



Accounting and sustainability reporting newsletter

Navigating the Evolving
Landscape of Accounting

For the period
April 2025 - June 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 review of IFRS 16, impact of pillar two taxes and import tariff in financial reports, updated observations on insurers implementing real-time IFRS 17 and highlights from the 21st edition of Insights into IFRS. On the sustainability front, there is IFRS sustainability disclosures transition story, banks' and insurers' sustainability-related disclosures benchmarking analysis, latest ISSB standards disclosure checklist, and clarification on IFRS S2 climate-related disclosures.

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



IFRS 16 | Review of the leases standard

Take this opportunity to have your say

To understand whether the accounting standard is working as intended, the International Accounting Standards Board (IASB) is undertaking a post-implementation review of IFRS 16 Leases.

The IASB asks:

- whether IFRS 16 is meeting its objective;
- about the ongoing costs and benefits of applying the standard; and
- for feedback on its more complex elements – including the lease term, discount rates and variable lease payments.

[Click here](#) to find out more and submit your response to the IASB by 15 October 2025



Pillar Two taxes in financial reports | More questions answered

New accounting, presentation and disclosure guidance

Many countries are introducing a global minimum top-up tax as part of the international tax reform ('Pillar Two' tax) and companies are assessing the accounting, presentation and disclosure impacts on financial reports.

Use our updated Pillar Two tax digital guide to navigate the key issues related to:

- presentation and disclosure;
- impairment assessment;
- interim reporting; and
- recharges.

[Click here](#) to read our updated Pillar Two tax digital guide



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.

Companies need to:

