
Accounting Standards Advisory Forum

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 Contact **NSS@ifrs.org**

This document summarises a meeting of the Accounting Standards Advisory Forum (ASAF), a group of nominated members from national organisations and regional bodies involved with accounting standard-setting. The ASAF supports the IFRS Foundation and the International Accounting Standards Board (IASB) in their objectives, and contributes towards the development, in the public interest, of high-quality, understandable, enforceable and globally accepted IFRS Accounting Standards.

ASAF members who attended the meeting*

Region	Members
Africa	Pan African Federation of Accountants (PAFA)
Americas	Canadian Accounting Standards Board (AcSB) Financial Accounting Standards Board, USA (FASB) Group of Latin American Accounting Standard Setters (GLASS)
Asia-Oceania (including two at large)	Accounting Regulatory Department, Ministry of Finance, China (ARD) Accounting Standards Board of Japan (ASBJ) Australian Accounting Standards Board (AASB) and External Reporting Board, New Zealand (XRB), referred together as AASB/XRB Saudi Organization for Chartered and Professional Accountants (SOCPA) Asian-Oceanian Standard-Setters Group (AOSSG)
Europe (including two at large)	Accounting Standards Committee of Germany (ASCG) Autorité des Normes Comptables, France (ANC) Organismo Italiano di Contabilità, Italy (OIC) UK Endorsement Board (UKEB) EFRAG

* All members participated via videoconference.

Climate-related and Other Uncertainties in the Financial Statements

Purpose of the session

1. The purpose of this session was to seek ASAF members' views on the staff's preliminary recommendations on how the IASB should respond to feedback on the [Exposure Draft](#) *Climate-related and Other Uncertainties in the Financial Statements*. The staff recommended that the IASB:
 - (a) proceed with issuing the examples proposed in the Exposure Draft, except for Example 5, and include them as illustrative examples accompanying IFRS Accounting Standards;
 - (b) retain its approach to developing the examples but make changes to the examples to address specific concerns raised by respondents;
 - (c) retain the project's objective of covering climate-related and other uncertainties and develop no additional examples;
 - (d) seek feedback during its Fourth Agenda Consultation on the priority of additional work to facilitate connected financial reporting; and
 - (e) group the examples and publish them as a single document in addition to including them as illustrative examples accompanying IFRS Accounting Standards.
2. ASAF members also provided comments on the staff's preliminary analysis of feedback related to transition and effective date.

Summary of the feedback

Providing illustrative examples

3. ASAF members broadly supported proceeding with issuing the examples. They also broadly supported including the examples as illustrative examples accompanying IFRS Accounting Standards.
4. However, the representatives of ASCG, EFRAG and OIC expressed concerns about including the examples as illustrative examples accompanying IFRS Accounting

Standards. These ASAF members said that including the examples directly in the Standards or issuing them together with narrow-scope amendments to the Standards would allow for endorsement in their jurisdictions, reducing concerns about transition and improving the enforceability of the examples. For this reason, the EFRAG representative said some of that organisation's members suggested the IASB not proceed with issuing the examples. The FASB representative said that including the examples as illustrative examples accompanying the Standards rather than including them directly in the Standards might not achieve the project's objective.

5. The ASBJ representative expressed a preference for publishing the examples as an educational material tailored to users of financial statements, instead of issuing them as illustrative examples accompanying IFRS Accounting Standards. They said that, in their view, illustrative examples should not change practice and some examples (such as Examples 1 and 4) would be expected to do so if issued as illustrative examples accompanying IFRS Accounting Standards.
6. ASAF members also broadly supported (or did not object to) the staff's preliminary recommendation to group the examples and publish them as a single document in addition to including them as illustrative examples accompanying IFRS Accounting Standards.

Approach to developing the examples

7. Most ASAF members generally supported (or did not object to) the staff's preliminary recommendation:
 - (a) to retain the approach to developing the examples but make changes to the examples to address specific concerns raised by respondents; and
 - (b) to develop no additional examples.
8. However, ASAF members expressed concerns about retaining the project's objective of covering climate-related and other uncertainties. The AcSB and PAFA representatives said that, if the IASB agrees with the staff's recommendation not to proceed with Example 5 (see paragraph 1717), all the examples would be about climate-related uncertainties. The representatives of AASB/XRB, AcSB, ANC,

AOSSG, ASCG, EFRAG, PAFA and UKEB expressed concerns about retaining the project's objective if none of the examples are about other uncertainties. Some of these representatives would prefer to retain Example 5 for this reason.

9. The AASB/XRB representative suggested renaming the project if the IASB decides to proceed with issuing the examples without Example 5.

