

# **Explanatory Statement**

## **Accounting Standard AASB 2026-1**

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

**January 2026**



**Australian Government**

**Australian Accounting  
Standards Board**

# EXPLANATORY STATEMENT

## 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 AASB 2026-1

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.

## Consultation Prior to Issuing this Standard

In July 2024, the IASB issued Exposure Draft ED/2024/6 *Climate-related and Other Uncertainties in the Financial Statements: Proposed illustrative examples*. The AASB issued the same proposals in Australia for public comment in Exposure Draft ED 331 *Climate-related and Other Uncertainties in the Financial Statements: Proposed illustrative examples*. Comments to the AASB were due by 4 October 2024.

The AASB made a submission to the IASB on ED/2024/6. The AASB’s submission supported the proposals overall but recommended that the IASB clearly communicate the role of the illustrative examples, refine fact patterns and better explain why the disclosure of additional information might be required in some scenarios. The AASB’s submission was informed by feedback from various targeted outreach activities, including consultation with the AASB Disclosure Initiative Project Advisory Panel, financial statement preparers, auditors and professional bodies and a virtual roundtable attended by various stakeholders from both the for-profit and not-for-profit sectors.

The IASB analysed the feedback it received on ED/2024/6 and finalised the amendments after making changes that satisfactorily addressed the AASB’s concerns.

The AASB considered and adopted the amendments made by the IASB to IAS 36 and IAS 37 in finalising AASB 2026-1. The AASB set an effective date of annual periods beginning on or after 1 July 2025 that end on or after 28 February 2026, with earlier application permitted. This ensures that stakeholders can easily refer to the new examples when preparing their financial statements for the 2025/26 financial year, for example.

A Policy Impact Analysis has not been prepared in connection with the issue of AASB 2026-1 as the amendments made do not have a substantial direct or indirect impact on business or competition.

## Legislative Features of Accounting Standards

### Power to Make Amendments

Under subsection 33(3) of the *Acts Interpretation Act 1901*, where an Act confers a power to make, grant or issue any instrument of a legislative or administrative character (including rules, regulations or by-laws), the power shall be construed as including a power exercisable in the like manner and subject to the like conditions (if any) to repeal,

rescind, revoke, amend, or vary any such instrument. Accordingly, the AASB has the power to amend the Accounting Standards that are made by the AASB as legislative instruments under the *Corporations Act 2001*.

## References to Other AASB Standards

References in this Standard to the titles of other AASB Standards that are legislative instruments are to be construed as references to those other Standards as originally made and as amended from time to time and incorporate provisions of those Standards as in force from time to time.

## Copyright

This Standard, like all Accounting Standards promulgated by the AASB, is published with Commonwealth of Australia copyright. Educational, commercial and other publishers are able to request the AASB for permission to reprint all or parts of this Standard, which is given without charge.

## Exemption from Sunsetting

Accounting Standards promulgated by the AASB that are legislative instruments are exempt from the sunsetting provisions of the *Legislation Act 2003* through section 12 of the *Legislation (Exemptions and Other Matters) Regulation 2015* (Item 18(a)).

The AASB's Australian Accounting Standards incorporate Standards set by the International Accounting Standards Board in respect of publicly accountable for-profit entities. The AASB's Accounting Standards are exempt from sunsetting because a more stringent review process than sunsetting applies to the Standards. This review process ensures Australia's Accounting Standards regime remains consistent with international Standards. Typically, the AASB Standards are revised at least once within a ten-year period, with most of the Standards subject to much more frequent revisions. Each revision follows the stringent review process (which includes the opportunity for public comment) in order to remain consistent with international Standards. It is very unlikely that any AASB Standard would not have been amended (or else considered for amendment) within a ten-year period through these review processes. Therefore, if it applied, a ten-year sunsetting regime would have very limited practical application to AASB Standards. Parliamentary oversight is retained whenever a Standard is replaced or amended since the Standards are disallowable instruments and subject to the normal tabling and scrutiny process as required by the *Legislation Act 2003*.

## Statement of Compatibility with Human Rights

Prepared in accordance with Part 3 of the  
*Human Rights (Parliamentary Scrutiny) Act 2011*

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

## Overview of the Accounting Standard

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## Human Rights Implications

This Standard is issued by the AASB in furtherance of the objective of facilitating the Australian economy. It does not diminish or limit any of the applicable human rights or freedoms, and thus does not raise any human rights issues.

## Conclusion

This Standard is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.