Be clear in times of uncertainty

Your guide to financial reporting

December 2025

Financial reporting in uncertain times

External events – e.g. natural disasters, pandemics, geopolitical tensions or rapid changes in worldwide economic policies – may trigger uncertainty and cause market volatility, inflationary pressures, shifting customer demands and disrupted supply chains.

In times of heightened uncertainty, investors and regulators look for clarity in your annual report. They want to know how your company is affected, how you address the challenges, what judgements, estimates and assumptions you make, and how you have reflected it all in the financial statements.

To be clear in your financial reporting in uncertain times and meet the needs of your investors and regulators, follow these three steps.

Step 1

Identify the **relevant** risks and uncertainties

Step 2

Determine the financial reporting **impacts**

Step 3

Tell a **clear** and **connected** story

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Step 1: Identify the relevant risks and uncertainties

Not all existing risks and uncertainties impact companies equally.

In determining what may be ‘relevant’, ask yourself if a risk or uncertainty may **impact** your company’s **financial position and performance today or tomorrow**.

You need to consider your own and your investors’ perspective. Also, it may be helpful to compare your assessment with that of your peers.

Can a risk or uncertainty impact ...

Operations

- Might you need to introduce changes to your operating activities?
- Is there an impact on your value chain – i.e. your suppliers and customers?

Business model

- Might you need to introduce changes to your business model?

Strategy

- Might you need to revise your strategy in response to the risk or uncertainty?

Cash flows

- Is there an impact on your cash flows in the short, medium or long term?
- Which time horizons are relevant for the assessment?

Access to finance

- Is there an impact on your ability to access finance in the short, medium and long term?

Cost of capital

- Is there an impact on your cost of capital in the short, medium and long term?

Step 2: Determine the financial reporting impacts

There is no single accounting standard on uncertainty.

To determine the impact of each relevant risk and uncertainty and reflect it in your financial reporting, consider the following.

Which accounting standard applies?

Do you need to reflect:

- forward-looking information?
- the market participant's or the company's perspective?
- the market price at the reporting date?

In projecting future cash flows, do you consider:

- a single scenario; or
- multiple scenarios?

Reporting practicalities

Revenue and government support

Non-financial assets

Leases

Non-financial liabilities

Insurance

Financial instruments

Note: this guide does not cover every impact; you need to assess your specific facts and circumstances.

Reporting practicalities

Does the uncertainty triggered by external events affect…	Key considerations under IFRS® Accounting Standards
…your company's ability to continue as a **going concern**?	• Assess whether your company has sufficient liquidity to continue to meet its obligations as they fall due – e.g. consider if it is unable to increase selling prices or if customer demand falls. • Revise budgets and forecasts to take into account the increased uncertainty. • Reassess your company's compliance with debt covenants. • Consider whether your company's ability to access financing is impacted and the related consequences.
…how you identify and consider **events after the reporting date**?	• Identify and consider all subsequent events until the date the financial statements are authorised for issue and determine whether these events are adjusting. • Disclose the nature and estimated financial effect of material non-adjusting events – or explain why an estimate cannot be made.
…the level of disclosure required in your **interim financial statements**?	• Consider providing additional supplementary disclosures in your interim financial statements if changes in circumstances arising from uncertainty have made significant disclosures in your last annual financial statements less relevant.
…how your company determines and discloses **fair values**?	• Consider whether valuation techniques, judgements and assumptions are appropriate and ensure that the related disclosures are clear.

Further resources

- Going concern – Assessing the impact
- Subsequent events – Assessing the impact
- Interim financial statements – Assessing the impact
- Fair value measurement – Practical challenges

Non-financial assets

Does the uncertainty triggered by external events affect…	Key considerations under IFRS Accounting Standards
…the **recoverability** of your **non-financial assets**?	• Consider whether there are indicators that your company's non-financial assets may be impaired and impairment testing is necessary. • Consider whether the assumptions used to calculate the recoverable amount are up to date.
…the recoverability of your **deferred tax assets**?	• Consider whether your company's future taxable profit projections have changed as a result of the increased uncertainty and how this impacts the recoverability of deferred tax assets.
…the recoverability of your **revenue-cycle assets**?	• Consider whether receivables, contract assets, inventories and capitalised contract costs may need to be written down.
…your ability to **control or significantly influence your investees**?	• Consider the possible accounting implications for your investees – economic uncertainty could affect your ability to control, jointly control or have significant influence over each of your investees.
…your ability to **capitalise borrowing costs**?	• Ensure you can continue to capitalise borrowing costs because interruptions in construction and development projects resulting from economic uncertainty could suspend the capitalisation of borrowing costs.

