Accounting and sustainability reporting newsletter

Navigating the Evolving Landscape of Accounting



For the period

July – September 2026

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 amendment to IAS 28 extending the availability of the fair value option, IFRS 18 for telcos, 23rd edition of Insights into IFRS, updated guide on IFRS 16, combined and carve-out financial statements, IFRIC agenda decisions, and the IFRS 9 and IFRS 7 hedge accounting review. On the sustainability front, it covers ESRS updates, further EU Taxonomy revisions, EU Omnibus developments, GHG Protocol and ISO alignment, IFRS Sustainability guidance, and determining what to report under 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.



Assel Urdabayeva
Partner and Head of Audit
KPMG Caucasus and Central Asia

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Contents

Accounting matters

- Fair value option in IAS 28
- Key industry-specific impacts of IFRS 18
- Insights into IFRS | 23rd edition
- IFRS 16 – Updated guide
- Combined and/or carve-out financial statements
- IFRIC agenda decisions
- IFRS 9 and IFRS 7 – Hedge accounting

Sustainability matters

- Revised European Sustainability Reporting Standards
- Revisions to EU Taxonomy
- GHG Protocol and ISO to align standards
- IFRS Sustainability

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Accounting matters



Fair value option in IAS 28

Targeted amendments ahead of IFRS 18

The way companies account for their investments in associates and joint ventures impacts how they classify the related income and expenses in the statement of profit or loss. As companies prepare to transition to IFRS 18 Presentation and Disclosure in Financial Statements , questions have been raised about who can apply the fair value option in IAS 28 Investments in Associates and Joint Ventures .

Under the targeted amendments issued by the International Accounting Standards Board, more companies may now be eligible to measure investments in associates and joint ventures at fair value through profit or loss.



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Key industry-specific impacts of IFRS 18

Key areas to consider as telcos prepare for IFRS 18

IFRS 18 Presentation and Disclosure in Financial Statements is effective from 1 January 2027 and applies retrospectively, with comparatives restated.

Our new IFRS 18 guide highlights the key industry-specific impacts for telecommunications companies (telcos), as they get into the detail and think about how the new requirements apply to their specific circumstances.



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Insights into IFRS | 23rd edition

KPMG's practical guide to IFRS Accounting Standards

Heightened global uncertainty is impacting different businesses in different ways. Users of a company's reports need a clear and connected story that helps them understand:

- the specific challenges and opportunities the company is facing;
- how it is responding; and
- what judgements, estimates and assumptions it is making.

Insights into IFRS is here to help companies tell their own story. This 23rd edition includes up-to-date guidance on key aspects of financial reporting, including the upcoming changes required by IFRS 18 – the new presentation accounting standard.



How to get your copy of Insights
Insights into IFRS is available as an e-book on ProView™. Speak to your usual KPMG contact to order your copy.

And you can download a copy of Insights into IFRS: An overview, which provides a high-level briefing for audit committees and boards.

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IFRS 16 – Updated guide

Lease accounting in a changing world

Some years on from the adoption of IFRS 16 *Leases*, many of its original implementation challenges continue to raise application issues.

Our updated publication IFRS 16 – An overview provides examples and insights to help companies understand the requirements and their impacts on the financial statements.



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Combined and/or carve-out financial statements

Navigating the reporting challenges

Mergers and acquisitions (M &A) activity is increasingly characterised by fewer, larger and more strategic transactions, with carve-outs becoming a key tool for organisations seeking to streamline portfolios and focus investment on core businesses.

According to Josh Martin, the KPMG Global Head of Transaction Services, successful transactions depend on early preparation and disciplined execution across operations, technology, talent and AI.

As carve-out activity increases, so does the need for robust financial reporting. Users and regulators often require combined and carve-out financial statements because they provide meaningful and decision-useful information. However, preparing them can be complex and may require significant judgement, particularly as IFRS Accounting Standards do not specifically address combined and carve-out financial reporting. As a result, practices have evolved differently across jurisdictions.

The KPMG Combined and Carve-out Financial Statements guide can help. It draws on practical experience and observations from recent transactions, highlighting common approaches and areas of diversity in practice to help organisations navigate these reporting challenges with confidence.

Click here to access the guide



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IFRIC agenda decisions

Discussions on new and existing requirements

In its September meeting, the IFRS Interpretations Committee discussed three new technical issues. One relates to IFRS 18 *Presentation and Disclosure IFRIC in Financial Statements* ; the other two address IFRS 9 *Financial Instruments* and IAS 16 *Property, Plant and Equipment* . All three discussions are important because they address practical application questions on new and existing requirements.

