KPMG

cutting through complexity

Are you ready for 31 December reporting?

October 2015

Your facilitators are...

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Agenda

Hot topics for 31 December

Impact of changes in accounting pronouncements

The Disclosure Initiative – Cutting the Clutter

Setting the scene

■ Regulatory landscape

- Increased complexity
- Red tape reduction efforts - still in progress
- Stakeholder demand for more accountability, less complexity

■ Changed focus in standard setting

- Working in the 'public' interest
- Disclosure Initiative
- Broadening scope of what is financial reporting

Looking ahead – Project updates

Revenue from Contract with Customers	▪ Effective date deferred to 1 January 2018* ▪ FASB proposing extensive amendments ▪ IASB also making some changes
Leases	▪ Redeliberations completed ▪ Draft standard expected before 2015 year end ▪ IASB and FASB divergence on key aspects
Financial Instruments	▪ IFRS 9/ AASB 9 effective from 1 January 2018 ▪ Effective date to be deferred to 1 January 2021 for certain entities ▪ Deliberations ongoing on macro hedging and financial instruments with characteristics of equity projects
Insurance Contracts	▪ Deliberations ongoing ▪ Standard not be published before 2015 end
Conceptual Framework	▪ ED issued in May 2015 ▪ Comment period ends 25 November 2015 ▪ Revised framework not expected in the near future