Proposed illustrative examples

Examples 1–2

Example 1—Materiality judgements leading to additional disclosures (IAS 1 / IFRS 18)

Example 2—Materiality judgements not leading to additional disclosures (IAS 1 / IFRS 18)

10. Most ASAF members generally supported proceeding with these examples and acknowledged the improvements made to address the concerns expressed by respondents to the Exposure Draft. However, many members commented on those examples.
11. The AcSB representative expressed concern that:
 - (a) the examples appear to focus on disclosures that an entity makes outside its financial statements. They said that such a narrow fact pattern might make it difficult for stakeholders to draw analogies for other uncertainties, particularly in jurisdictions where there are no requirements to report on those uncertainties outside the financial statements. They suggested the examples focus on the risks faced by an entity, rather than the disclosures an entity makes outside its financial statements.
 - (b) including references to IFRS Practice Statement 2 *Making Materiality Judgements* would change practice because many stakeholders are unaware of this guidance.

12. Examples 1–2 illustrate the application of paragraph 31 of IAS 1 *Presentation of Financial Statements*. The UKEB representative suggested adding a reference to paragraph 17(c) of IAS 1 because it could help avoid boilerplate disclosures.¹
13. The ARD representative supported enhancing the explanation in paragraph BC32 of the Exposure Draft to clarify that, regardless of whether an entity applies IFRS Sustainability Disclosure Standards (or similar frameworks), the entity should disclose in its financial statements all the information that is material in the context of those financial statements.
14. The ASCG representative expressed concerns that these examples could lead to voluminous boilerplate disclosures. In their view, some of the disclosures illustrated in the examples would be better placed in other general purpose financial reports outside the financial statements.

Examples 3–4

Example 3—Disclosure of assumptions: specific requirements (IAS 36)

Example 4—Disclosure of assumptions: general requirements (IAS 1 / IAS 8)

15. Most ASAF members broadly supported (or did not object to) the staff's proposal to proceed with Examples 3 and 4 with limited changes to address respondents' concerns.
16. However, regarding Example 4, the ASBJ representative said that, because stakeholders have varying views about how to apply paragraph 125 of IAS 1, it would be inappropriate to illustrate a particular way of applying that paragraph through an illustrative example.

Example 5

Example 5—Disclosure of assumptions: additional disclosures (IAS 1 / IFRS 18)

¹ Paragraph 17(c) of IAS 1 includes similar wording to paragraph 31 of IAS 1 but relates to achieving fair presentation, while paragraph 31 of IAS 1 relates to providing material information in financial statements.

17. The representatives of AASB/XRB, ANC, AOSSG, EFRAG and UKEB expressed a preference to retain Example 5 because it is the only example that is not about a climate-related uncertainty. However, the representatives of AcSB and ASCG supported not proceeding with the example.

Examples 6–8

Example 6—Disclosure about credit risk (IFRS 7)

Example 7—Disclosure about decommissioning and restoration provisions (IAS 37)

Example 8—Disclosure of disaggregated information (IFRS 18)

18. ASAF members broadly supported (or did not object to) the staff's proposal to proceed with Examples 6–8 with limited changes to address respondents' concerns.
19. However, members commented on:
- (a) *Example 6*—the AOSSG representative suggested considering whether and how to incorporate references to reflecting climate-related risks through the modelling of expected credit losses, in addition to referencing the possible use of post-model adjustments; and
 - (b) *Example 8*—the ANC and UKEB representatives expressed concerns about possible unintended consequences of using the phrase 'strategically important' because that phrase is not defined and stakeholders might interpret it in different ways.

Connectivity

20. The representatives of AOSSG and UKEB explicitly supported the staff's preliminary recommendation that the IASB seek feedback as part of its Fourth Agenda Consultation on the priority of additional work to facilitate connected financial reporting, beyond developing written educational material based on the [webcast series](#) *Connectivity between financial statements and sustainability-related financial disclosures*.
21. The SOCPA representative said that the examples should avoid using language from sustainability-related standards or frameworks. Instead, the IASB should use

language that is consistent with IFRS Accounting Standards or use generic language that can be understood by entities operating in jurisdictions that have not adopted sustainability-related standards or frameworks.

Transition and effective date

22. The AcSB representative suggested that the IASB more clearly communicate that, although there is no change to the requirements in IFRS Accounting Standards, the way those Standards are applied might change.
23. The representatives of AASB/XRB, AcSB, PAFA and UKEB suggested exploring ways to further support stakeholders in implementing any changes resulting from issuing these illustrative examples. For example, they said the IASB could consider the timing of issuing illustrative examples and be more specific about how much time would be sufficient to implement any changes resulting from the examples.

Next steps

24. The IASB will consider the feedback from ASAF members when deciding the project direction at its June 2025 meeting.