

IASB publishes illustrative examples: *Disclosures about Uncertainties in the Financial Statements*

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Background

In March 2023, the International Accounting Standards Board (IASB) decided to explore targeted actions to improve the reporting of the effects of climate-related risks in the financial statements. The IASB concluded that examples illustrating the application of IFRS® Accounting Standards to climate-related uncertainties would be most helpful in responding to the concerns of the stakeholders.

After completing their deliberations, on 24 July 2025 the IASB issued a [near-final staff draft](#) of *Disclosures about Uncertainties in the Financial Statements Illustrated using Climate-related Examples* which would be included as examples in the relevant IFRS Accounting Standards. On 28 November 2025, the IASB [issued the final illustrative examples](#) titled *Disclosures about Uncertainties in Financial Statements*.

These illustrative examples do not have an effective date or transition requirements as illustrative examples accompany the authoritative text of IFRS Accounting Standards but do not add to or change those requirements. The IASB believes that entities are entitled to sufficient time to implement necessary changes. There is no definition of 'sufficient time'; but while explaining this terminology in the context of Agenda Decision, IFRS Interpretations Committee described that they had in mind months, rather than years, when referring to sufficient time¹.

The IASB expects that these illustrative examples will help improve the reporting of the effects of **uncertainties in the financial statements**, which include, but are not limited to the effects of climate change, including by helping to strengthen connections between information an entity provides in its financial statements and information it provides in other parts of its general purpose financial reports.

While these illustrative examples do not add to or change to the requirements of IFRS Accounting Standards, they may cause entities to reconsider their approach to the presentation and disclosure of uncertainties in financial statements.

These illustrative examples use climate as an example of one type of uncertainty that may result in additional disclosures being made in financial statements, but the examples may be useful in making judgements about other uncertainties. The second part of this publication 'Beyond Climate' considers how the principles of the illustrative examples may be used in making judgements about other uncertainties and associated disclosures in financial statements.

EXECUTIVE SUMMARY

Uncertainty in financial reporting arising from climate-related and other matters is a topic being focused on by many regulators and enforcers around the world. These illustrative examples set out fact patterns at a sufficiently high level to be applicable to a variety of entities operating in various industries experiencing different types of uncertainty. This IFR Bulletin (IFRB) discusses many of these implications for entities both directly and indirectly affected by climate-related and other uncertainties in the financial statements.

¹ [Feature: Agenda decisions—time is of the essence](#) – 20 March 2019

Thematic summary

The illustrative examples illustrate how an entity may apply the requirements in IFRS Accounting Standards to disclose the effects of uncertainties in its financial statements, using climate-related matters as an example. These illustrative examples **do not add to or change the requirements** in IFRS Accounting Standards but are intended to improve application of the existing requirements related to reporting the effects of climate-related risks and other uncertainties. Following is a thematic summary of the illustrative examples.

The examples have been numbered 1 through 6 in this publication for simplicity, however, as issued, they have been numbered in accordance with the order in which they appear in the relevant IFRS Accounting Standards. For example, example 1 below now corresponds to example IV-1 in IFRS 18.

Materiality judgements

The IASB developed example 1 to respond to stakeholder concerns about a perceived disconnect between information about the effects of climate-related risks disclosed in the financial statements and information provided outside the financial statements (e.g. in sustainability reporting). This example aims to help entities to make materiality judgements as per IAS 1 *Presentation of Financial Statements* (IAS 1.31) and IFRS 18 *Presentation and Disclosure in Financial Statements* (IFRS 18.20).

Example 1 sets out two different scenarios that lead to different conclusions: one scenario results in additional disclosures beyond those specifically required by IFRS Accounting Standards and a second scenario in which no additional disclosures are necessary. The IASB built on examples in IFRS Practice Statement 2 *Making Materiality Judgements*.

EXAMPLE 1: SCENARIO 1 – ADDITIONAL DISCLOSURES NECESSARY



Entity A operates in a capital intensive industry and is exposed to significant climate related transition risks.

