



Accounting and sustainability reporting newsletter

**Navigating the Evolving
Landscape of Accounting**



For the period
October – December 2025

KPMG Caucasus and Central Asia

Foreword

This edition of our quarterly newsletter provides essential updates and practical insight across accounting and sustainability reporting matters. It covers significant topics including updated handbooks, illustrative disclosures for Banks, podcasts, amendments to IAS 21, applying mandatory deferred tax exception to qualified domestic minimum top-up tax, IFRIC Agenda Decisions related to IFRS 18, proposals to introduce a new Risk Mitigation Accounting model in IFRS 9 and a guide to consider climate change in impairment testing. On the sustainability front, it covers amendments to clarify IFRS S2, illustrative disclosures on IFRS Sustainability, latest guidance on measuring and disclosing greenhouse gas emissions and proposed change for GHG Protocols Scope 2 emissions guidance.

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.



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Accounting matters



Updated handbooks

IFRS compared to US GAAP

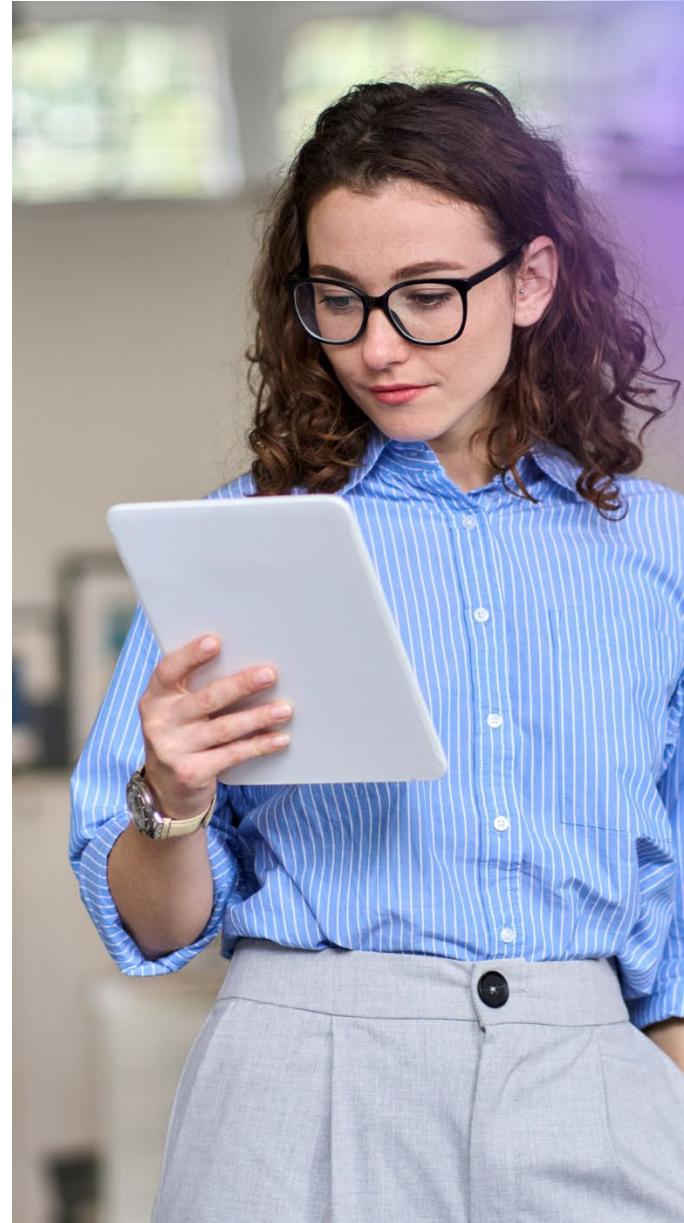
For those companies reporting under both IFRS Accounting Standards and US GAAP, the updated [IFRS compared to US GAAP handbook](#) highlights the key differences between the two frameworks based on 2025 calendar year ends. It also includes a new chapter highlighting the key differences between the forthcoming requirements of IFRS 18 *Presentation and Disclosure in Financial Statements* and US GAAP.

Use this guide to help you identify and understand the key differences and drive clarity in your financial reporting.

Fair value measurement

Companies are navigating a multitude of challenges, including the rise of artificial intelligence, the transition to a greener economy, uncertainties around tariffs and international trade policies, and the implementation of new global taxes. These shifts present significant challenges to determining fair value.

This edition of [Fair value measurement handbook](#) includes latest insight and practical guidance. It will help you apply Topic 820 *Fair Value Measurement* and IFRS 13 *Fair Value Measurement*, and understand the key differences between the two accounting standards.



Illustrative disclosures for Banks

Your essential guide to disclosures for banks

KPMG's Illustrative disclosures for banks helps you to prepare and present your financial statements in accordance with IFRS Accounting Standards, illustrating one possible format for financial statements based on a fictitious banking group.

The 2025 edition reflects IFRS Accounting Standards in issue at 30 November 2025 that apply for annual periods beginning on 1 January 2025.

[**Click here**](#) to read more.