Further resources

- Impairment on non-current assets – Assessing the impact
- Deferred tax assets – Assessing recoverability
- Revenue-cycle assets – Assessing recoverability
- Relationships with investees – Assessing the impact
- Capitalised borrowing costs – Assessing the impact

Non-financial liabilities

Does the uncertainty triggered by external events affect…	Key considerations under IFRS Accounting Standards
…the **profitability of your contracts** giving rise to **unavoidable liabilities**?	• Consider whether any of your company's contracts have become onerous or if your company has contractual obligations it has not met, and whether these items need to be provided for.
...your **restructuring plans**?	• Assess whether the criteria for recognising a restructuring provision have been met if your company is undertaking restructuring activities – e.g. downsizing or discontinuing operations – in response to external events.
…the recognition and measurement of your **employee benefits and share-based payment expenses**?	• Consider the need for updated actuarial valuations of defined benefit liabilities and for revisions to estimates used in recognising share-based payment expenses. • Consider whether to recognise employee termination expenses related to restructuring plans.

Further resources

- Onerous contracts – Assessing the impact
- Restructuring provisions – Assessing the impact
- Employee benefits – Assessing the impact

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Revenue and government support

Does the uncertainty triggered by external events affect…	Key considerations under IFRS Accounting Standards
…your **revenue recognition**?	• Assess whether customer contracts remain enforceable. • Consider whether tariffs cause any contract modifications – e.g. changes in price or scope. • Review estimates of variable consideration, estimates of progress towards completion and stand-alone selling prices.
…when to recognise the expected proceeds from **insurance claims**?	• Review insurance contract terms, involving legal advisers when necessary, and determine eligibility to claim under the insurance contract.
…recognition and measurement of **government assistance**?	• Identify the appropriate accounting standard to apply to government assistance – because the requirements of IFRS Accounting Standards differ significantly on when to recognise the assistance and how to measure it.

Further resources

- Revenue – Assessing enforceability of customer contracts
- Revenue – Reviewing estimates
- Insurance proceeds – Assessing the impact
- Government grants – Determining timing and amount to recognise
- Government assistance – Evaluating nature and type

Leases

Does the uncertainty triggered by external events affect…	Key considerations under IFRS Accounting Standards
…your **lease accounting**?	• Assess whether lease assets and liabilities need to be remeasured as a result of reassessing renewal, termination or purchase options – e.g. if your company decides to relocate its facilities in response to economic uncertainty.
…tenants' decisions on their **real estate leases**?	• Consider whether deciding to vacate or sub-let office space may indicate impairment – e.g. the right-of-use asset in a lease arrangement could be impaired or there could be a change in its estimated useful life.

Further resources

- Lease assets – Assessing recoverability
- Leases – Impact of renewal, termination or purchase options
- Leases – Impact of vacating or sub-letting office space

Insurance

Does the uncertainty triggered by external events affect…	Key considerations under IFRS Accounting Standards
…**insurers' balance sheets**?	• Consider the impact of increased uncertainty from external events on insurance contract liabilities, reinsurance recoveries and disclosures.
…**policyholder behaviours**?	• Assess whether changes in policyholder behaviour affect surrender probabilities and insurance fraud, as well as the recoverability of assets for insurance acquisition cash flows. • Consider if you need to update your estimates and provide disclosures about the uncertainty around claims arising from specific events.

Further resources

Insurance – Assessing the impact

Step 3: Tell a clear and connected story

To meet investors' and regulators' needs, provide **clear, transparent and connected** disclosures about risks and uncertainties faced by your company – across financial reporting, sustainability reporting and other parts of your annual report.

Consider **specific disclosure requirements** in the relevant accounting standards and the **overarching disclosures** in the accounting standard on the presentation of financial statements.

You can also use **illustrative examples** developed by the International Accounting Standards Board.

In telling your story, explain:

- the key areas of **risks and uncertainties** you are facing;
- how you are **impacted**; and
- what **assumptions, judgements and estimates** you have made at the reporting date.

Stand back and consider if you have disclosed all material information, even if there is no impact at the reporting date.

Keeping in touch

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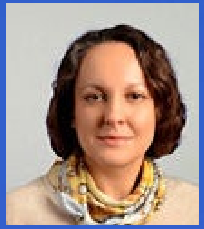

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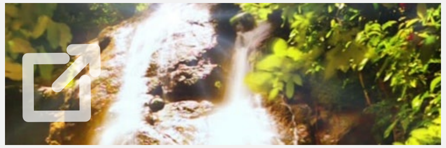

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