



Accounting and sustainability reporting newsletter

Navigating the Evolving
Landscape of Accounting

For the period
January 2025 - March 2025

KPMG in Pakistan



Foreword

This edition of our quarterly newsletter provides essential updates and practical insight across accounting and sustainability reporting matters. It covers significant topics including impact of new import tariffs on impairment testing, interim reporting guides, disclosure tracker for IFRS 19 and updated IFRS for SMEs. On the sustainability front, there are proposals to simplify IFRS S2, Guideline on Assurance ISSA 5000, Omnibus Proposals approved by EU, ESG reporting podcast and early findings and key learnings on real-time 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 the contact listed in this publication.



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Accounting matters



Uncertain times | Impact of new import tariffs on impairment testing

New import tariffs and impairment testing of non-current assets

Import tariffs are often used by countries to protect their local producers. In some cases, they are subject to negotiations between countries and a long legislative process. In other cases, new high tariffs may be imposed at a short notice and may trigger retaliatory measures by the affected countries.

If so, they may significantly affect businesses – they can push economies into recession, disrupt supply chains and alter trade dynamics worldwide. As a result, they can impact the recoverability of non-current assets.

Companies need to monitor the developments closely and reflect them in their impairment assessment in a timely manner.



[Click here](#) to read more.

Guides to financial statements | 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](#).

Use our guides to help you prepare your condensed interim financial statements.

[Click here](#) to read more.



IFRS for SMEs | Standard updated

The third edition of the IFRS for SMEs[®] Accounting Standard reflects updates that now largely align with IFRS[®] Accounting Standards. Some areas of divergence remain – the International Accounting Standards Board has notably opted to defer alignment with IFRS 16 Leases – but the updated standard now broadly reflects:

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

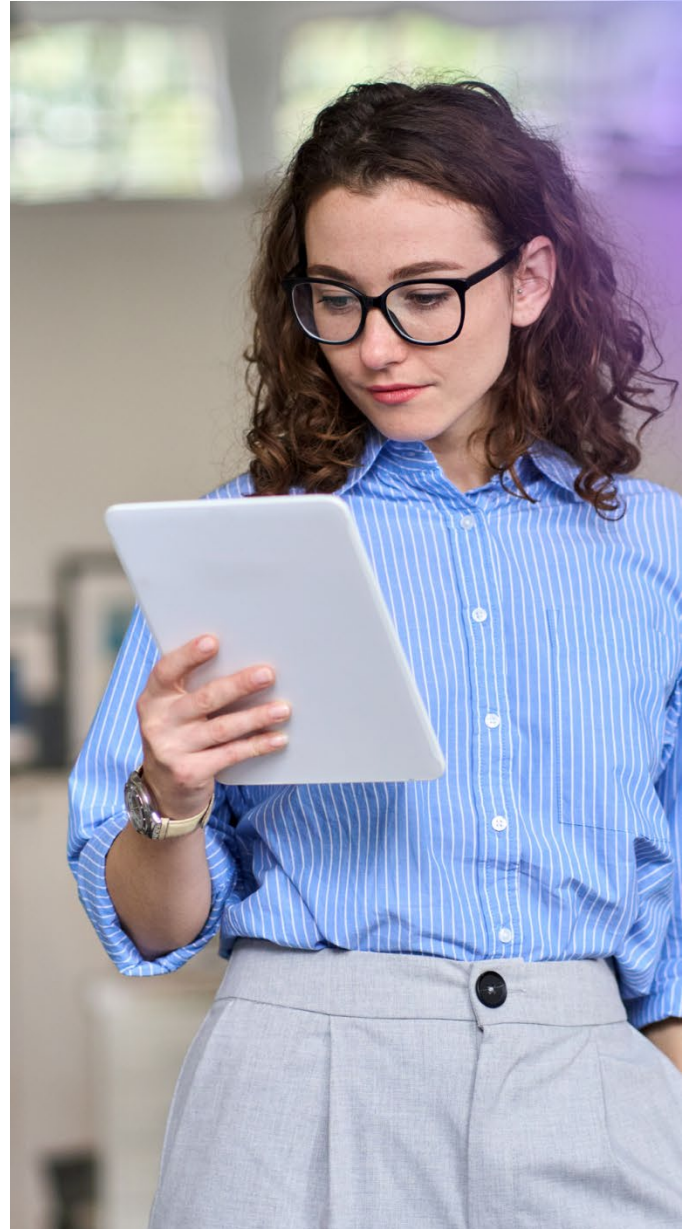
The updated sections of the SMEs Accounting Standard are effective for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted.