Podcasts

Cryptoassets and stablecoins

Cryptoassets continue to be in the spotlight. Any company considering investing needs to understand the accounting and tax implications to make informed decisions.

This podcast examines some key considerations for companies – specifically around accounting and tax – with input from Julia LaPointe (Associate Partner, ISG), Charlotte Lo (Partner, Accounting Advisory Services, Banking & Asset Management, KPMG UK) and Susanne Dixon (Partner, Tax, KPMG UK).

[**Click here**](#) to read this podcast.



Areas of focus for 2025 year ends

KPMG's latest podcast offers clear and concise points for companies to consider in preparing their year-end reporting.

Hosted by Brian O'Donovan, this episode takes as its central theme the need to achieve clarity in financial reporting amid significant uncertainty. It delivers insights from KPMG specialists on a range of topics – including getting ready for IFRS 18 *Presentation and Disclosure in Financial Statements*, and embracing the challenge of sustainability reporting.

[**Click here**](#) to read this podcast.

Hyperinflationary presentation currency

Final amendments to IAS 21 issued

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 hyperinflationary functional currency and a foreign operation with a non-hyperinflationary functional currency.

To reduce diversity in practice and improve the usefulness of information for investors, the International Accounting Standards Board has amended IAS 21 *The Effects of Changes in Foreign Exchange Rates* to clarify that:

- a company with a non-hyperinflationary functional currency uses the closing rate at the latest reporting date when translating all the financial statement amounts (including comparatives) into its presentation currency; and
- a company uses the closing rate at the latest reporting date when translating all amounts (excluding comparatives) of a foreign operation with a non-hyperinflationary functional currency and applies the change in the general price index to restate the comparatives.

The amendments are relevant for an entity that has a presentation currency of a hyperinflationary economy, and either its own functional currency (or that of its foreign operation(s)) is that of a non-hyperinflationary economy. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2027. Earlier application is permitted.

[Click here](#) to read the article.

Pillar Two taxes

Applying the mandatory deferred tax exception to QDMTT

Many countries are implementing the international tax reform under Pillar Two and introducing top-up taxes. These top-up taxes are subject to the mandatory exception from deferred tax accounting under IAS 12 *Income Taxes*.

In some countries, a domestic minimum top-up tax – intended to be ‘qualified’ under Pillar Two – is effective from 1 January 2025. However, the ‘qualifying’ status of such a tax is expected to be formally confirmed at a future date.

KPMG’s updated digital guide provides guidance on how to apply the mandatory deferred tax exception to a domestic minimum top-up tax before its qualified status is formally confirmed.



[**Click here**](#) to access the digital guide.

Uncertainty in financial reporting

IASB finalises 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 has released the final version 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 and do not have an effective date or transition requirements. Although they use climate-related scenarios, they aim to drive clarity on uncertainty in financial reporting more broadly.

[**Click here**](#) to read the article.

Also, access the [Uncertain times digital hub](#) that provides helpful insights on a broad range of topics under IFRS® Accounting Standards.



IFRIC Agenda Decisions | IFRS 18

IFRS 18 – Presentation of non-income taxes

In November, the IFRS Interpretations Committee devoted most of its meeting to IFRS 18 *Presentation and Disclosure in Financial Statements*, which is effective for 2027. For many companies, the first comparative period under IFRS 18 starts in just a few weeks, so these discussions were very timely.

Check the latest [video](#), part of a [series](#) on key discussions by the Committee, where Brian O'Donovan summarises one topic that generated a lot of interest – presentation of taxes that are not income taxes.



Risk Mitigation Accounting

Have your say on proposals to add to IFRS 9

Proposals to introduce a new Risk Mitigation Accounting (RMA) model in IFRS 9 *Financial Instruments* aim to better align the financial statements with repricing risk management activities.

The new model would be optional. However, entities would no longer be able to apply hedge accounting under IAS 39 *Financial Instruments: Recognition and Measurement*.

This would be a significant change for banks and insurers that manage their exposure to repricing risk that arises from financial assets and financial liabilities that change continually.

Given the complex nature of this topic, we encourage you to: engage early, field test the proposals and have your say by **31 July 2026** on whether this model would enable you to reflect how you manage repricing risk in your financial statements.

[Click here](#) to read the article



Be clear on climate in impairment

Your how-to guide

Climate change is not just an environmental issue – it is also a strategic and financial one.

Your company's response to climate-related risks and opportunities may impact your cash flows and the value of your assets. Users need relevant information to make informed decisions – including whether and how climate-related risks and opportunities have been considered in impairment testing.

KPMG's new how-to guide – with practical insights and examples – and the updated digital guide will help companies consider the impact of climate change on impairment testing under IAS 36 *Impairment of Assets*.

[**Click here**](#) to access the guide.

In addition, read the article, which provides insight on climate-related risks and opportunities and their impact on a company's reporting.



Sustainability matters



Amendments to clarify IFRS S2

Practical changes to the climate standard

Targeted amendments to IFRS S2 *Climate-related Disclosures* will change how some companies disclose their emissions, particularly in the following areas.

