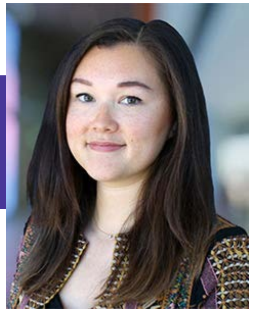
Are you ready for 30 June 2021 reporting?

4 May 2021

Your facilitators are…

Kim Heng

Hayley Pang



Kristen Haines

Oksana Gladchenko

What is our reporting context?

KPMG

Agenda

- New standards for 30 June 2021
- IFRS IC agenda decisions
- Regulatory update
- Hot topics
- Australian issues
- Wrap up

New standards for 30 June 2021

New standards: 30 June 2021 Y/Es

AASB 2018-6 *Definition of a Business* [AASB 3]

Refer to 31 December 2020 webinar

AASB 2018-7 *Definition of Material* [AASB 101]

Refer to 31 December 2020 webinar

AASB 2019-5 *Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia*

Refer to 31 December 2020 webinar

AASB 1059 *Service Concession Arrangements: Grantors*

Refer to 31 December 2020 webinar

AASB 2019-3 *Interest Rate Benchmark Reform* [AASB 9]

AASB 2020-4 Covid-19 Related Rent Concessions [AASB 16]

Revised Conceptual Framework**

Refer to 31 December 2020 webinar

**Application limited to publicly accountable for-profit entities required to or voluntarily comply with AAS until Phase 2 of the Australian Financial Reporting Framework project commences

New standards: 30 June 2021 H/Ys

AASB 2020-8 and AASB 2020-9 *Interest Rate Benchmark Reform – Phase 2*

AASB 2020-4 Covid-19 Related Rent Concessions [AASB 16]*

Interest rate benchmark reform (IBOR reform)

Benchmark interest rates around the world are changing

GBP LIBOR → SONIA

EURIBOR → €STR

USD LIBOR → SOFR

Financial reporting impacts during transition:

- Debt
- Hedges
- Leases
- Other contracts linked to interest rates

Interest rate benchmark reform (IBOR reform)

IASB’s response:

Phase 1 amendments

- Newly applicable for 30 June 21 YE
- Minimal impacts
- Deals with the uncertainty
- Allows continuation of hedge accounting in light on uncertainty
- Additional disclosures

Phase 2 amendments

- Newly applicable for 30 June 21 HY
- Deals with impacts of changing rates in contracts
- AASB 9 & AASB 16
  No P&L impact from changing rate to an *economical equivalent rate*
- AASB 9
  Update hedge documentation without discontinuing hedge accounting
- Additional disclosures

Other standards available for early adoption

AASB 1060 *General Purpose Financial Statements – Simplified disclosures for For-Profit and Non-for-Profit Tier 2 Entities*

AASB 2020-2 *Removal of Special Purpose*

Onerous Contracts—Cost of Fulfilling a Contract
[Amendments to AASB 137]

AASB 2020-3 *Annual Improvements 2018-2020 and Other Amendments*

Property, Plant and Equipment: Proceeds before Intended Use
[Amendments to AASB 116]

Sale or contribution of assets between an investor and its associate or joint venture
[AASB 3 & AASB 128]

Definition of Accounting Estimates
[Amendments to IAS 8]

Disclosure Initiative: Accounting Policies
[Amendments to IAS 1]

AASB 2020-1 and AASB 2020-6 *Classification of Liabilities as Current or Non-current*
[AASB 101]

Annual reporting periods beginning on or after 1 July 2021

Annual reporting periods beginning on or after 1 January 2022

Annual reporting periods beginning on or after 1 January 2023

Covid-19 Related Rent Concessions beyond 30 June 2021

Covid-19 Related Rent Concessions beyond 30 June 2021

[Amendments to IFRS 16*]

Effective date – 1 April 2021
Available for early adoption

2020 amendments

- **<u>Optional practical expedient</u>** for lessees in relation to payments originally due on or before **<u>30 June 2021</u>**
- Lease modification accounting for rent concessions beyond 30 June 2021

2021 amendments

- **<u>Optional practical expedient is extended</u>** for payments originally due on or before **<u>30 June 2022</u>**
- Retrospective application

Transition challenges

- 2021 amendments **<u>are mandatory</u>** for organisations that used the original practical expedient
- Reversal of previous lease modification accounting may be required

1 The amendments are expected to be issued by the AASB in due course.

Example - Rent Concessions beyond 30 June 2021

1 June 2020

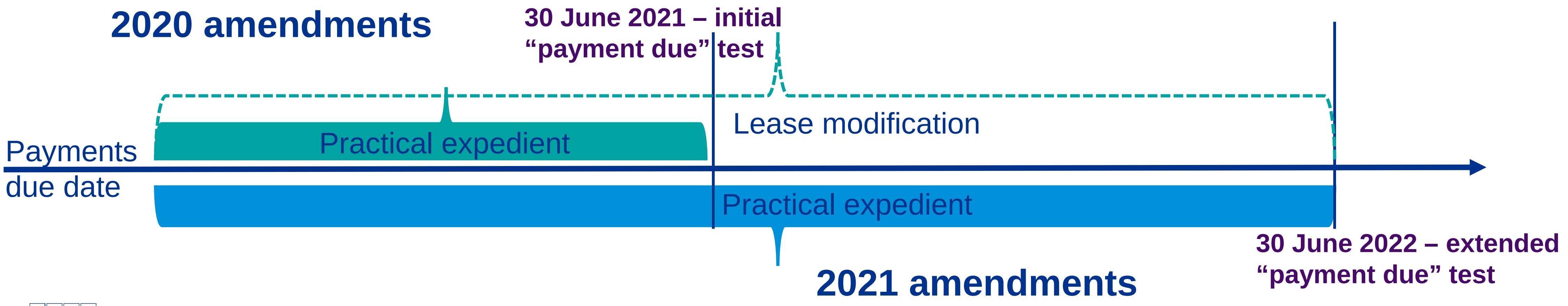
Due to impact of COVID-19, lessee negotiated rent concessions in relation to:
- a head office lease (Lease 1) for payments due between July 2020 – 30 June 2021
- a regional office lease (Lease 2) for payments due between July 2020 – 30 June 2022.

