



## PwC Insights

by Capital Markets &  
Accounting Advisory Services

June 2026

### **Topical issues to consider when preparing 30 June 2026 MFRS financial statements**

In this Insights, we give an overview of the accounting implications of the following topical issues that companies with 30 June 2026 year end might consider when preparing their MFRS financial statements:

1. Geopolitical conflicts
2. Import tariffs
3. Non-financial asset key reminders for impairment reviews
4. Climate change and connectivity between sustainability reporting and financial reporting
5. Private capital transactions
6. AI ecosystem transactions

Appendix I at the end of this publication includes MFRS standards that are newly applicable for 30 June 2026 year end.



## 1. Geopolitical conflicts

Geopolitical conflict has continued to create significant shifts in the global risk landscape, with pervasive economic impact. For example, the current conflict in the Middle East results in financial impacts that include but are not limited to:

- **Oil and gas price shocks.** The conflict has disrupted navigation in the Strait of Hormuz, causing oil prices to surge. Damage to energy facilities, including oil refineries and liquefied natural gas (LNG) plants, has led to reduced output across the region. This destabilised global gas markets, particularly in Europe and Asia.
- **The threat of a global recession.** Analysts caution that a prolonged closure of the Strait of Hormuz could spark a global recession, given its pivotal role in global energy flows and Asia's reliance on oil from the Gulf Cooperation Council (GCC).
- **Equity market losses.** Early in the conflict, disruptions in the Strait of Hormuz and energy gridlock significantly impacted global equity markets. Asian markets, notably Japan and South Korea, experienced crash-level declines, triggering emergency trading halts.
- **Supply chain and shipping disruptions.** Shipping lines halted or rerouted vessels, turning routine energy transport into a high-risk operation. Freight costs, maritime insurance, and logistics premiums surged globally.

Investors will want to understand if and how this is affecting an entity's operations, risk exposure and outlook. Entities must carefully consider the impact on their financial statements and disclosures.

[PwC In depth INT2024-04](#) provides relevant accounting guidance to help entities identify how geopolitical conflicts can impact their financial statements.

## 2. Import tariffs

On 20 February 2026, the US Supreme Court issued its decisions that the US import tariffs imposed in 2025 by executive orders pursuant to the International Emergency Economic Powers Act (IEEPA) were imposed without statutory authority. This decision invalidates only the tariffs imposed under IEEPA.

Groups with entities (importers of record) operating in and importing certain goods and services into the United States need to consider whether the decision gives rise to an asset for tariffs previously paid by those entities. It is unlikely that the recognition criteria for an asset in respect of any potential recovery would be met at the reporting date. However, entities should provide appropriate disclosure in their financial statements to the extent material.

[PwC In brief INT2026-04](#) provides further guidance on this area.

## 3. Non-financial asset key reminders for impairment reviews

Impairment is an ongoing area of concern for many entities in the current economic environment. Regulators remain focused on this area. Entities with significant amounts of goodwill and intangible assets with indefinite lives, or those that are affected to a greater extent by

- climate change,
- inflation,
- geopolitical risks,

should consider the common pitfalls observed in the impairment of non-financial assets. For a discussion of the key considerations for impairment of non-financial assets, read our [Insights](#).

## 4. Climate change and connectivity between sustainability reporting and financial reporting

In many cases, an entity's exposure to climate-related risks might not have changed significantly since its last annual reporting period. However, climate-related risks remain an important topic for many investors and so entities should ensure that all material information affecting the financial statements in this respect is provided.

Entities should also ensure consistency between financial and non-financial reporting on key climate-related assumptions, if these are relevant for the purposes of estimating and recognising MFRS compliant transactions / balances. If there is commentary in the sustainability report that hasn't been reflected in financial reporting (for example, because the entity is relying on market participants assumptions which differ) the entity should consider the need for additional commentary on why such items have been reflected on a different basis in financial reporting.

In November 2025, the International Accounting Standards Board (IASB) issued Examples illustrating how an entity applies the requirements in IFRS Accounting Standards to disclose the effects of uncertainties in its financial statements. The Examples demonstrate how to disclose the impacts of uncertainties within climate-related scenarios, but the principles and requirements are also applicable to disclosure of other uncertainties. These Examples do not add or change requirements in IFRS Accounting Standards / MFRS and therefore there are no transition requirements. Instead these Examples will accompany the respective IFRS Accounting Standards / MFRS to which they relate.

## 4. Climate change and connectivity between sustainability reporting and financial reporting (continued)

The IASB expects entities to be entitled to sufficient time to implement any changes to the information disclosed in their financial statements as a result of these Examples. Determining how much time is sufficient is a matter of judgement that depends on the entity's particular facts and circumstances, but entities would be expected to implement any changes on a timely basis. Entities are encouraged to consider the impact of these Examples on their 30 June 2026 year-end reporting. Read our [Snapshot](#) to find out more.

[PwC In depth INT2021-11](#) provide guidance on reflecting climate matters in the financial statements.

## 5. Private capital transactions

There is an increase in private capital transactions in the market, with increased complexity.

Private capital transactions can be attractive to companies, but the bespoke nature of these deals often introduces a high degree of accounting complexity.

Given the inherent complexity of these types of transactions, determining the appropriate accounting treatment requires a thorough, holistic assessment of the contractual terms and the specific facts and circumstances of each transaction. Without such analysis, the accounting outcome may be incorrect (for example, debt instrument may be misclassified as equity).

## 6. AI ecosystem transactions

The demand for artificial intelligence (AI) is fuelling some of the largest and most complex transactions, including acquisitions, strategic investments, and partnership structures that often differ from traditional deals. These transactions often involve multiple counterparties, including asset managers, private equity firms, leading technology firms, AI architects, sovereign wealth funds, specialised operators, and supply chain providers.

For entities involved in such transactions, it is essential to confirm that the financial reporting and disclosure of the transactions reflect their substance, since they often span multiple MFRS. There is a risk of inconsistency and incomplete accounting conclusions if all of the elements of these transactions are not evaluated together.

These transactions might also require expanded disclosure of significant judgements and critical estimates, as well as transparent reporting of their structure and commercial substance.

## **Appendix I : Amendments to MFRS newly applicable for companies with 30 June 2026 year ends**

### **Amendments to MFRS 121 “The Effects of Changes in Foreign Exchange Rates” on Lack of Exchangeability**

An entity is impacted by these amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

Read our [Snapshot](#) to find out more about the amendments.

#### **Do you need further information on this topic?**

Contact: Capital Market & Accounting Advisory Services (CMAAS) team  
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