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



[Click here](#) to read our article
and to use our quick
reference card

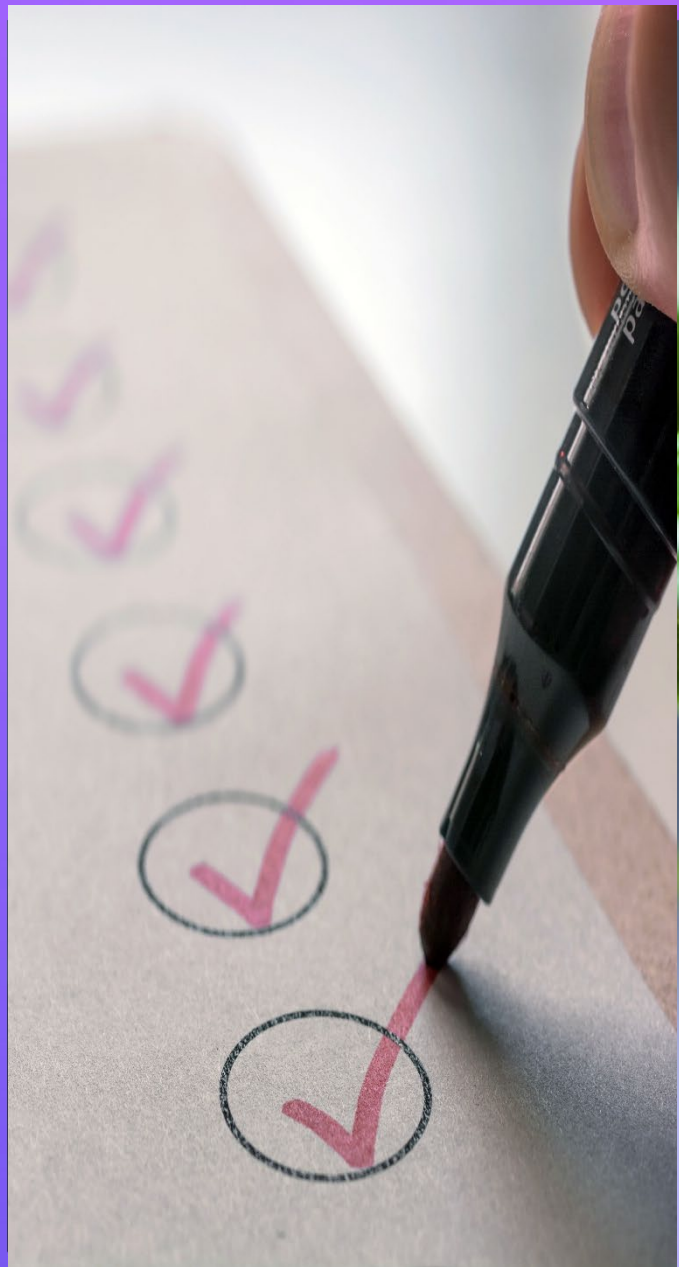
Insurers: Real-time IFRS 17

Updated observations on insurers' reporting under IFRS 17 and IFRS 9

We have updated our observations on the accounting policies, significant judgements and disclosures under IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments in the 2024 annual financial statements of 55 insurers.

We also took a deeper dive into several topics, including discount rates, risk adjustments and the contractual service margin.

Generally, insurers provided more clarity and company-specific detail in their disclosures; however, disclosures still varied widely. Some insurers have also begun to refine their IFRS 17 accounting policies and provide new ways for users to analyse profitability – e.g. by using IFRS 17-related key performance indicators (KPIs).



[Click here](#) to find out more

Latest updates to Insights into IFRS

Check out the latest updates to Insights into IFRS

Laws and regulations that impact a company's operations may change and new laws may be introduced in the future. Questions arise about the impact of future changes in non-income tax laws on the impairment testing under IAS 36 Impairment of Assets – e.g. if and when a future carbon tax law should be considered in calculating the recoverable amount using a discounted cash flow technique.

Insights into IFRS — your tool for applying IFRS Accounting Standards — has been updated for new guidance on impairment testing of non-current assets.

[Click here](#) to read more.



Sustainability matters



IFRS Sustainability | Telling your transition story

Introducing transition plan disclosures under IFRS® Sustainability Disclosure Standards

Climate change is both a business risk and an opportunity to innovate. Investors and other stakeholders need to understand companies' ambitions and actions in response.

As transition planning becomes more common and investor demand for it grows, reporting frameworks and standards – including the IFRS Sustainability Disclosure Standards – increasingly require transition plan disclosures.

[Click here](#) to read our **Telling your transition story guide** for an introduction to transition plan disclosures.



Banks' sustainability-related disclosures | Benchmarking the 2024 reporting cycle

Our 2024 sustainability-related disclosure benchmarking analysis covers 33 major banks.

Key findings from our analysis include the following;

- Although all banks disclose sustainability-related considerations in their credit risk assessment process, the quantified impact of climate risk on ECL remains relatively limited.
- Disclosures of portfolio coverage for financed emissions are gaining traction, and risks and dependency disclosures are expanding as interim target dates draw nearer.
- Despite ample narrative on financial inclusion and customer protection, a lack of standardized metrics and targets makes it difficult to assess their effectiveness.
- Banks have begun disclosing their risk management approaches to artificial intelligence (AI) ethics and algorithmic bias.



[Click here](#) to read more.