30 June 2020

Lessee have early adopted the **2020 amendments**:
- Lease 1: applied practical expedient as meets “payments due” eligibility criteria
- Lease 2: lease modification guidance applied as rent concession goes beyond 30 June 2021

30 June 2021

Lessee early adopts the **2021 amendments** - it <u>**must**</u> consistently apply the extension of practical expedient to eligible contracts with similar characteristics and in similar circumstances
- Lease 1: no changes compared to 30 June 2020
- **Lease 2: <u>reverse previous lease modification and apply practical expedient</u>**



AASB 17 Insurance Contracts

AASB 17 *Insurance contracts* and amendments to AASB 17 *Insurance Contracts*[1]

- Effective 1 January 2023
- Applies to contracts
- There are scope exemptions
- Scope goes beyond the insurance industry
- Does not apply to policyholders

"An insurance contract is a **contract** under which one party (the issuer) accepts '**significant insurance risk'** from another party (the policyholder) by agreeing to compensate the policyholder if a **specified uncertain future event** (the insured event) **adversely affects the policyholder**."

[1] Note early adoption of AASB 17 requires concurrent application of AASB 9 *Financial Instruments*

AASB 17 Insurance Contracts

1 Is there a **contract**?

Yes

2 Is the issuer **compensating** the policyholder for a specified **uncertain future event**?

Yes

3 Does the specified event **adversely effect the policyholder**?

Yes

4 Are there any **significant non-financial (insurance) risks** transferred?

Yes

AASB 17 *Insurance Contracts* MAY apply

No

AASB 17 *Insurance Contracts* DOES NOT apply

AASB 17 Insurance Contracts

Example

A company provides a maintenance contract where they agree to repair specified equipment after a malfunction. The fixed service fee is based on the expected number of malfunctions for the customer's specified equipment. The potential cost to repair the specified equipment could exceed the fixed service fee received in some circumstances.

- Specified uncertain future event
- Adverse effect on policyholder
- Insurance risk
- Significant risk to issuer

AASB 17 Insurance Contracts

Consider exemptions from applying AASB 17:

Contracts that limit compensation
AASB 17 or AASB 9

Out of scope

Fixed fee contracts meeting certain criteria
AASB 17 or AASB 15

Financial guarantee contracts
AASB 17 or AASB 9

Example
A company provides a maintenance contract where they agree to repair specified equipment after a malfunction. The fixed service fee is based on the expected number of malfunctions for the customer's specified equipment. The potential cost to repair the specified equipment could exceed the fixed service fee received in some circumstances.

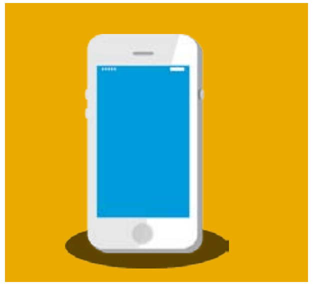
X - Optional exemption criteria not met

AASB 17 Insurance Contracts

Common contracts for non-insurers that could be an insurance contract

Fixed fee service contracts:

Road side assistance



Phone screen repair

Extended warranty

Surety bonds (or similar) which are common in the following industries:

- General building
- Mining
- Civil, heavy and specialist engineering
- Manufacturing
- Transportation

Consider scope exemptions

KPMG Insurance Contracts: First Impressions

Looking Ahead - Forthcoming Amendments to Standards

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	- Requires organisations to recognise deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The proposed amendments would apply to transactions such as leases and decommissioning obligations. - Expected to be issued in Q2 of 2021

IFRS IC agenda decisions

Recent IFRS IC Agenda decisions (November 2020- April 2021)

Supply chain financing – Reverse factoring

Configuration or customisation costs in a cloud computing arrangement[1]

Classification of debt with covenant as current or non-current[2]

[Tentative agenda decision]

[1] Subject to the IASB approval - expected to be considered in a late April 2021.

[2] Tentative agenda decision – comments deadline was 15 February 2021.

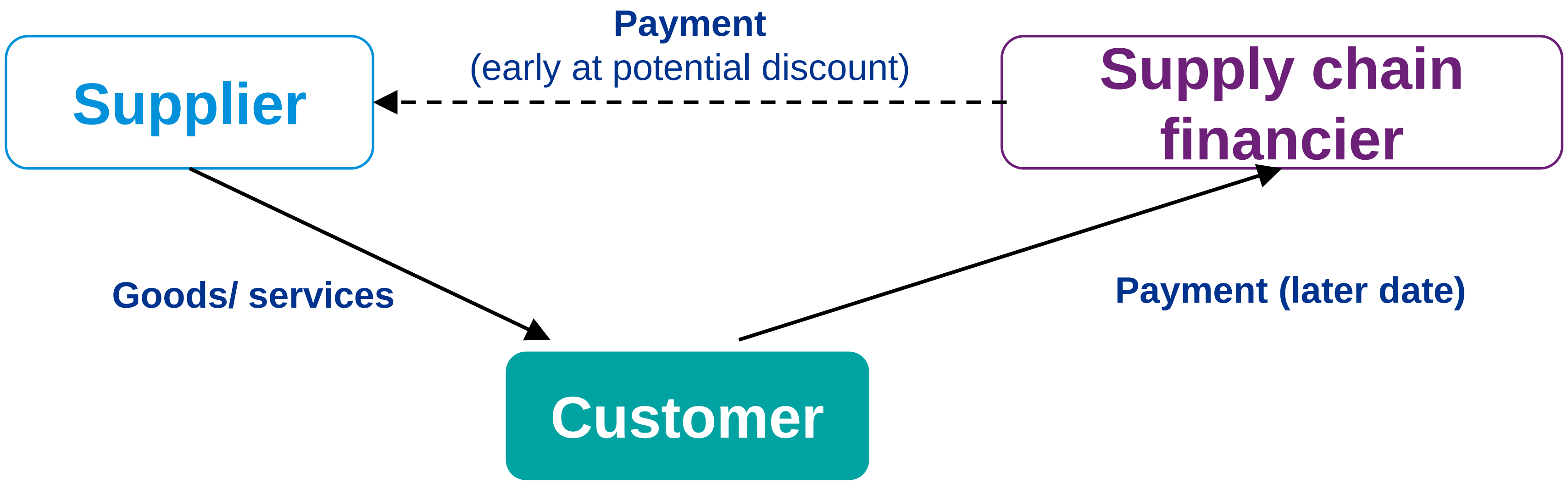
Remember:

- Accounting policy changes required if not consistent with agenda decision
- Keep up to date with our IFRS IC Agenda Decisions summary

Likely frequency across organisations

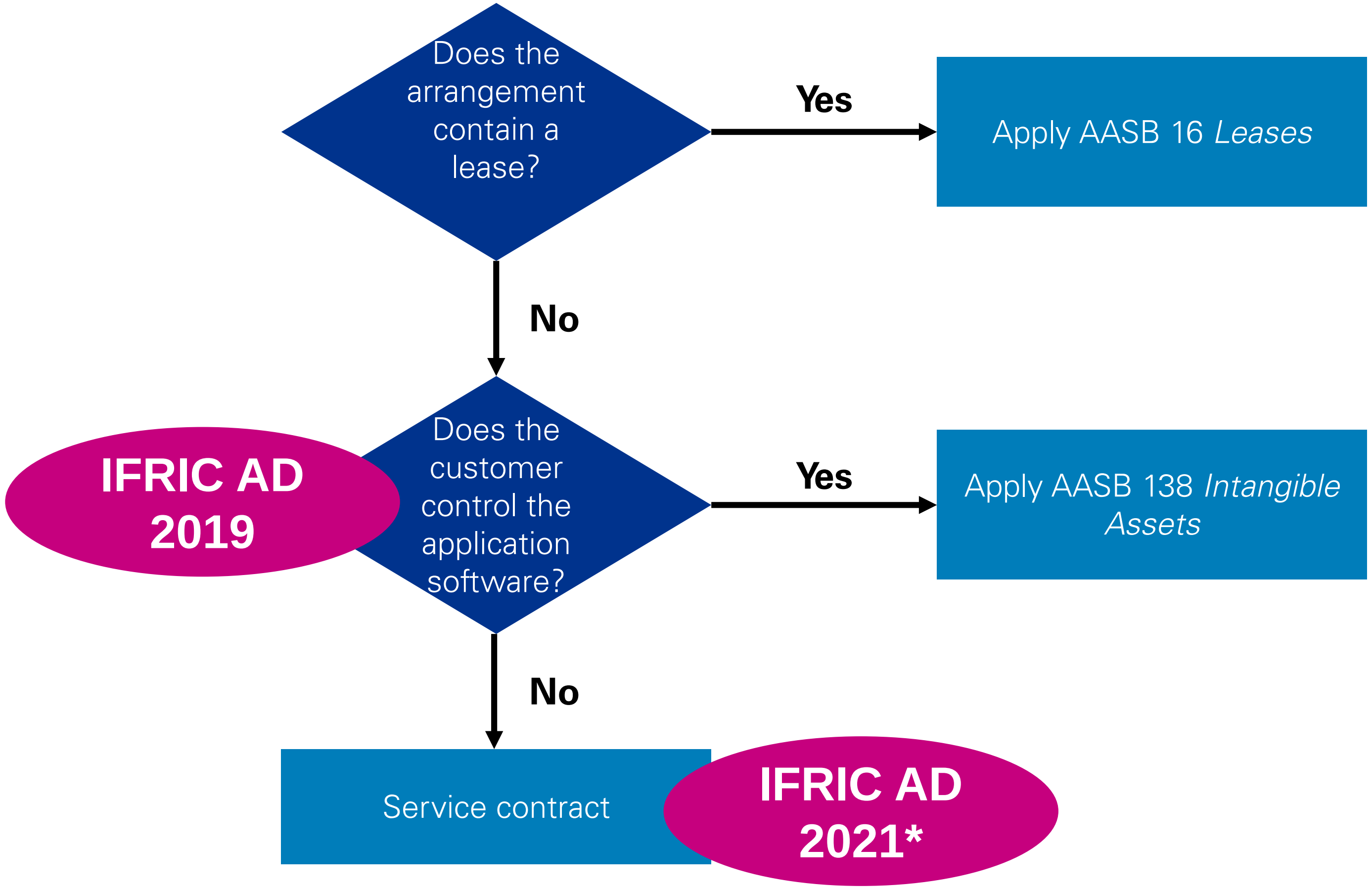
- High
- Medium

Supply chain financing

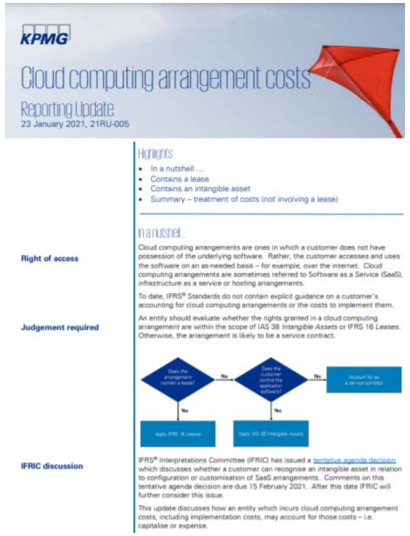


1. **Presentation on balance sheet** - consider disclosing separately from trade payables
2. **Presentation in cash flow statement** – classify net cash flows based on the nature of the arrangement
3. **Notes to financial statements** – sufficient details in financial risk management disclosures