Few jurisdictions have adopted climate-related policies affecting entity's operations.

Entity A's climate-related transition plan would significantly affect its future operations.

General purpose financial report accompanying the financial statements included plans to reduce greenhouse gas emissions over the next decade.

The transition plan does not affect recognition or measurement of assets and liabilities and related income and expenses.

- ▶ Entity A concludes that IFRS Accounting Standards do not require disclosure of the effect (or lack of effect) of transition plan. Entity A also assesses that IAS 1.31 (and IFRS 18.20) requires an entity to consider whether to provide additional disclosures when compliance with the specific requirements in IFRS Accounting Standards is insufficient to enable users of financial statements to understand the effect of transactions and other events and conditions on the entity's financial position and financial performance.
- ▶ In making a judgement about whether such additional disclosures would provide material information, Entity A considers both quantitative and qualitative factors including:
 - *Entity-specific qualitative factors*: For example, the nature and extent of exposure to climate-related transition risks and the significance of the transition plan to its operations.
 - *External qualitative factors*: For example, whether the industry and jurisdictions in which the entity operates—including its market, economic, regulatory and legal environments—make the information likely to influence the decisions that primary users of the entity's financial statements make on the basis of those financial statements.
- ▶ Entity A also considers whether, without additional disclosures, information in its financial statements is inconsistent with corresponding information in the general purpose financial reports accompanying the financial statements. For example, information about change in manufacturing methods and investment in more energy-efficient technology might suggest that some of its assets might be impaired.

EXAMPLE 1: SCENARIO 1 – ADDITIONAL DISCLOSURES NECESSARY

- ▶ Accordingly, Entity A discloses the reason why the transition plan had no effect on its financial position and financial performance for the current reporting period (e.g. no effect on the useful lives of the affected manufacturing facilities, existing inventory of raw materials will be fully consumed before the entity changes the raw materials used in its manufacturing process in accordance with the transition plan).

The IASB developed Scenario 2 to help address concerns that the consideration of qualitative factors could lead to excessive disclosures. The IASB illustrated that in certain cases omitting information could not reasonably be expected to influence decisions of the primary users of the entity’s financial statements. In such a case, the entity need not provide additional disclosure because doing so would not provide material information.

EXAMPLE 1: SCENARIO 2 – ADDITIONAL DISCLOSURES NOT NECESSARY



Entity B operates in an industry with low levels of greenhouse gas emissions and limited exposure to climate-related transition risks.

General purpose financial report accompanying the financial statements disclosed the use of renewable energy and avoidance of exposure to high-emission activities and how the entity plans to maintain the current emission policy.

The greenhouse emission policy has no effect on recognition or measurement of assets and liabilities and related income and expenses.

- ▶ Entity B concludes that IFRS Accounting Standards do not require disclosure of the effect (or lack of effect) of transition plan. Entity B also assesses the relevant requirements of IAS 1.31 (and IFRS 18.20) which requires an entity to consider whether to provide additional disclosures when compliance with the specific requirements in IFRS Accounting Standards is insufficient.
- ▶ In making a judgement about whether additional disclosures would provide material information, Entity B considers both quantitative and qualitative factors including the following:
 - Greenhouse gas emissions policy is not expected to significantly affect its future operations; and
 - The entity operates in an industry that has a low level of greenhouse gas emissions and has limited exposure to climate-related transition risks.
- ▶ Accordingly, Entity B concludes that additional disclosure to explain the lack of effect of its greenhouse gas emission policy on the financial position and financial performance for the current reporting period would not provide material information in the context of its financial statements taken as a whole.



BDO comment

In both scenarios the entity considered the concept of materiality broadly, with its knowledge and experience of transactions or events, and the expectations of users of financial statements to identify whether all material information has been provided in the financial statements, despite no effect on the recognition or measurement of its assets and liabilities and in absence of specific disclosure requirements in IFRS Accounting Standards.