*Assumes that the AASB will also agree to defer the effective date of AASB 15

Evolution of AASB 15…

AASB 15 has been subject to intense scrutiny since issuance

=

5 TRG met 5 times

73 Discussed 73 issues

4 IASB proposed 4 changes

Timeline

28 May 2014$_A$

22 July 2015$_B$

30 July 2015$_C$

28 October 2015$_D$

1 January 2018$_E$

A: IFRS 15 issued

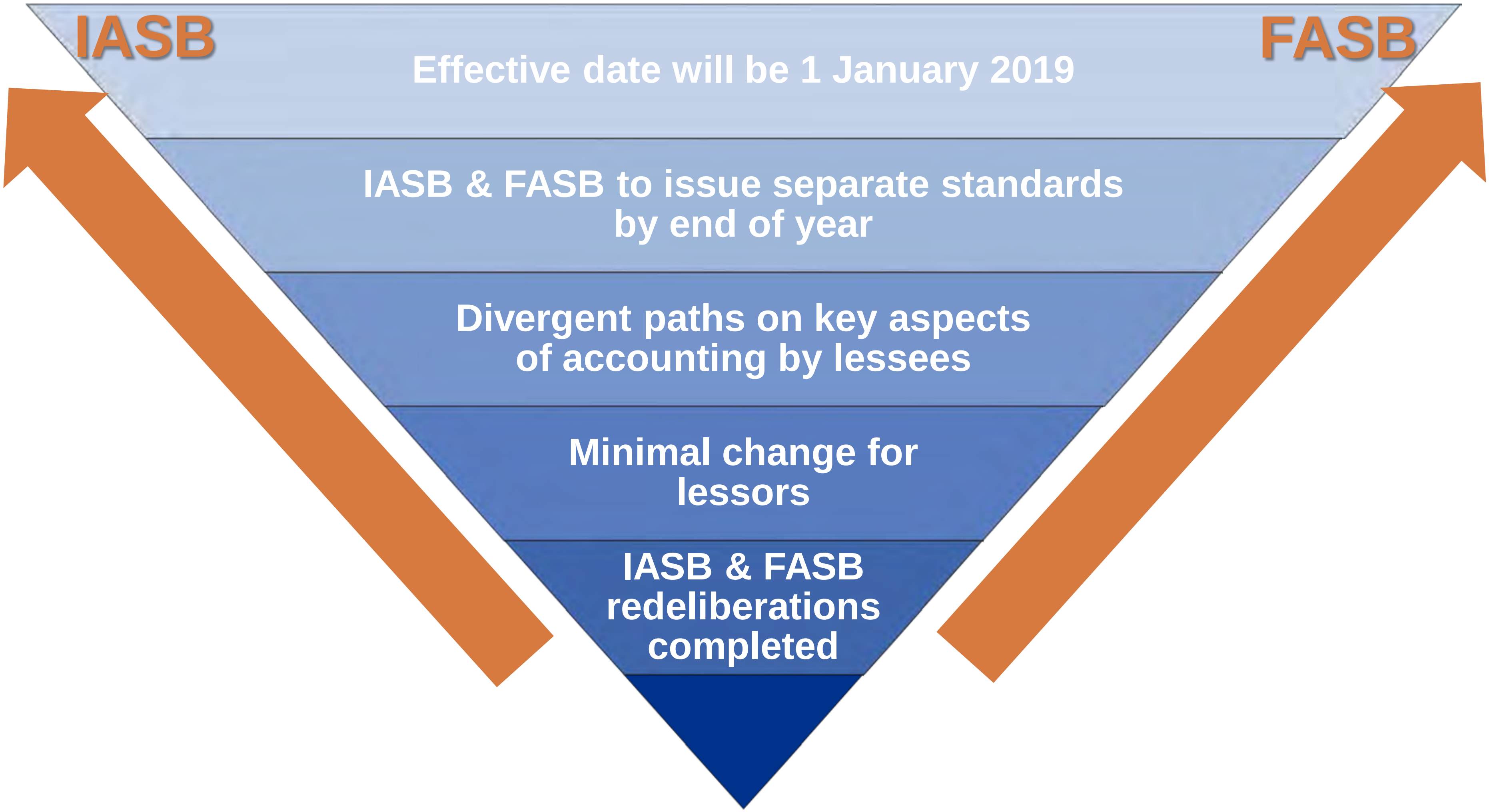
B: Effective date revised to 2018

C: IASB proposals issued

D: Comment deadline

E: Revised effective date

Leases project – Current developments



Entities preparing US GAAP and IFRS, should be aware of differences

Upcoming Australian specific accounting changes

Service concessions: grantor accounting	▪ Exposure Draft 261 proposes guidance for public sector entities who have entered into service concession arrangements ▪ Proposed application date 1 January 2017	Refer to 15RU-006
Service performance reporting for NFPs	▪ Exposure Draft 270 requires Not-for-profit (NFP) entities in both public and private sectors to report service performance information annually ▪ Proposed application date from 1 July 2018	Refer to 15RU-013
Income recognition for NFPs	▪ Exposure Draft 260 proposes income recognition requirements for NFPs ▪ Proposed application date 1 January 2017	Refer to 15RU-005
Removal of DRC as a value in use measure	▪ Exposure Draft 269 proposes to remove depreciated replacement cost as a value in use measure for NFPs ▪ Proposed application date from 1 July 2016	Refer to 15RU-012

Agenda

Hot topics for 31 December

- ASIC focus areas
- Issues in practice
- Tax transparency update

ASIC focus areas

ASIC focus

Asset values	Accounting policy choices	Material disclosures	The role of directors
Impairment testing	Revenue recognition	Off balance sheet arrangements	Tax accounting
Amortisation of intangibles	New accounting standards	Estimates and accounting policy judgments	Expense deferral

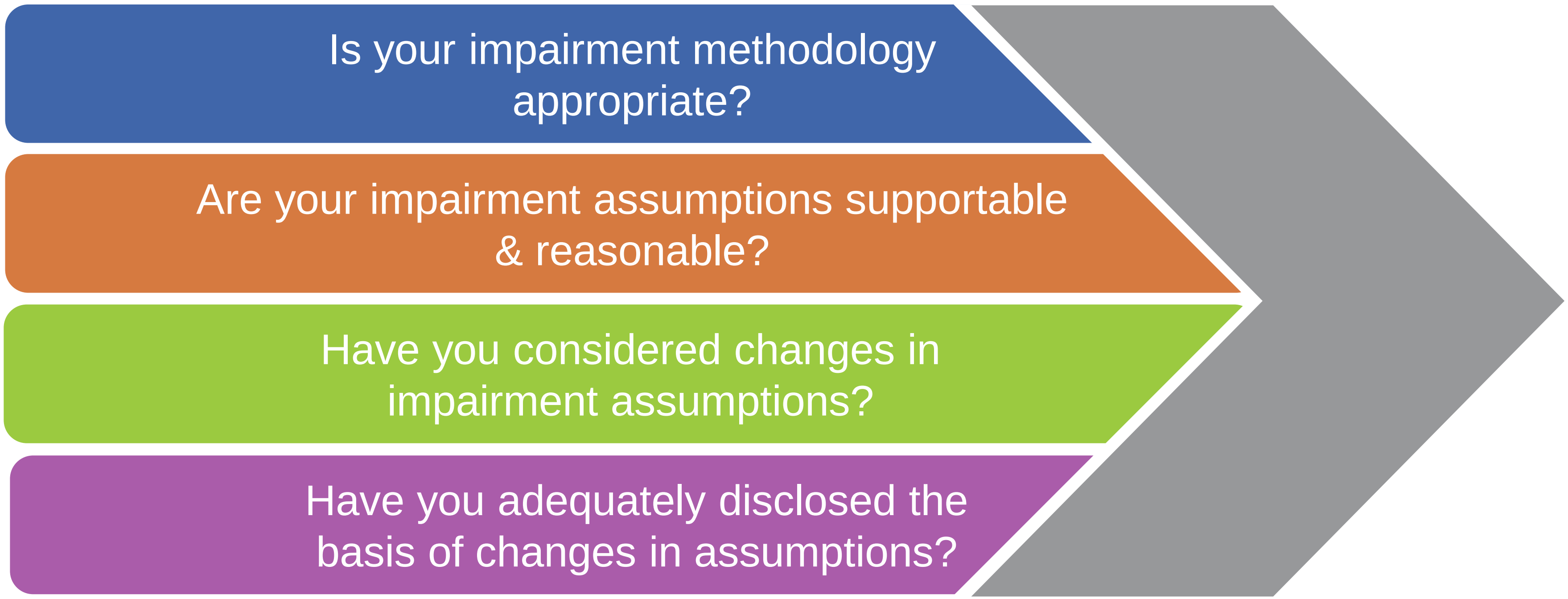
Refer to 15RU-007 for details on ASIC focus