Cloud computing arrangement costs

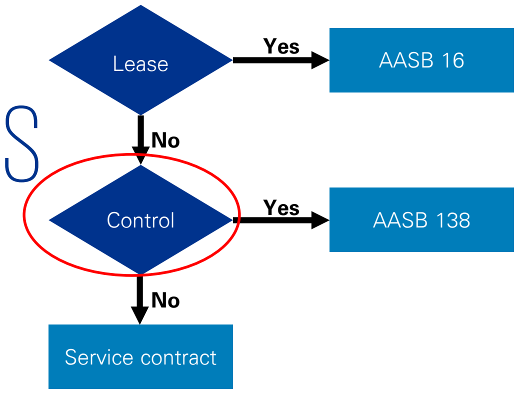


21RU-005
Cloud computing arrangement costs



***Subject to IASB approval**

IFRIC agenda decision - Configuration or customisation costs



Q1 : Does customer recognise an intangible asset for the configuration or customisation (CC) of the application software?

Scenario:

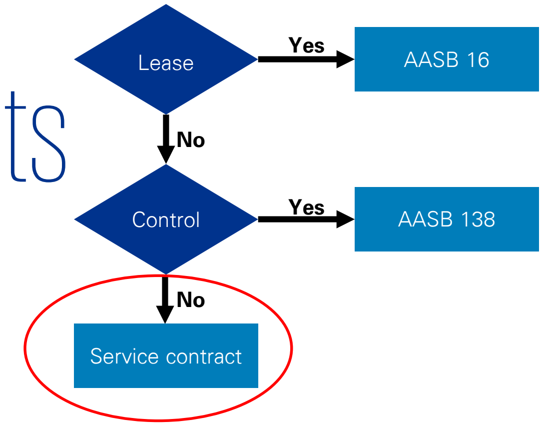
- Customer enters into a Software as a Service arrangement.
- Contract provides a **right to receive access** to software and does not provide customer with a software assets
- Customer incurs upfront costs of configuring or customising the supplier's application software to which it receives access.

Customer does not control the application software

Cannot capitalise CC costs under AASB 138

Recognise a prepayment asset if paid in advance

IFRIC agenda decision - Configuration or customisation costs



Q2: How does customer account for the configuration or customisation (CC) costs?

Third-party provides CC services

Apply AASB 138.69-69A

Expense as the CC service is received

Supplier provides CC services

Apply AASB 15 guidance by analogy

Is the CC service distinct?

Yes

Expense as the CC service is received

No

Expense over the term of a Software as a Service contract

AASB 15 "distinct test" will be paramount

Service from software supplier - distinct vs not distinct

AASB 15

Criteria	

1. Capable of being distinct	• Customer can benefit from service on its own or in conjunction with:
	  • other readily available resource that is sold separately by the supplier or by another supplier; or
	  • resources that customer has already obtained from supplier (i.e. a good or service delivered upfront) or from other transactions or events
	• Service is regularly sold separately by supplier

&	
2. Distinct within the context of the contract	• Supplier does not provide a significant integrating service to produce a combined output with other services, • One service does not significantly modify or customize the other, or • Services are not highly dependent on each other **If any of the above three statements is false, service is not distinct within the context of the contract**

Accounting policy change will be required with retrospective application

Classification of debt with covenant as current or non-current

Amendments made to AASB 101

Effective from 1 January 2023

- An organisation's **right to defer settlement** of a liability for at least twelve months after the reporting period **must have substance** and … **must exist at the end of the reporting period**.
- If the right to defer settlement is subject to the organisation complying with specified conditions, the right exists at the end of the reporting period only if the organisation **complies with those conditions at the end of the reporting period, even if the lender does not test compliance until a later date**.

Tentative IFRIC agenda decision

Hypothetical test at the balance date = **Test for compliance at a later date (within 12 months)** + **Financial information at the balance date**

Tentative IFRIC agenda decision - case study

Condition: working capital (WC) ratio | **Above 1.0** (Tested each 30 June)

Reporting Date
31 Dec X1

Test

30 Jun X2 | **30 Jun X3** | **30 Jun X4** | **30 Jun X5** | **30 Jun X6**

WC ratio is 0.9

WC ratio

Expect >1.0

Must perform **hypothetical test** of future condition within 12 months of reporting date (30 Jun X2) using financial information at reporting date

WC ratio = 0.9 < 1.0 ✘

Classification at 31 Dec 20X1:

New requirements: Current

Will your balance sheet signal fire when in fact there is no smoke?

Hypothetical test based on financial position at reporting date

- Accounting classification and contractual terms mismatch.
- Ignores covenants designed for seasonality, expansion, restructure, etc.
- Unclear how classification of a loan with a financial performance condition or with qualitative covenants would be affected.
- No contractual breach to remedy with financier.
- Disclosures to assist understanding (liquidity, breach reporting)

Watch out for further developments

Hot topics

Australian Regulatory focus on climate risk

ASIC

ASIC Commissioner Cathie Armour says disclosing and managing climate-related risk is a key director responsibility.

February 2021

APRA

"The effects of a changing climate extend to all sectors of the economy. ... They pose financial risks, as well as provide new business opportunities, to all APRA-regulated entities."

February 2020

Climate-related disclosures

"The Council would encourage entities to consider whether they have a material exposure to climate change risk by reference to the recommendations of the ..TCFD and, if they do, to consider making the disclosures recommended by the TCFD."