[Click here](#) to read more.



IFRS 19 | Reducing disclosures for subsidiaries

A new disclosure tracker published by the International Accounting Standards Board allows companies to compare the disclosure requirements in IFRS 19 Subsidiaries without Public Accountability: Disclosures with those in IFRS® Accounting Standards.



[Click here](#) to read more.

Sustainability matters



Proposals to simplify IFRS S2 – Climate Related Disclosures

Stakeholders have provided feedback about potential areas of clarification that would support implementation of IFRS S2. 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 covering the following:

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

The proposed amendments would be particularly relevant for companies with insurance or investment banking activities and 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.

The client-facing 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.

[Click here](#) to read more.



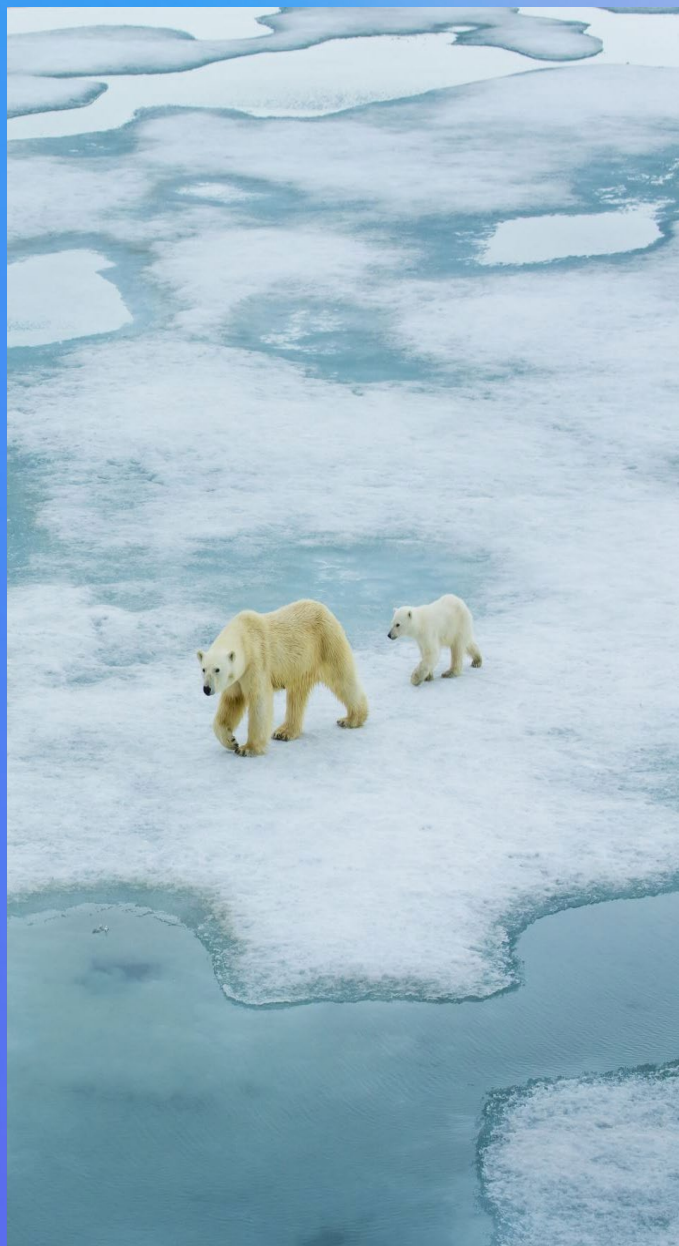
EU Approves Omnibus Proposals

Two-year relief for wave two and three companies

The European Commission has been progressing its Omnibus package of proposals to reduce sustainability reporting and due diligence requirements.

A two-year postponement in mandatory reporting under ESRS and EU Taxonomy for second- and third-wave companies has now been agreed by the EU under the proposed 'Stop the clock' directive. The directive is pending final adoption into EU law, after which it will be transposed into national law. The deadline for the transposition is 31 December 2025.

Additionally, the Commission has mandated EFRAG to provide advice on how to simplify ESRS by 31 October 2025



[Click here](#) to read more.

The KPMG View: ESG Reporting | Podcast

What do the EU's Omnibus proposals mean for your company?

The European Commission is seeking to simplify the reporting burden for companies. Under its recent package of proposals, only the largest companies would report under European Sustainability Reporting Standards (ESRS).

In this podcast, 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.

You can listen to podcast here:



Real-time ESRS | The first wave of ESRS Reporting

Early findings and key learnings

Reporting under European Sustainability Reporting Standards (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.

[Click here](#) to read more.





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