



# Accounting newsletter

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KPMG Caucasus and Central Asia

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# Foreword

Welcome to the first edition of KPMG Caucasus and Central Asia quarterly Accounting newsletter. In this issue, we introduce a new edition of our Insights into IFRS that will enhance your understanding and application of standards. We also provide essential year-end guides with illustrative disclosures to ensure you are well-prepared for reporting deadlines. Additionally, we highlight emerging trends in climate risk reporting. We hope you find this newsletter both informative and valuable as you strive for transparency and excellence in your financial practices.



**Mukhit Kossayev**

Head of Audit  
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# Guides on financial reporting

## Insights into IFRS | Driving clarity in financial reporting

Investors and regulators have been raising concerns about the clarity of financial reporting. Alongside this, artificial intelligence has fundamentally changed the face of communication, impacting confidence and trust. Maintaining stakeholders' confidence and trust is high on the agenda for all companies, with clarity of reporting playing a key role.

Insights into IFRS is here to help. Now in its 21<sup>st</sup> edition, it continues to provide helpful, up-to-date guidance on the key aspects of financial reporting, to help your clients ensure their corporate reporting meets the changing needs of users.

[Click here](#) to read more.

### How to get your copy of Insights

*Insights into IFRS* is available as an e-book on *ProView*<sup>™</sup>. To order your copy, [click here](#). And you can download a copy of [Insights into IFRS: An overview](#), which provides a high-level briefing for audit committees and boards.

## Illustrative disclosures | Your essential year-end guides

Investors and regulators have been raising concerns about the clarity of financial reporting, including climate reporting. Companies need to be clear on climate in their financial reporting and be ready for the additional scrutiny that will come with sustainability reporting.

Our 2024 guides to annual financial statements will help. They comprise illustrative disclosures and a disclosure checklist. These updated guides reflect standards in issue at 31 August 2024 that are required to be applied by a company with an annual reporting period beginning on 1 January 2024.

[Click here](#) to read more.

## Fair value measurement handbook | 2024 edition

Companies are facing a myriad of changes – including the rise of artificial intelligence, transition to a greener economy and new global taxes – as well as uncertainties about geopolitical events, inflation and interest rates. Any of these matters may require companies to re-evaluate the judgements, inputs and critical assumptions underpinning their fair value measurements. In times like this, it is critical that companies tell a clear story by providing transparent disclosures.

This edition of our [Fair value measurement handbook](#) includes a series of questions and answers on applying the new US Financial Accounting Standards Board Accounting Standards Update 2022-03 *Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*, among other updates. It will help you apply the principles of Topic 820, *Fair Value Measurement* and IFRS 13 *Fair Value Measurement*, as well as understand the key differences between the two accounting standards.

## KPMG Global Corporate Reporting Institute | New website now live

We're excited to announce the launch of the [KPMG Global Corporate Reporting Institute](#).

This new site showcases the breadth of KPMG insight, guidance and analysis on global corporate reporting matters in a logical and structured way that reflects the reporting ecosystem in 2024.

The site spans IFRS Accounting Standards, ESG reporting and connected reporting, and includes our latest videos, podcasts and blog posts on these topics.

Within the site, you'll find all your trusted KPMG content – including digital hubs on [climate reporting](#), [financial reporting in uncertain times](#), and the [ISSB<sup>™</sup> Standards](#) – and of course, our [IFRS toolkit](#).

# Updates on financial reporting requirements

## Annual improvements process | Targeted amendments

The annual improvements process aims to improve the clarity and internal consistency of IFRS Accounting Standards. In this volume of improvements, the International Accounting Standards Board (IASB) makes minor amendments to IFRS 9 *Financial Instruments* and to a further four accounting standards. The amendments to IFRS 9 address:

- a conflict between IFRS 9 and IFRS 15 *Revenue from Contracts with Customers* over the initial measurement of trade receivables; and
- how a lessee accounts for the derecognition of a lease liability under IFRS 9.

The amendment on trade receivables may require some companies to change their accounting policy.

[Click here](#) to read more.

## IFRIC agenda decisions | Segment reporting

At its July meeting, the IASB agreed to issue the IFRS Interpretations Committee's final agenda decision on operating segments. This decision addresses which items of revenue and expense need to be disclosed for each reportable segment.

In our *IFRS Today* [video](#), Brian O'Donovan (Global IFRS and Corporate Reporting Leader) explains the key points and potential impact of the agenda decision.

The [IFRIC Update](#) contains the official record of the Committee's decisions.