February 2019

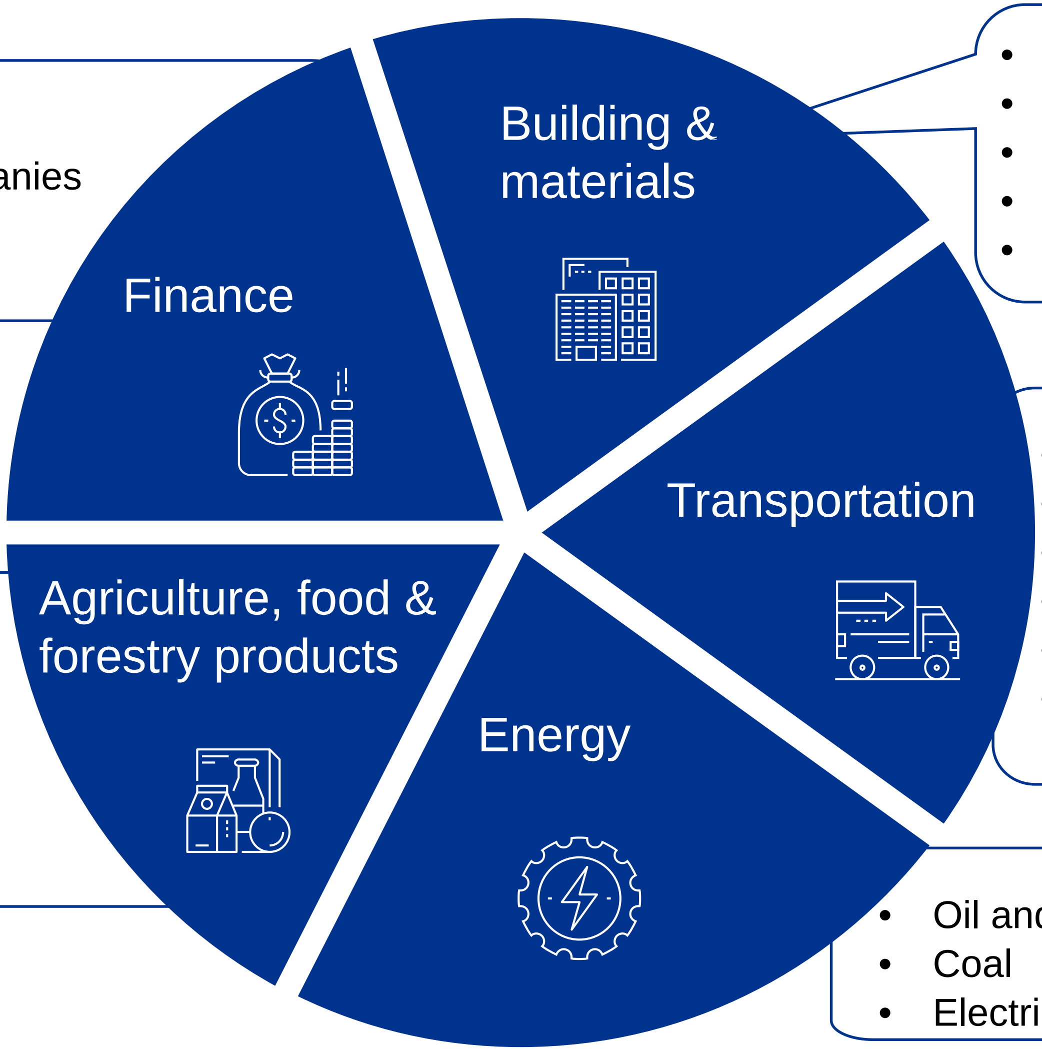
ASX

"Entities can no longer treat climate-related risks as merely a matter of corporate social responsibility and may need to consider them also in the context of their financial statements."