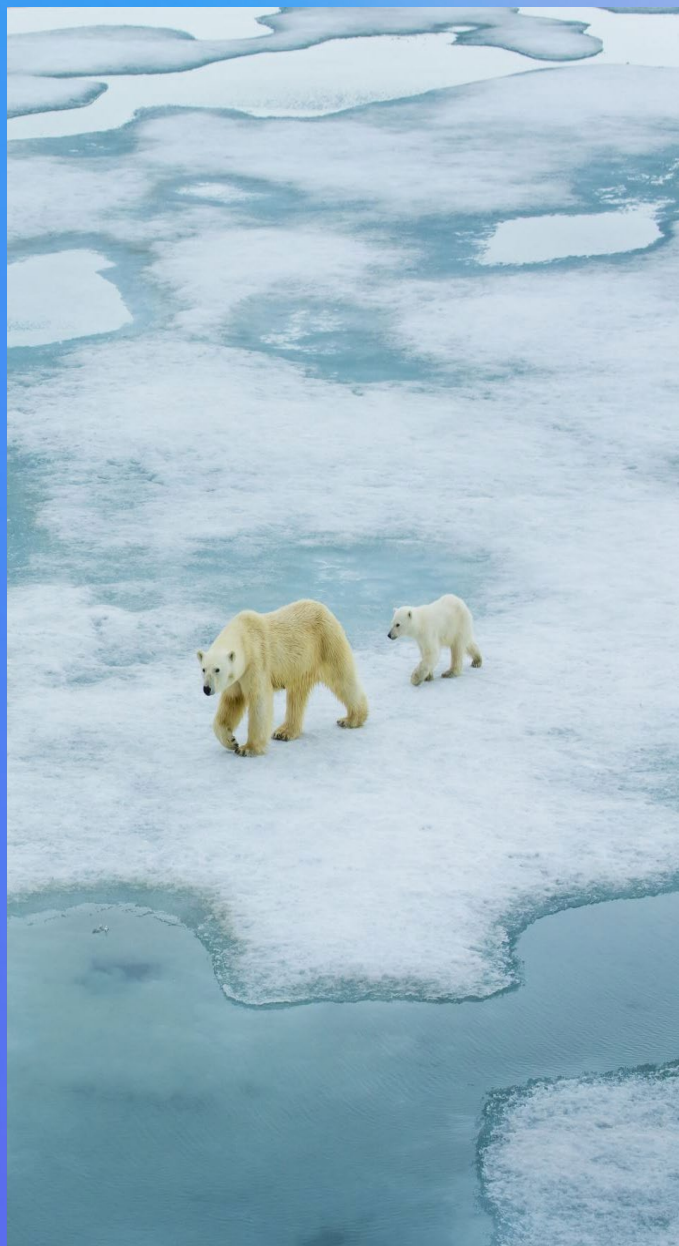
Insurers' sustainability-related disclosures | Benchmarking the 2024 reporting cycle

Our 2024 sustainability-related disclosure benchmarking analysis covers 45 major insurers. We've found that as sustainability mandates evolve and diverge, comparability in insurers' disclosures remains challenging.

Insurers have an opportunity to provide clearer, more focused sustainability narratives with more insurance-specific data and that are better connected to the financial statements.

Other key findings from our analysis include the following;

- More insurers are publishing transition plans, but still not the majority, while many focus on extreme weather risk assessments.
- There is notable progress on financed emissions, but calculations remain challenging for insurers.
- Few still disclose insurance-associated emissions, reflecting data and methodology challenges.
- Business conduct disclosures are mostly qualitative; more can be done to provide quantitative information, such as metrics and targets.



[Click here](#) to read more.

ISSB Standards | Disclosure Checklist

Your essential guide to reporting sustainability-related financial information

Our disclosure checklist will help you to prepare and present sustainability-related financial information under IFRS® Sustainability Disclosure Standards by identifying the:

- specific disclosure requirements for climate and other topics in an easy-to-understand sequence; and
- available transition reliefs for first-time adopters.

Use our guide to help you prepare your sustainability reporting.



[Click here](#) to read more.

Clarifying IFRS S2

Practical changes to the climate standard

Targeted amendments to IFRS S2 Climate-related Disclosures could change the way companies disclose emissions.

Feedback on IFRS S2 from stakeholders – including regulators, preparers and investors – has focused on areas where clarification may help them to apply the standard. In response, the International Sustainability Standards Board (ISSB) is proposing amendments in the following areas.

- Scope 3 Category 15 greenhouse gas (GHG) emissions
- Global warming potential values
- The Global Industry Classification Standard
- Jurisdiction relief

The proposals will interest companies that are currently planning their implementation or have already conducted a gap assessment.



[Click here](#) to read more.



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