Example 1: Scenario 1 results in the entity disclosing that its climate transition plan does not have a material effect on its financial position and financial performance. Such statements are sometimes referred to as 'negative disclosures' or 'negative statements' in that they assert that a specific circumstance is not applicable, which is not typically the case in financial statements.

In our view, this example does not necessarily mean that all entities will be required to make such negative disclosures concerning the effects of climate change and associated transition plans on financial position and financial performance. Entities should carefully consider all relevant quantitative and qualitative factors (including those noted in the illustrative examples) in making the judgement about whether this type of disclosure would provide material information.

Assumptions and other sources of estimation uncertainty

The IASB developed the following examples to illustrate how applying the requirements in IFRS Accounting Standards may result in an entity disclosing information about assumptions it makes about the future to determine the recoverable amounts of assets. Disclosing information about assumptions used in preparing financial statements may be necessary to enable users of financial statements to understand how climate-related uncertainties affect the recognition and measurement of assets and liabilities.

EXAMPLE 2: DISCLOSURE OF ASSUMPTIONS - SPECIFIC REQUIREMENTS

The entity's operations result in a high amount of greenhouse gas emissions.

Jurisdictional regulations require the entity to acquire greenhouse gas emission allowances, resulting in costs to the entity.

The entity determined that the recoverable amount of a cash generating unit (CGU) - which includes a significant amount of goodwill - exceeds its carrying amount (i.e. no impairment must be recognised).

It was assessed that recoverable amount is sensitive to assumptions about future emission allowance costs (i.e. these costs are a key assumption in determining the recoverable amount).

- ▶ The entity measures the value in use of the CGU based on cash flow projections which used reasonable and supportable assumptions representing the best estimate of the range of economic conditions that will exist in the future as required by IAS 36 *Impairment of Assets*.
- ▶ The entity discloses the following in relation to its key assumptions and approach used to determine the values assigned to them [IAS 36. 134(d)(i)–(ii)] and sensitivity information [IAS 36.134(f)]:
 - Key assumptions used in the measurement of value in use – such as future emission allowance cost assumptions, including the future price of greenhouse gas emission allowances and future emission regulations;
 - The approach to determining the values assigned to these key assumptions, including whether its assumptions about the future price of emission allowances and future emission regulations are consistent with external sources of information and, if not, how and why they differ from such sources;

EXAMPLE 2: DISCLOSURE OF ASSUMPTIONS - SPECIFIC REQUIREMENTS

- Sensitivity information i.e. whether an impairment loss would result from a reasonably possible change in the assumptions about the future price of emission allowances. If so, the entity would also disclose the:
 - Amount by which the CGU's recoverable amount exceeds its carrying amount;
 - Values assigned to the assumptions about the future price of emission allowances; and
 - 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.

The below example illustrates how an entity may 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.

EXAMPLE 3: DISCLOSURE OF ASSUMPTIONS – GENERAL REQUIREMENTS



An entity is exposed to climate related transition risks.

Indications exist that a CGU might be impaired due to transition risks.

The entity determined that the recoverable amount of the CGU exceeds its carrying amount.

Impairment testing involved making several assumptions about climate-related transition risks, including future legal and regulatory developments.

- ▶ The entity concludes that IAS 36 does not require disclosures as the CGU does not include goodwill or intangible assets with indefinite lives and no impairment loss is recognised.
- ▶ In the absence of any specific disclosure requirement, the entity observes that IAS 1.125 (and IAS 8.31A) require disclosure of information about the assumptions about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. That paragraph also requires disclosure of details of the nature and the carrying amount at the end of the reporting period of those assets and liabilities.
- ▶ The entity concludes that, due to the following key reasons, some of the assumptions have a significant risk of resulting in a material adjustment to the carrying amount of the non-current assets within the next financial year:
 - *Size of the CGU's carrying amount:* The CGU makes up a large portion of the total assets. Therefore, a relatively small adjustment to the CGU's carrying amount might result in a material impairment loss.
 - *Subjectivity or complexity of the judgements:* This high level of subjectivity and complexity about highly uncertain future events (over medium and long term) increases the risk that the assumptions might change due to new information or new developments.
 - *Risk that developments in the next financial year might result in changes to the assumptions:* Frequent new climate-related market, economic, regulatory and legal developments increase the risk that the entity might have to review its assumptions within the next financial year (including assumptions about medium- and long-term uncertainties).
 - *Sensitivity of the CGU's carrying amount to changes in the assumptions:* The carrying amount of the CGU is highly sensitive to the assumptions. Relatively small changes in these assumptions could result in a reduction of the CGU's recoverable amount and a material impairment loss.