April 2019

AASB & AUASB

TCFD key impacted sectors



- Banks
- Insurance companies
- Asset owners
- Asset managers

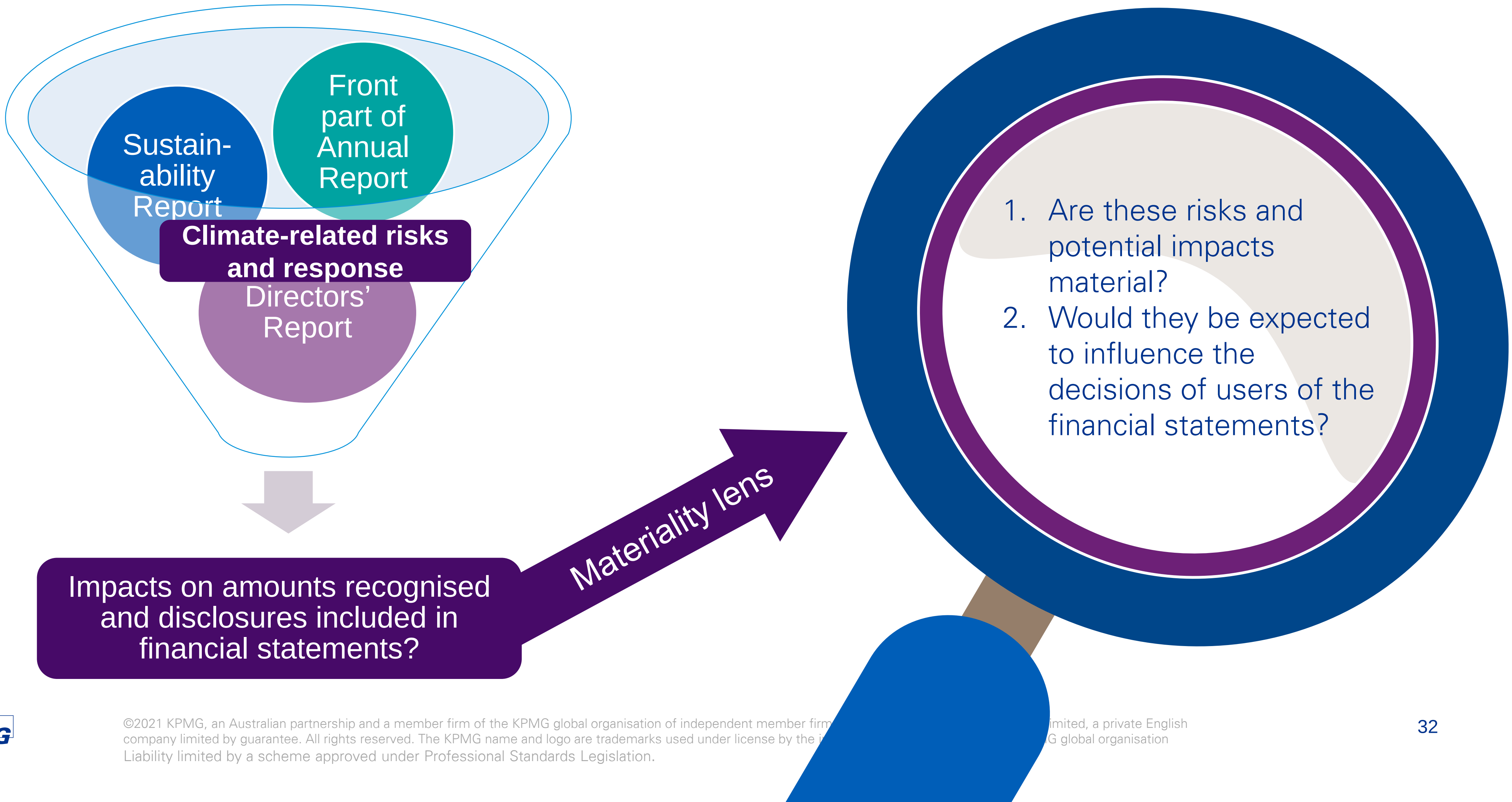
- Metals and mining
- Chemicals
- Construction materials
- Capital goods
- Real estate management and development

- Air freight
- Passenger air
- Maritime
- Rail
- Trucking services
- Automobiles and components

- Beverages
- Agriculture
- Packaged food and meats
- Paper and forest products

- Oil and gas
- Coal
- Electric utilities

From directors' report to financial statements



Climate-related risks - The financial statements

Climate risk may have an impact on the recognition and measurement of assets and liabilities now or in the future in numerous areas, including those below.

- **Asset useful lives**
- **Impairment – non-financial assets**
- **Financial asset values – ECLs**
- **Provisions and contingent liabilities**
- **Financial instrument risk exposures – investments**
- **Fair value measurement**
- **Going concern**
- **Disclosures of estimates and judgements**
- **Other financial statement areas**

21RU-002
Climate related risks in financial statements

Permanent casuals

May 2020

Court ruling on **Workpac vs Rossato:**

- Permanent employment based on working practices
- Leave obligations not to be offset against casual loading paid

Provisions recognised or Contingent liabilities disclosed

March 2021

New legislation:

- Casual employee definition introduced
- Courts have the power to offset identifiable casual loading against leave obligations

Potential reversal of provisions

Permanent casuals

Impact of new legislation:

Consider obtaining legal advice

Warning! Legislation is retrospective

1 Do employment arrangements meet the statutory definition of casual?

- Employer makes no ‘firm advance commitment’ to continuing and indefinite work, whereby:
  - E’er elects to offer and e’ee elects to accept work
  - E’ee works to e’ers needs
  - Employment described as casual
  - E’ee is entitled to a casual rate
- Based on employment contract terms

If yes, reverse provisions. If unsure, go to step 2.

2 Is casual loading identifiable and sufficiently detailed?

The following is specified in the contract:

- Quantum of casual loading
- Relevant entitlements the loading compensates for
- Proportion of loading attributable to each entitlement

If yes, reverse provision and consider contingent liability disclosure.

