facilities.

Commencement of the legislative instrument

For legal purposes, this legislative instrument commences on 27 February 2026.