EXAMPLE 3: DISCLOSURE OF ASSUMPTIONS – GENERAL REQUIREMENTS

- ▶ Entities are required to provide disclosures in accordance with IAS 1.125 (and IAS 8.31A) in a manner that allows users of financial statements to understand the judgements that management makes about the future and about other sources of estimation uncertainty.
- ▶ Accordingly, the entity discloses qualitative and quantitative information about these assumptions—including the nature of the assumptions, the sensitivity of the non-current assets' carrying amount to these assumptions and the reasons for the sensitivity.

BDO comment

Example 3 illustrates what are sometimes referred to as 'close call' impairment disclosures. Such disclosures may be necessary even when no impairment is recognised and CGUs do not contain goodwill or other intangibles with indefinite lives, which trigger specific disclosure requirements in IAS 36.

Regulators and enforcers have noted for some time the need for entities to consider the requirements of IAS 1.125 (and IAS 8.31A) in situations where an entity does not recognise an impairment loss and no other disclosure requirements are specifically applicable in IAS 36. The factors described in the illustrative climate examples are consistent with many of the public communications of regulators and enforcers in the past, though these points were not always made in the context of climate-related risks, such as transition risks.

The following example illustrates the disclosure of information about the effects of climate-related risks on an entity's credit risk exposures and credit risk management practices, as well as factors to use in assessing the materiality of information.

EXAMPLE 4: DISCLOSURES ABOUT CREDIT RISK

An entity (being a financial institution) considers the effects of various risks on its credit risk exposures, including climate related risks.

Loans to agricultural customers and corporate real estate customers are exposed to climate-related risks and these risks have a significant effect on the credit risk exposures of these portfolios.

The entity takes actions to mitigate credit risk arising from its customers' exposure to climate-related risks.

- ▶ The entity concludes that information about the effects of climate-related risks on its exposure to credit risk on the two identified portfolios is material considering the:
 - *Size of the portfolios*: The two portfolios make up a large portion of the entity's overall lending portfolio.
 - *Significance of the effects of climate-related risks*: Climate-related risks have a significant effect on the exposure to credit risk compared with other factors affecting that exposure. The effects depend on factors such as loan maturities and the nature, likelihood and magnitude of the climate related risks.
 - *External climate-related qualitative factors*: The market, economic, regulatory and legal environments in which the entity operates, as well as climate-related developments make the information more likely to influence the decisions that primary users of the entity's financial statements make on the basis of the financial statements.

EXAMPLE 4: DISCLOSURES ABOUT CREDIT RISK

- ▶ IFRS 7 *Financial Instruments: Disclosures* requires disclosure of the nature and extent of risks arising from financial instruments to which the entity is exposed and how the entity manages those risks. IFRS 7.35A – 38 illustrates how an entity might disclose information about the effects of particular risks on its credit risk exposures and credit risk management practices; and information about how these practices relate to the recognition and measurement of expected credit losses.
- ▶ Considering the above requirements, the entity discloses the following information about the effects of climate-related risks on its exposure to credit risk on two identified portfolios:
 - An explanation of the credit risk management practices related to climate-related risks and how those practices relate to the recognition and measurement of expected credit losses.
 - An explanation of how the entity incorporated climate-related risks into the inputs, assumptions and estimation techniques it used to apply the impairment requirements in IFRS 9 *Financial Instruments*. For example, information about how the entity incorporated those risks in the modelling of expected credit losses or information about the use of judgement-based adjustments.
 - Information about collateral held as security and other credit enhancements. For example, information about properties held as collateral that are subject to flood risk and whether that risk is insured.
 - Information about concentrations of climate-related risks if not apparent from other disclosures the entity makes. For example, the carrying amount of the two identified portfolios.