Executive Remuneration in the spotlight

“Enormous wastage”: Audit looms for executive bonuses paid by firms on JobKeeper

Sydney Morning Herald, 13 December 2020

“Corporate suicide”: Kogan faces backlash over $80m executive bonuses

Sydney Morning Herald, 19 November 2020

AGL gets ‘first strike’ as investors revolt on pay

Australian Financial Review, 7 October 2020

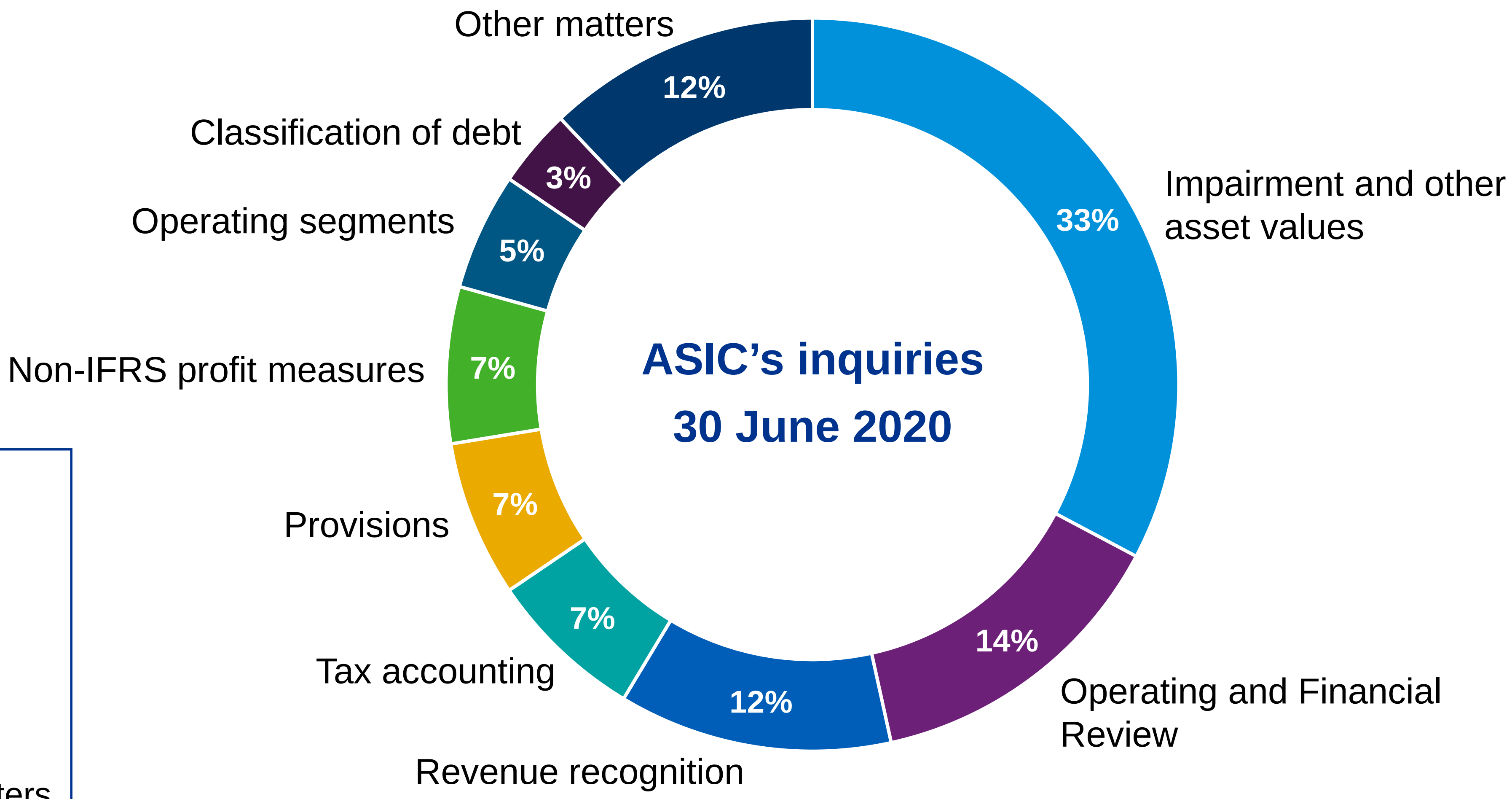
‘Since when do you get a bonus for fixing a failure?’: CBA defends top exec pay ahead of AGM

Sydney Morning Herald, 11 October 2020

KPMG’s insights into Remuneration Reporting is now available

Regulatory update

ASIC financial statement surveillance



170 listed and public interest entities reviewed

Inquiries of: 27 entities on 58 matters

ASIC financial statement surveillance

Impairment and other asset values

- Reasonableness of cash flows and assumptions
- Determining the carrying amount of cash generating units
- Treatment of leases by lessees
- Estimates of fair value
- Disclosures

Operating and Financial Review

- No information on entity's business model
- No information on business strategies and prospects
- Reliance on 'unreasonable prejudice' exemption from making disclosures of strategies and future prospects where this did not appear justified
- No discussion of risks that could affect entity's future performance

ASIC focus areas

Asset values

- Impairment of non-financial assets
- Valuation of property assets
- ECLs on loans and receivables
- Value of other assets

Provisions

- Onerous contracts
- Financial guarantees given
- Restructuring

Subsequent events

Solvency and going concern assessments

Other matters

- Hedge effectiveness
- Sales returns
- Off-balance sheet exposures

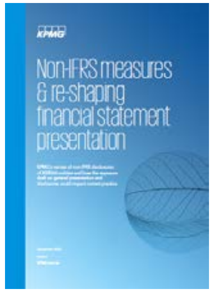
Reporting process

Judgements and accounting estimates

Disclosures

- Financial report
- Operating and Financial Review
- Assistance and support by governments and others
- Non-IFRS financial information
- Half-year reports

Non-IFRS measures & re-shaping financial statement presentation



Australian issues

Early adoption of simplified Disclosures at 30 June 2021

SPFS → SD

30 June 2021 final year for SPFS

Additional transitional relief if early adopt SD

Application to NFPs refer to 20 April 2021 NFP webinar

www.kpmg.com/au/gpfs

Transition relief	First apply to years beginning :	
	Before 1 July 2021	On or after 1 July 2021
Correction of errors	✓	✓
Comparative information not previously disclosed in notes	✓	✗
Restating comparative information	✓	✗
Application of AASB 1:		
• No apply all R&M	✓	✓
• Consolidation/ equity accounting	✓	✓

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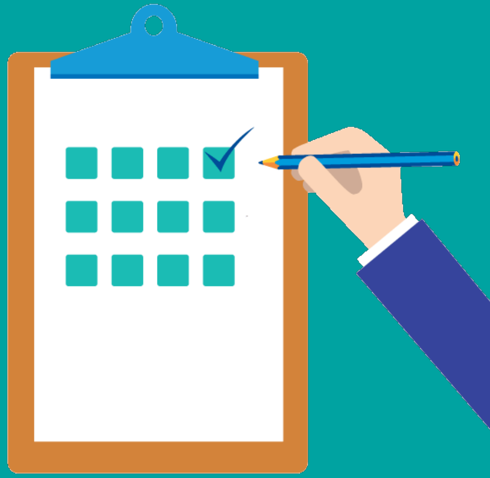
Wrap up



Take-aways

1 **Non-insurers may be impacted by the new insurance accounting standard**

2 **Consider the impact of IFRS IC agenda decisions**

3 **Be aware of ASIC focus areas and consider whether they impact the preparation of financial statements**

