Accounting and sustainability reporting newsletter

Navigating the Evolving Landscape of Accounting

For the period
Q3 2025

November 2025
KPMG Caucasus and Central Asia

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Foreword

This edition of our quarterly newsletter provides essential updates and practical insight across accounting and sustainability reporting matters.
It covers significant topics including Year-End guides: Illustrative disclosures and Disclosure checklists, Insights into IFRS - 22nd edition, IFRS 15: revenue handbook, IFRIC Agenda Decision related to IFRS 18, IFRS 19: catch-up amendments, Uncertainty in financial reporting: new illustrative examples and Investor-focused management commentary.

On the sustainability front, there is VSME: A voluntary sustainability reporting option, IFRS Sustainability: Materiality - your practical guide, Quick fix amendments to ESRS, New amendments simplify EU Taxonomy, Real-time ESRS: findings and resources updated, and KPMG responses on simplifying ESRS.

We trust this newsletter will equip you with valuable knowledge to navigate current challenges and opportunities in the accounting and reporting landscape. To find out more about how KPMG can help your organization with your accounting needs, please feel free to get in touch with any of the contacts listed in this publication.

Mukhit Kossayev

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Accounting matters

Annual Financial Statements | Illustrative disclosures and Disclosures checklist

Your essential year-end guides

In times of uncertainty, investors, regulators and other report users look for clarity in the annual report. They want to know how a company is affected and how it addresses the challenges, and what judgements, estimates and assumptions management makes.

Our 2025 guides to annual financial statements are here to help. They comprise illustrative disclosures and a disclosure checklist.

These updated guides reflect IFRS® Accounting Standards in issue at 31 August 2025 that are required to be applied by a company with an annual reporting period beginning on 1 January 2025.

Click here to read more.

Insights into IFRS | 22nd edition

Be clear in times of uncertainty

In times of heightened uncertainty, investors and regulators are looking for clarity in companies' annual reports. They want to know how a company is affected, how it addresses the challenges, what judgements, estimates and assumptions management make, and how those have been reflected in the financial statements. So, companies should expect more scrutiny.

KPMG Insights into IFRS is here to help. This 22nd edition contains our most up-to-date guidance on key aspects of financial reporting. It will help companies to ensure that financial statements offer a clear picture in times of uncertainty.

Click here to read the article.

IFRS 15 | Revenue handbook

Consistency in a time of change

IFRS 15 *Revenue from Contracts with Customers* is being applied to an ever-expanding population of contracts, some dealing with products and services that did not even exist when the standard originally became effective. However, the standard and its five-step model continue to provide a solid and consistent base when accounting for revenue from contracts with customers.

In its review of IFRS 15, the International Accounting Standards Board (IASB) concluded that the standard is working as intended but acknowledged that some areas can be challenging to apply in practice. This means that applying the standard will continue to require significant judgement and careful consideration of the facts and circumstances.

Check KPMG's updated Revenue Handbook which includes additional observations and examples, and extensive discussion of the areas that companies have found most complex.

IFRS 18 | IFRIC Agenda Decision

IFRS 18 – exchange differences on intragroup loans

In its September meeting, the IFRS® Interpretations Committee discussed how foreign exchange differences arising on intercompany loans should be classified in consolidated financial statements under IFRS 18 Presentation and Disclosure in Financial Statements. Companies will need to keep a close eye on the outcome of these discussions as they prepare financial statements using IFRS 18.

Check out our latest video by the Committee, Brian O'Donovan.

IFRS 19 | Catch-up amendments

Reduced disclosures for eligible subsidiaries

Amendments to IFRS 19 Subsidiaries without Public Accountability: Disclosures reduce the disclosure requirements related to a number of recent standards and amendments.

The timing of IFRS 19's publication (in May 2024) meant that disclosure requirements in new or amended IFRS® Accounting Standards issued between 28 February 2021 and May 2024 were included without reductions.

These amendments reduce the disclosure requirements for the relevant standards issued in that period. Ongoing updates will similarly amend IFRS 19 for future standards and amendments.

Click here to read the article to learn more about the reduced requirements.

Uncertainty in financial reporting | New illustrative examples

Investors and regulators are demanding clarity on uncertainty in financial reporting, so companies should expect increased scrutiny.

As part of its response, the International Accounting Standards Board is introducing a set of six new illustrative examples to help companies target areas of known investor and regulator concern.

These examples illustrate the application of existing requirements in IFRS® Accounting Standards. Although they use climate-related scenarios, they aim to drive clarity on uncertainty in financial reporting more broadly

Click here to find out more.

Investor-focused management commentary

Focus on telling a coherent story

Some companies present a management commentary – known as MD&A in some countries – to accompany their financial statements.

In response to investor concerns, the International Accounting Standards Board revised IFRS Practice Statement 1 *Management Commentary*. Although it is not mandatory, and local regulation may set specific management commentary requirements, it may help companies to tell a connected story.

Click here to read the article

Sustainability matters

ESRS | Simplifying ESRS – KPMG response

KPMG comments on EFRAG's draft revised standards

As part of its Omnibus initiative, the European Commission asked EFRAG, the EU's advisory body on corporate reporting, for advice on simplifying European Sustainability Reporting Standards (ESRS).

EFRAG published its proposals on simplified ESRS in July 2025, inviting comments from stakeholders. With the public consultation now closed, our article highlights the KPMG response to some of EFRAG's key proposals.

Click here to read our article

ESRS | VSME: A voluntary sustainability reporting option

European Commission recommends smaller companies use the VSME standard temporarily

Smaller companies' sustainability reporting burden may ease following a European Commission decision to recommend that companies outside the scope of the Corporate Sustainability Reporting Directive report their sustainability-related information temporarily under the VSME standard.

The Commission's recommendation affords these companies greater clarity on an alternative and simpler reporting approach than that under European Sustainability Reporting Standards.

Click here to read our article on voluntary sustainability reporting option.

Materiality for sustainability reporting

Focusing on decision-useful information

To make the right decisions, investors need the right information at the right time. So, when preparing reports under IFRS® Sustainability Disclosure Standards, you need to provide sustainability-related information that is clear, structured and decision-useful.

The concept of materiality aims to help you focus on providing decision-useful information to your investors. It determines the volume, type and precision of information you report.

Follow the six steps in our new guide with how-to insights and examples that will help you provide the sustainability-related information your investors need.

ESRS | Quick fix amendments

Extending ESRS phase-in reliefs

First-wave companies reporting under ESRS will be relieved from additional reporting requirements by the European Commission's 'quick fix' amendments.

While the Omnibus process and ESRS simplification are ongoing, the amendments allow first-wave companies:

- to continue applying phase-in reliefs until FY27; and
- to delay application of four standards – biodiversity and three social standards.

The amendments will apply for 2025 reporting periods.

Click here to read the web article

New amendments simplify EU Taxonomy

Changes ahead for EU taxonomy reporting

Simplified reporting templates and a new materiality concept are among the changes for companies that report under the EU Taxonomy, following targeted amendments from the European Commission.

The EU Taxonomy currently applies to all companies in scope of the Corporate Sustainability Reporting Directive, which are likely to change due to the ongoing Omnibus discussions.

The amendments apply for 2025 reporting periods, with an option to delay their application until the 2026 reporting period.

Click here to read more

Real-time ESRS | Findings and resources updated

Changes ahead for EU taxonomy reporting

Our latest Real-time ESRS report analyses the sustainability statements of 270 companies that reported under ESRS in Wave 1 and includes commentary on the opportunities for simplification identified in the analysis.

Click here to access the Real-time ESRS talkbook and bookmark Real-time ESRS for dynamic insights.

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