The following example 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 5: DISCLOSURES ABOUT DECOMMISSIONING AND RESTORATION PROVISIONS



The entity is obligated to decommission a plant and restore the site.

When discounted to present value, the costs to settle the entity's plant decommissioning and site restoration provision is immaterial.

However, costs to settle these obligations 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 and possible regulatory and policy actions to reduce greenhouse gas emissions.

- ▶ The entity assesses the following and concludes that although the plant decommissioning and site-restoration obligations have an immaterial effect on the carrying amount of its plant decommissioning and site-restoration provision, information about these obligations is material:
 - *Size of the of the costs required to settle the obligations:* The costs of settling the obligations are high when considered in nominal (i.e. undiscounted) terms.
 - *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.
 - *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.

EXAMPLE 5: DISCLOSURES ABOUT DECOMMISSIONING AND RESTORATION PROVISIONS

- *Subjectivity or complexity of the judgements:* This high level of subjectivity and complexity about highly uncertain future events (over medium and long term) increases the risk that the assumptions might change due to new information or new developments.
 - *Risk that developments in the next financial year might result in changes to the assumptions:* Frequent new climate-related market, economic, regulatory and legal developments increase the risk that the entity might have to review its assumptions within the next financial year (including assumptions about medium- and long-term uncertainties).
- ▶ Disclosure requirements under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* includes a brief description of the nature of the obligations and the expected timing of the outflows of economic benefits required to settle them and 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 (IAS 37.85).
- ▶ Considering the above requirements the entity discloses the following information about its plant decommissioning and site-restoration provision:
- A brief description of the nature of the obligations and the expected timing of the outflows of economic benefits required to settle them.
 - An indication of the uncertainties about the amount or timing of the outflows. The entity also discloses the major assumptions made concerning future events including assumptions about the future use of each of the entity's main facilities e.g. when the entity expects to close the facilities.

Disaggregation

The following example illustrates the principles of aggregation and disaggregation in IFRS 18 *Presentation and Disclosure in Financial Statements*, particularly 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.

EXAMPLE 6: DISCLOSURE OF DISAGGREGATED INFORMATION IN THE NOTES

The property, plant and equipment (PP&E) of an entity emits high amounts of greenhouse gas.

Investment has been made in alternative PP&E of the same class with lower emissions.

Use of the high-emission PP&E continues.

These two types of PP&E have significantly different vulnerabilities to climate-related transition risks. For example, possible future regulations to reduce greenhouse gas emissions or changes in consumer demands could affect these two types of PP&E in significantly different ways.

- ▶ The entity considers the following and concludes that the two types of PP&E have sufficiently dissimilar risk characteristics and that disaggregating information about these types of PP&E would result in material information:
- *Size of the PP&E's carrying amount:* The carrying amount of the two types of PP&E make up a large proportion of the entity's total assets.

EXAMPLE 6: DISCLOSURE OF DISAGGREGATED INFORMATION IN THE NOTES

- *Significance of climate-related transition risks to the entity's operations:* The entity operates in an industry with a high degree of exposure to climate-related transition risks and those risks might significantly affect the way in which the entity will use each type of PP&E and recover their carrying amounts.
 - *External climate-related qualitative factors:* The industry and jurisdictions in which the entity operates make the information more likely to influence the decisions that primary users of the entity's financial statements make on the basis of the financial statements.
- ▶ IFRS 18.41-42 require an entity to disaggregate items based on characteristics that are not shared whenever the resulting information is material. Further, IFRS 18.B110 explains that an entity uses its judgement to do this and includes examples of characteristics to consider, which include the risks associated with an item.
- ▶ Considering the above, the entity disaggregates information provided in the notes about the PP&E between the two types of PP&E.