## Hyperinflationary presentation currency | Proposed amendments to IAS 21

There is currently no specific guidance for translating a company's financial statements from a non-hyperinflationary functional currency into a hyperinflationary presentation currency. This scenario arises when a company presents its financial statements in a hyperinflationary currency but has:

- a non-hyperinflationary functional currency; or
- a foreign operation with a non-hyperinflationary functional currency

The IASB proposes to amend IAS 21 *The Effects of Changes in Foreign Exchange Rates* to clarify that a company uses the closing rate when translating all the

financial statement amounts (including comparatives) into its presentation currency in these circumstances.

[Click here](#) to read more.

## IAS 28 amendments | Applying the equity method

A company is generally required to account for investments in associates and joint ventures under the equity method.

To address longstanding application questions on equity accounting under IAS 28 *Investments in Associates and Joint Ventures*, the IASB is proposing to amend the standard.

The proposals provide some new requirements and clarifications, which would help to drive consistency of financial reporting for investments in associates and joint ventures.

[Click here](#) to read more.

## IFRS 19 | Catch-up proposals

Following the publication of IFRS 19 *Subsidiaries without Public Accountability: Disclosures*, the IASB is proposing further 'catch-up' amendments to the standard.

Because of the timing of IFRS 19's publication, disclosure requirements in several new or amended IFRS Accounting Standards were included without reductions. These catch-up amendments propose to reduce the relevant disclosure requirements for the standards concerned, most notably IFRS 18 *Presentation and Disclosure in Financial Statements*.

[Click here](#) to read more.



# Sustainability reporting

## New digital hub and talkbook on climate reporting

Climate change is driving broader stakeholder scrutiny of financial reporting, with regulators, investors and the public focusing on how companies report on climate-related matters – such as net-zero commitments. And they are demanding clarity on climate.

That's why we have launched the [Clear on climate reporting](#) hub. This digital hub provides our insights and guidance to help companies and their stakeholders understand how to be clear on climate in financial reporting.

The hub covers key reporting issues on climate-related matters and includes:

- a [talkbook](#) – high-level guidance on the actions companies need to take;
- FAQs to help identify the potential financial statement impacts; and
- ideas and podcasts that explore the issues further – including by sector.

We will grow and refresh the hub's resources regularly, so please bookmark the [Clear on climate reporting](#) hub to keep up to date with our latest insights.

## Emissions schemes

Today, emissions and green schemes impact most companies. The number and variety continue to grow, as does the complexity of the related financial reporting issues.

IFRS Accounting Standards do not always provide straightforward answers, and views may differ on how to apply them. But investors and regulators demand clarity in financial reports, so being clear is crucial.

To help you, we've created a [digital guide](#) to answer your key accounting questions – whether you're an investor, a green company, an intermediary or a polluting company.

## Climate-related disclosures

Climate-related reporting is under the microscope. Investors and regulators are demanding clarity on climate-related matters in financial reporting, so companies should expect increased scrutiny.

As part of its response, the IASB has [proposed](#) new illustrative examples to help companies target areas of known investor and regulator concern.

## Key stakeholder perspectives on climate reporting

In our [video](#), Brian O'Donovan speaks to key stakeholders about why it's so important that companies are clear on climate in their financial reporting.

- Jen Sisson (CEO of the International Corporate Governance Network) provides the investor perspective.
- Larry Bradley (KPMG Global Head of Audit) explains why it's important to connect reporting.
- Cath Burnet (Head of Audit for KPMG in the UK) highlights how audit committees can help.

## CSRD | Your questions answered?

Companies need clarity to navigate the complexity of the Corporate Sustainability Reporting Directive (CSRD).

The European Commission (EC) has issued 90 frequently asked questions (FAQs) covering:

- which companies are in scope of the CSRD;
- details around the assurance of CSRD disclosures; and
- practical arrangements for publishing CSRD disclosures.

The FAQs bring some clarity; however, we expect more questions to arise as companies continue their implementation journey.

[Click here](#) to read more.

## First-time reporting under ESRs | ESMA statement

To support the first wave of companies in applying European Sustainability Reporting Standards (ESRSs), the European Securities and Markets Authority (ESMA) has issued a statement highlighting:

- the guidance already available or under development that companies are expected to consider; and
- the key areas to assess when preparing a sustainability statement under ESRs for the first time.

Companies now know what ESMA's expectations are for first-time reporting under ESRs and can focus on ensuring full compliance with the standards.

[Click here](#) to read more.



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