In the latest video, part of a series on key discussions by the Committee, Volker Specht summarizes what was covered.

The IFRS Foundation also publishes updates of the Committee's meetings.



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Click here to access the updates of the Committee's meetings.

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IFRS 9 and IFRS 7 – Hedge accounting

Review of hedge accounting and related disclosure requirements

To understand whether they are delivering their intended outcomes, the International Accounting Standards Board (IASB) is reviewing the hedge accounting requirements in IFRS 9 *Financial Instruments* and the related disclosures in IFRS 7 *Financial Instruments: Disclosures.*

The IASB asks whether: the requirements provide a clear basis to apply them appropriately and consistently, and to make appropriate judgements; the hedge accounting disclosures provide useful information, and the costs and benefits of applying the requirements are reasonable.



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Sustainability matters



Revised European Sustainability Reporting Standards

ESRS for non-EU companies

From 2028, non-EU companies and groups with significant operations in the EU will need to provide impact information for their entire global group in their sustainability reporting. The EFRAG Sustainability Reporting Board estimates that 1,200 companies could be impacted.
The proposed requirements, which are set out in the draft European Sustainability Reporting Standards for certain non-EU companies (ESRS-40a), are open for comment until 31 October 2026.

EU Omnibus

The first Omnibus package reached a conclusion with the adoption of the revised European Sustainability Reporting Standards (ESRS) in July. For many companies, this brings much needed clarity on who needs to report and what the reporting requirements will look like going forward.
In the video, Jan Müller (Partner, KPMG in Germany) considers how companies can prepare for the next phase in the evolution of sustainability reporting.

ESRS materiality assessment

Under European Sustainability Reporting Standards (ESRS), a company needs to determine which sustainability topics are material and what information to report.
A double materiality assessment (DMA) helps a company focus on the information that users need and provides the basis for determining what information to report. However, performing this assessment can be complex and involve significant judgements.
KPMG how-to guide sets out a practical six-step approach for performing a DMA. It uses sustainability-related scenarios and experience-based insights to address common questions, implementation challenges and pitfalls.

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Click here to assess the guide

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Revisions to EU Taxonomy

What the recent ESA proposals mean for reporting

Following the Omnibus simplification package, the European Supervisory Authorities (ESAs) have proposed further amendments. They aim to make EU Taxonomy reporting more useful, proportionate, comparable and decision-relevant while reducing unnecessary reporting effort.

Companies now have an opportunity to influence the future design of the framework through the consultation process.



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GHG Protocol and ISO to align standards

GHG Protocol | Proposals for a consolidated standard on GHG emissions reporting

Corporate greenhouse gas (GHG) reporting is set for significant change as the GHG Protocol (GHGP) and the International Organization for Standardization (ISO) plan to combine the GHGP and ISO corporate GHG reporting standards into a single, co-branded standard by the end of 2028.

This could mark an important shift, with the GHGP's workplan integrating and building on the work done to date to overhaul the GHGP Standards. By incorporating the Actions and Market Instruments (AMI) workstream, the proposed new standard could also significantly broaden the information companies report. Public consultation on the new standard is expected in Q2 2027.

During this period of development, companies will continue to report GHG emissions under the current standards.



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IFRS Sustainability

Discover KPMG new guide

A growing number of jurisdictions are moving towards implementing IFRS ® Sustainability Disclosure Standards – some on a voluntary basis, others through mandatory requirements.
At the same time, decision-makers need clear, connected and decision-useful information.

KPMG IFRS Sustainability handbook combines practical guidance, examples and our insights. Together with our IFRS Sustainability toolkit resources, it can help companies navigate the requirements with confidence and tell their own story.



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Click here to assess the toolkit

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Contact us



Assel Urdabayeva
Partner and Head of Audit
KPMG Caucasus and Central Asia
E: AUrdabayeva@kpmg.kz



Nikoloz Chochua
Partner and Head of Audit
KPMG Georgia
E: nchochua@kpmg.com



Nodirbek Vakhidov
Managing Partner and Head of Audit
KPMG Uzbekistan
E: nvakhidov@kpmg.com



Nasiba Muradkhanova
Partner and Head of Audit
KPMG in Azerbaijan
E: nmuradkhanova@kpmg.az

kpmg.com

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