BDO comment

Information about assumptions may be necessary to enable users of financial statements to understand how climate-related and other uncertainties affect the recognition and measurement of assets and liabilities. Further, these examples could help entities determine whether to disclose information about climate-related and other assumptions, including assumptions about events or conditions that might occur in the medium or long term.



Beyond climate

The IASB observed that these illustrative examples may apply not only to uncertainties arising from climate-related risks but to uncertainties in general. Generalising these examples ensures that various types of uncertainties, including those yet to emerge, are captured.






Financial reporting challenges resulting from economic disruptions and other uncertainties need to be considered as they may have a number of effects, both expected and unexpected (e.g. supply chain disruptions as a result of geopolitical uncertainty, increased costs, price fluctuations and shifts in market demand). When the effects of these uncertainties are material, disclosure of the nature of those risks may be necessary to provide material information to users and meet the requirements of IFRS Accounting Standards.

Building on the IASB's illustrative examples, the following are examples relating to uncertainties other than climate change.

Retaliatory tariffs and interim financial reporting

A number of financial reporting implications may arise due to tariffs imposed by certain jurisdictions and restrictive trade policies (see BDO's IFR Bulletin 2025/03 [Accounting in times of uncertainty – the effects of volatile 2025 tariffs](#)). If the effect of tariffs and general macroeconomic conditions have changed since the end of the entity's last annual reporting period, entities may need to provide disclosures in interim financial statements prepared as per IAS 34 *Interim Financial Reporting*.

EXAMPLE 7: EVOLVING EFFECTS OF TARIFFS

				
Cars Limited imports steel from a supplier situated in Country X.	Vehicles manufactured by Cars Limited are sold in many jurisdictions including Country X.	During the current quarter, Country X levied additional tariffs on the import of vehicles.	Retaliatory tariffs on import of steel were levied by the country where Cars Limited is based.	Cars Limited started to explore mitigating plans.
<p>► Cars Limited concluded that evolving effects arising due to imposition of retaliatory tariffs are material to the interim financial statements due to the following reasons:</p> <ul style="list-style-type: none"> • <i>Significant global development since the last annual financial statement:</i> The imposition of retaliatory tariffs is a significant global development. Tariff may make it challenging for businesses to plan, disrupt the global supply chain, increase costs and cause shifts in market demand. • <i>High level of subjectivity and complexity about future events:</i> The tariff policy is evolving and is highly uncertain. The high level of subjectivity and complexity about future events (over medium and long term) affects the assumptions used in the preparation of interim condensed financial statements. • <i>Significance to the entity's operations:</i> Country X is where a supplier of a key raw material (e.g. steel) is based and it is also a large market for the entity's product. Thus, Cars Limited has a high degree of exposure to tariffs related risks and those risks might significantly affect the financial performance and financial position in the current period and the future. For example, the assessment of whether inventories are carried at the lower of cost and net realisable value as required by IAS 2 would require Cars Limited to make assumptions about the effects of tariff policies. <p>► For events or transactions that are considered to be significant to an understanding of the interim financial statements, IAS 34.15C require an explanation of the transaction together with an update of the relevant information which was included in most recent annual financial statements.</p> <p>► Considering the above requirements, Cars Limited made entity specific disclosures in the interim financial statements including disclosures about the effects of tariffs on financial position and financial performance. Cars Limited considers the disclosures noted in Examples 1 – 6 in the first section of this publication.</p>				

Reduced consumer spending

Certain sectors may be significantly affected as a result of regulatory and tax uncertainties, technology and supply chain uncertainties and shifts in consumer behaviour. These factors may create significant uncertainties which require disclosure in the financial statements.

EXAMPLE 7: MATERIAL UNCERTAINTY IN RELATION TO GOING CONCERN



GameX Limited is a diversified gaming and sports media platform.