4 **Consider how climate change impacts the operating and financial review and financial report?**

Questions

Thank you

Appendix

Standards effective for 30 June 2021
Standards available for early adoption

Standards first effective* - 30 June 2021 Y/Es

Definition of a Business **Amendments to AASB 3**	Clarifies the definition of a business to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The new definition is narrower. There is a new optional asset concentration test. New considerations have been incorporated to help identify when an acquired process is substantive.
Definition of Material **Amendments to AASB 101**	Clarifies the definition of 'material' and its application across AASBs and other pronouncements. The principal amendments are to AASB 101 Presentation of Financial Statements.
Interest Rate Benchmark Reform **Amendments to AASB 7, AASB 9 and AASB 139**	Modify some specific hedge accounting requirements to provide relief from the potential effects of the uncertainty caused by the interest rate benchmark reform. Require entities to provide additional information about their hedging relationships that are directly affected by these uncertainties.

Annual reporting periods beginning on or after 1 January 2020

* Applicable for for-profit entities

Standards first effective* - 30 June 2021 Y/Es

Service Concessions: Grantors **AASB 1059**	Guidance for public sector entities (grantors) who have entered into service concession arrangements with private sector operators. Issued to address the divergence in practice and requires grantors to recognise a service concession asset and a corresponding liability on the balance sheet. The initial balance sheet accounting as well as the ongoing profit or loss impacts could have implications for grantors.
Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia Amendments to AASB 1054	Adds a disclosure requirement to AASB 1054 on the potential effect on an entity's financial statements of issued IFRS Standards that have not yet been issued by the AASB.
Covid-19-Related Rent Concessions (Amendments to AASB 16)	Introduces an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19 for lease payments due on or before 30 June 2021. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance.

Annual reporting periods beginning on or after 1 June 2020, so also effective for the first time for 30 June 2021 H/Ys

Annual reporting periods beginning on or after 1 January 2020

* Applicable for for-profit entities

Conceptual Framework - 30 June 2020 Y/Es

Conceptual Framework for Financial Reporting	Most of the concepts are not new, however, some of the concepts in the revised Framework are entirely new – such as: •New ‘bundles of rights’ approach to assets; •New ‘practical ability’ approach for recognising liabilities; •New control-based approach to derecognition. The new Conceptual Framework’s definition of reporting entity differs from the concept of reporting entity in Australia.

For publicly accountable for profit entities with annual reporting periods beginning on or after 1 January 2020

Standards first effective - 30 June 2021 H/Ys

AASB 2020-8 Interest Rate Benchmark Reform – Phase 2	The amendments in this final phase relate to: • **changes to contractual cash flows**—an entity will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate; • **hedge accounting**—an entity will not have to discontinue its hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria; and • **disclosures**—an entity will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.

Annual reporting periods beginning on or after 1 January 2021

Standards available for early adoption

Covid-19 Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16) [1]	Extends an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19 by 12 months - i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022.
AASB 17 Insurance contracts and amendments to AASB 17 Insurance Contracts[2]	Expected to result in lower deferral of acquisition expenses, the introduction of risk adjustments for reporting purposes, and a likely change in ‘boundary’ for certain contracts such as yearly renewable term insurance policies.
AASB 2020-1 Classification of Liabilities as Current or Non-current	Amends AASB 101 to require a liability be classified as current when companies do not have a substantive right to defer settlement at the end of the reporting period.

Annual reporting periods beginning on or after 1 April 2021 (yellow)

Annual reporting periods beginning on or after 1 January 2023 (purple)

1 The amendments are expected to be issued by the AASB in due course

2 Note early adoption of AASB 17 requires concurrent application of AASB 9 Financial Instruments.

Standards available for early adoption

AASB 2020-2 Removal of Special Purpose	Removes the ability of certain for-profit private sector entities to prepare special purpose financial statements. These entities will be required to prepare a form of general purpose financial statements (GPFS).
AASB 1060 General Purpose Financial Statements – Simplified disclosures for For-Profit and Non-for-Profit Tier 2 Entities	AASB 1060 is a single standard containing all the disclosure requirements for an entity preparing General Purpose Financial Statements under Tier 2 (GPFS-Tier 2). The new standard applies to all entities preparing GPFS-Tier 2 and replaces the current suite of Reduced Disclosure Regime (RDR) disclosures.

Annual reporting periods beginning on or after 1 January 2021

Standards available for early adoption

Onerous Contracts—Cost of Fulfilling a Contract **[Amendments to AASB 137]**	Clarifies that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture **Amendments to AAB 3 and AASB 128**	Requires the full gain or loss to be recognised when the assets transferred meet the definition of a 'business' under AASB 3 Business Combinations (whether housed in a subsidiary or not).
Property, Plant and Equipment: Proceeds before Intended Use **[Amendments to AASB 116]**	Prohibits a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.

Annual reporting periods beginning on or after 1 January 2022

Standards available for early adoption

AASB 2020-3 Annual Improvements 2018-2020 and Other Amendments

Amendments to existing accounting standards, particularly in relation to:

- AASB 1 – simplifies the application of AASB 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.
- AASB 3 – to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- AASB 9 – to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
- AASB 116 – to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset.
- AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* – to specify the costs that an entity includes when assessing whether a contract will be loss-making.
- AASB 141 *Investment Property* – to remove the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.

Annual reporting periods beginning on or after 1 January 2022

Standards available for early adoption

Definition of Accounting Estimates [Amendments to IAS 8] [1]	Introduces a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.
Disclosure Initiative: Accounting Policies [Amendments to IAS 1] [1]	Clarifies several aspects of materiality application to disclosure of accounting policies and requires companies to disclose their *material* accounting policies rather than their *significant* accounting policies.

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1 The amendments are expected to be issued by the AASB in due course.

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