



Accounting newsletter

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KPMG Caucasus and Central Asia

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Foreword

Welcome to the latest edition of our quarterly newsletter, where we provide key updates on accounting and sustainability reporting.

In this issue, we address the impact of new import tariffs and the associated uncertainties. These changes are creating challenges in financial reporting, particularly in the area of impairment testing. We also present the Interim reporting guides that will help you streamline your financial statement preparations. Further, we cover the latest ISSB Proposals to simplify IFRS S2, a valuable step towards reducing complexity in sustainability reporting, and discuss the EU's Omnibus proposals, which bring important changes for companies in scope.

We trust these updates will assist you in staying ahead of the curve in the dynamic world of financial and sustainability reporting.



Mukhit Kossayev

Head of Audit
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Import tariffs | Financial reporting impacts

When new tariffs and counter-tariffs are announced and amended at short notice, it is not just the tariffs themselves that pose challenges for companies – it is also the pace of change and the resulting economic uncertainty. Assessing the impacts on interim or annual financial reporting may be complex.

A company cannot disregard import tariffs simply because they are announced after a reporting date – e.g. 31 March 2025. This is because some accounting standards require companies to consider expectations about the future for measurement and disclosure purposes.

Companies need to:

- think broadly about the impacts;
- reflect the measurement uncertainty at the reporting date – e.g. 31 March 2025 – based on the requirements in the relevant accounting standards; and
- tell a clear story.

Read our [article](#) for further discussion and use our [quick reference](#) card as a guide.

To find out more on how the new import tariffs may impact the recoverability of non-current assets take a look at our [article](#) placed on the [Financial reporting in uncertain times digital hub](#).

We have also updated our digital guide [The impact of climate-related matters on impairment testing of non-current assets](#) to include a non-exhaustive list of impairment indicators referred to in IAS 36 *Impairment of Assets*.



Guides on financial reporting

Your essential interim reporting guides

Our 2025 guides to condensed interim financial statements are now available. The guides are intended to help companies prepare and present condensed interim financial statements in accordance with IAS 34 *Interim Financial Reporting*. They comprise [illustrative disclosures](#) and a [Disclosure checklist](#).

These updated guides reflect IFRS Accounting Standards in issue at 20 March 2025 that are required to be applied by a company with an annual reporting period beginning on 1 January 2025.

They also include illustrative disclosures related to Pillar Two taxes. For further information about the financial reporting impacts of Pillar Two taxes, see our [digital guide](#) with FAQs. And for more on interim financial reporting in uncertain times, read our [article](#).

Insights into IFRS – 21st Edition updated

Insights into IFRS – your tool for applying IFRS Accounting Standards – has been updated to incorporate new guidance on impairment testing of non-current assets. The guidance clarifies when to reflect the impact of future changes in non-income tax laws in the recoverable amount.

How to get your copy of *Insights*

Insights into IFRS is available as an e-book on *ProView*™. 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.

IFRS 19 | New disclosure tracker

A new disclosure tracker published by the International Accounting Standards Board (the IASB) allows companies to compare the disclosure requirements in IFRS 19 with those in IFRS Accounting Standards.

[Click here](#) to read more.





Updates on financial reporting requirements

Updating how IFRS Standards are set

The Due Process Handbook (the Handbook) of the IFRS Foundation currently outlines the processes to follow when setting IFRS Accounting Standards.

The Trustees of the IFRS Foundation have proposed updates to the Handbook to:

- specify formally the due process for setting IFRS Sustainability Disclosure Standards;
- introduce a process to drive connectivity between financial and sustainability reporting; and
- provide clarifications and enhancements in other areas.

[Click here](#) to read more.

IFRS for SMEs standard updated

The third edition of the IFRS for SMEs Accounting Standard reflecting updates that now largely align with IFRS Accounting Standards has been released. Some areas of divergence remain – the IASB has notably opted to defer alignment with IFRS 16 *Leases* – but the updated standard now broadly reflects:

1. IFRS 3 *Business Combinations*;
2. IFRS 10 *Consolidated Financial Statements*;
3. IFRS 15 *Revenue from Contracts with Customers*; and
4. other relevant changes made to IFRS Accounting Standards since 2015.

The updated sections of the SMEs Accounting Standard are effective for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted.

Find out more in our [article](#).



Sustainability reporting

Proposals to simplify IFRS S2

Stakeholders – including regulators, preparers and investors – have provided feedback about potential areas of clarification that would support implementation of IFRS S2 *Climate-related Disclosures*. In response, the International Sustainability Standards Board (ISSB) decided in its meeting on 29 January to propose a set of narrow-scope amendments to IFRS S2.

The proposed amendments are expected to cover the following:

- disclosing Scope 3 Category 15 greenhouse gas (GHG) emissions (i.e. GHG emissions that arise from a company's financial investments);
- using alternative global warming potential values;
- applying the jurisdictional relief to use a method other than the GHG Protocol Corporate Standard to measure GHG emissions; and
- using the Global Industry Classification Standard when disaggregating financed emissions by industry.

The proposed amendments would be particularly relevant for companies with insurance or investment banking activities. They would also be of interest to companies that are currently planning their implementation or have already conducted a gap assessment.

[Click here](#) to read more.

Assurance | Are you ready for ISSA 5000?

ISSA 5000 *General Requirement for Sustainability Assurance Engagements* is the new global baseline assurance standard positioned to meet higher expectations for sustainability reporting and address recognised challenges with existing requirements.

Our publication [Are you ready for ISSA 5000?](#) helps companies understand the potential implications of ISSA 5000 for their sustainability reporting journey and related assurance services. It also provides a broader understanding of what is driving higher market expectations for credible, high quality and comparable sustainability-related information and how companies can respond to new risks and opportunities.

EU releases Omnibus proposals

The European Commission has released an Omnibus package of proposals to reduce sustainability reporting and due diligence requirements.

As a result of this Omnibus package only the largest companies would report under European Sustainability Reporting Standards (ESRS); a subset of those companies would continue to report under the EU Taxonomy. These changes would need to be approved by the European

Parliament and the Council of the EU and transposed into national law to become effective.

Furthermore, the Commission announced that it will simplify ESRS disclosure requirements and is consulting to amend the EU Taxonomy.

Find out more in our [article](#).

Also, check out our ESG reporting [podcast](#), in which Jan A. Müller (Partner, KPMG in Germany) and Katharina Gädeke (Partner, Regulatory Advisory, KPMG in Germany) discuss the proposals and what they might mean for companies that have already reported or are preparing to report under ESRS.

Real-time ESRS | Fast 50 report – Insight on first-wave reporting

Reporting under ESRS is in its early stages, with the first ESRS sustainability statement being issued just weeks ago.

Our [FAST 50](#) report is a look at the reporting by 50 companies that issued reports in January and February 2025.

There are enduring lessons to be learnt about stakeholder engagement, the impact of AI and telling your strategic story amid complexity. These are relevant for all companies looking to improve their sustainability reporting. There are also compelling questions about the relationship between impact and financial materiality.

We will deepen our analysis over time, as more companies report.

Bookmark [Real-time ESRS](#) for dynamic insight on the first wave of ESRS reporting and read our report.



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