Semiconductors and logistics bottlenecks have increased costs for consoles, GPUs, and virtual reality headsets, limiting the uptake of high-end gaming and delays in the transitions to next-generation platforms.

GameX Limited is experiencing reduced subscription renewals, and slower uptake of newly released products.

Uncertainty around the levy of indirect tax and litigation around 'games of skill vs. chance' have created volatile conditions, making future growth necessary to continue operations uncertain.

- ▶ GameX Limited notes the following uncertainties relating to its current and future operations:
 - *Dependent on discretionary consumer spending:* During economic downturns, households reduce non-essential expenditures, which include GameX Limited's primary goods and services.
 - *Inflation and cost pressures:* Economic uncertainties also increase operational costs for gaming companies, such as labour costs, cloud computing, and marketing expenses.
 - *Regulatory and taxation uncertainties:* The online gaming industry is facing regulatory scrutiny due to concerns around gambling, addiction, and taxation. Data privacy laws globally raise compliance costs for gaming platforms handling vast amounts of user data.
 - *Overall investment climate:* The sector is capital-intensive, especially for entities that are reliant on venture funding or IPOs. Gaming companies experience heightened volatility, even when operational performance remains stable, due to broader tech sector sentiment.
- ▶ As required by IAS 1.25 (IAS 8.6K), GameX assesses its ability to continue as a going concern considering the above-noted uncertainties and all other relevant information.
- ▶ GameX concludes that the going concern assumption is appropriate, however, IAS 1.25 (IAS 8.6K) requires entities to disclose the material uncertainties relating to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern.
- ▶ Accordingly, GameX Limited discloses information about the material uncertainties (both quantitative and qualitative in nature) including the following:
 - Assumptions made about uncertain future events, such as regulatory requirements and consumer demand;
 - Information on estimation techniques used in assessing the ability of the entity to continue as a going concern, such as stress testing and/or scenario analysis;
 - The effect of any events after the reporting period relating to the noted uncertainties;
 - Mitigating factors and the entity's strategy to address material uncertainties.

BDO comment

The IASB has published educational materials *Going concern – a focus on disclosure*, which explains the disclosure requirements of IFRS Accounting Standards in the context of going concern. The educational materials also notes a [July 2014 IFRS Interpretations Committee agenda decision](#), which notes that even if an entity determines that there are no material uncertainties relating to its ability to continue as a going concern, this conclusion may itself be a significant judgement, requiring disclosure.

When assessing the ability of the entity to continue as a going concern and the associated disclosures, entities should consider the IASB educational materials as a tool in determining which disclosures are necessary.

Next steps

The illustrative examples do not add to or change any of the requirements of IFRS Accounting Standards, however, they may cause entities to reconsider the disclosures included in financial statements relating to climate-related risks as well as other uncertainties, which may include (but are not limited to):

- ▶ The effects of tariffs and changing global economic circumstances;
- ▶ Geopolitical crises, such as armed conflicts;
- ▶ Changing laws and regulations; and
- ▶ New technologies, such as artificial intelligence.

The IASB made the near-final examples available prior to the release of the final amendments in November 2025 to allow entities sufficient time to consider the effects of the examples, as many entities will prepare and release 31 December annual financial statements shortly after the final amendments are expected to be published in October 2025.

The illustrative examples may encourage discussion between finance teams, sustainability specialists, risk managers, and boards, fostering integrated thinking within organisations, such as how all various risks and uncertainties may affect financial reporting. By illustrating how the effects of climate change and other uncertainties may result in material information being disclosed in the financial statements, the IASB has highlighted that connected reporting between 'traditional' financial reporting and sustainability and other risks is inherent in preparing financial statements in accordance with IFRS Accounting Standards.

Entities should review their financial statements and consider the disclosures necessary to provide material information to users of financial statements in light of the illustrative examples. Regulators and enforcers are expected to continue focusing on the effects of climate-related risks in financial statements, as well as other uncertainties.



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