- Scope 3 Category 15 greenhouse gas (GHG) emissions
- Global warming potential values
- Industry-classification systems
- Jurisdictional relief

The changes provide reliefs and clarifications to support companies in applying IFRS S2 while minimising disruption to jurisdictions that are in the process of adopting IFRS® Sustainability Disclosure Standards.

[Click here](#) to read the article



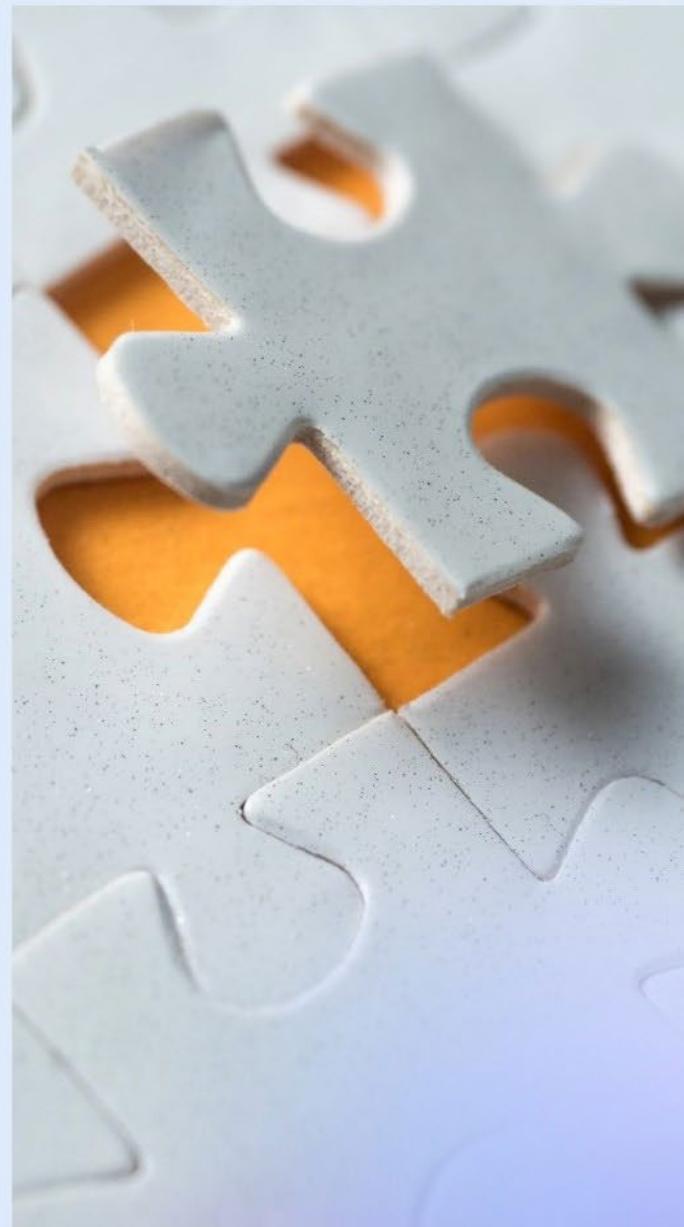
IFRS Sustainability | Illustrative disclosures

Find your way... and tell your story

IFRS Sustainability Disclosure Standards allow flexibility in presenting material information about sustainability-related risks and opportunities. You can tailor disclosures to your circumstances and jurisdictional requirements, to tell your strategic story.

At the same time, many companies are asking what information they should include – where and in what format.

KPMG's Illustrative disclosures can help. This collection of over 40 illustrative examples is a practical resource to guide and inspire your reporting across the core content areas of the standards. It illustrates a range of options to catalyse your thinking and to demonstrate the flexibility, scalability and connectivity embedded in the standards.



[**Click here**](#) to download the
illustrative disclosures

GHG emissions reporting handbook

Latest guidance on measuring and disclosing greenhouse gas emissions

Disclosing greenhouse gas (GHG) emissions is a fundamental part of sustainability reporting for many companies.

In addition to new Q&As and examples on application of the GHG Protocol Standards, the KPMG GHG emissions reporting handbook has been enhanced with in-depth guidance on measuring and disclosing GHG emissions under IFRS® Sustainability Disclosure Standards. These updates include information about the latest amendments to IFRS S2 *Climate-related Disclosures* and practical implications for companies.

This handbook explains GHG emissions reporting for finance professionals who are more familiar with financial reporting and generally accepted accounting principles. As such, it explain concepts in the most understandable way for this audience.

[Click here](#) to read the handbook



GHG Protocol | Updating Scope 2 emissions guidance

GHG Protocol proposals would change how companies measure market-based emissions

Companies would need to change the way they calculate and report Scope 2 emissions under new proposals from the Greenhouse Gas Protocol (GHGP).

The changes proposed are far-reaching and important and affect both location- and market-based emissions.

The proposals for GHGP's Scope 2 guidance mark the start of a series of plans to update the GHGP's corporate standards and guidance.

Consider how the proposed changes would affect your company. They could require you to change the types of instruments you are able to use, as well as how you measure emissions.

[**Click here**](#) to read the article and have your say on the proposals: the consultation is open until 31 January 2026.



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