Areas of focus

Focus areas for financial reports

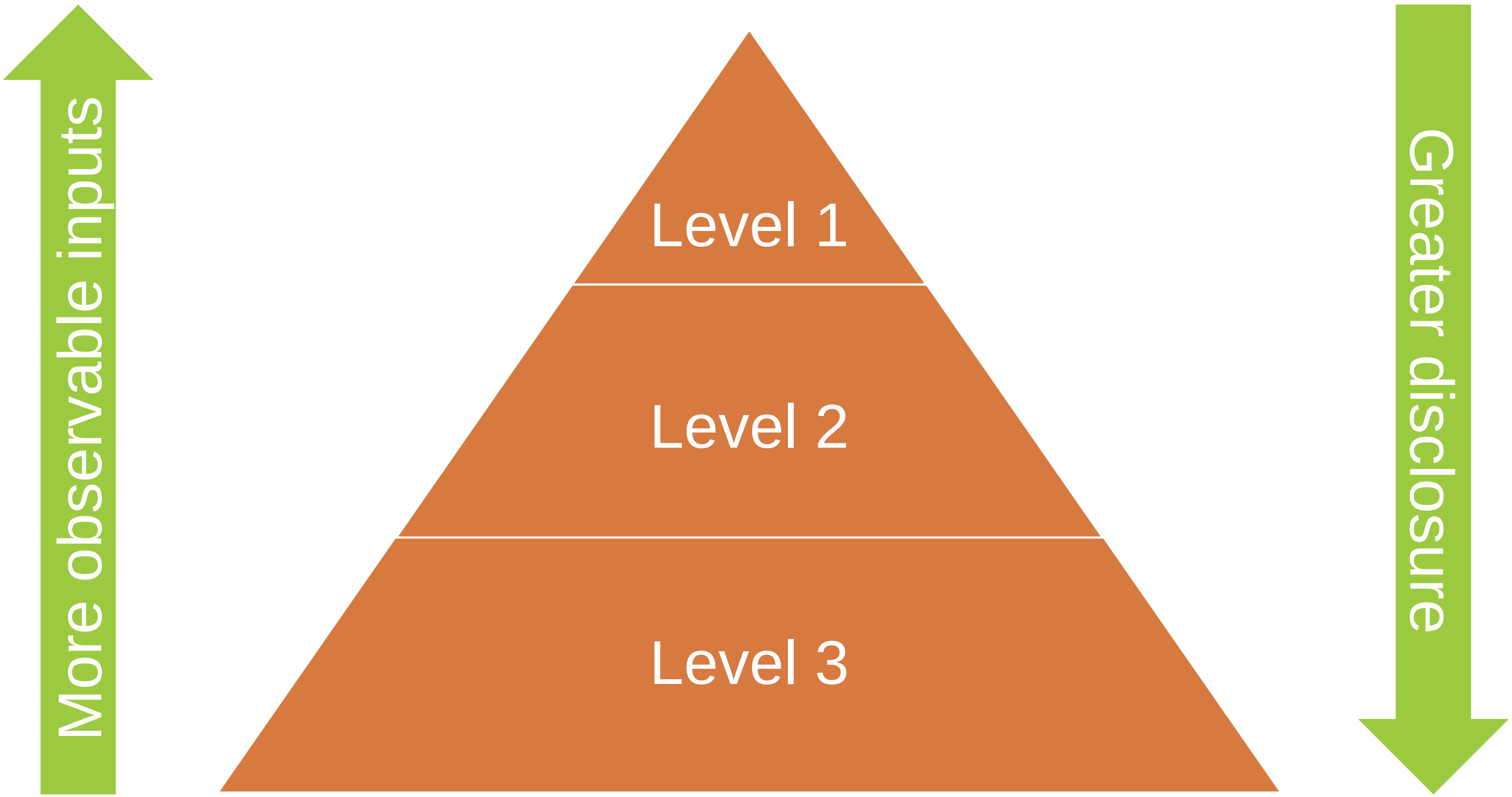
Focus on impairment

Impairment considerations

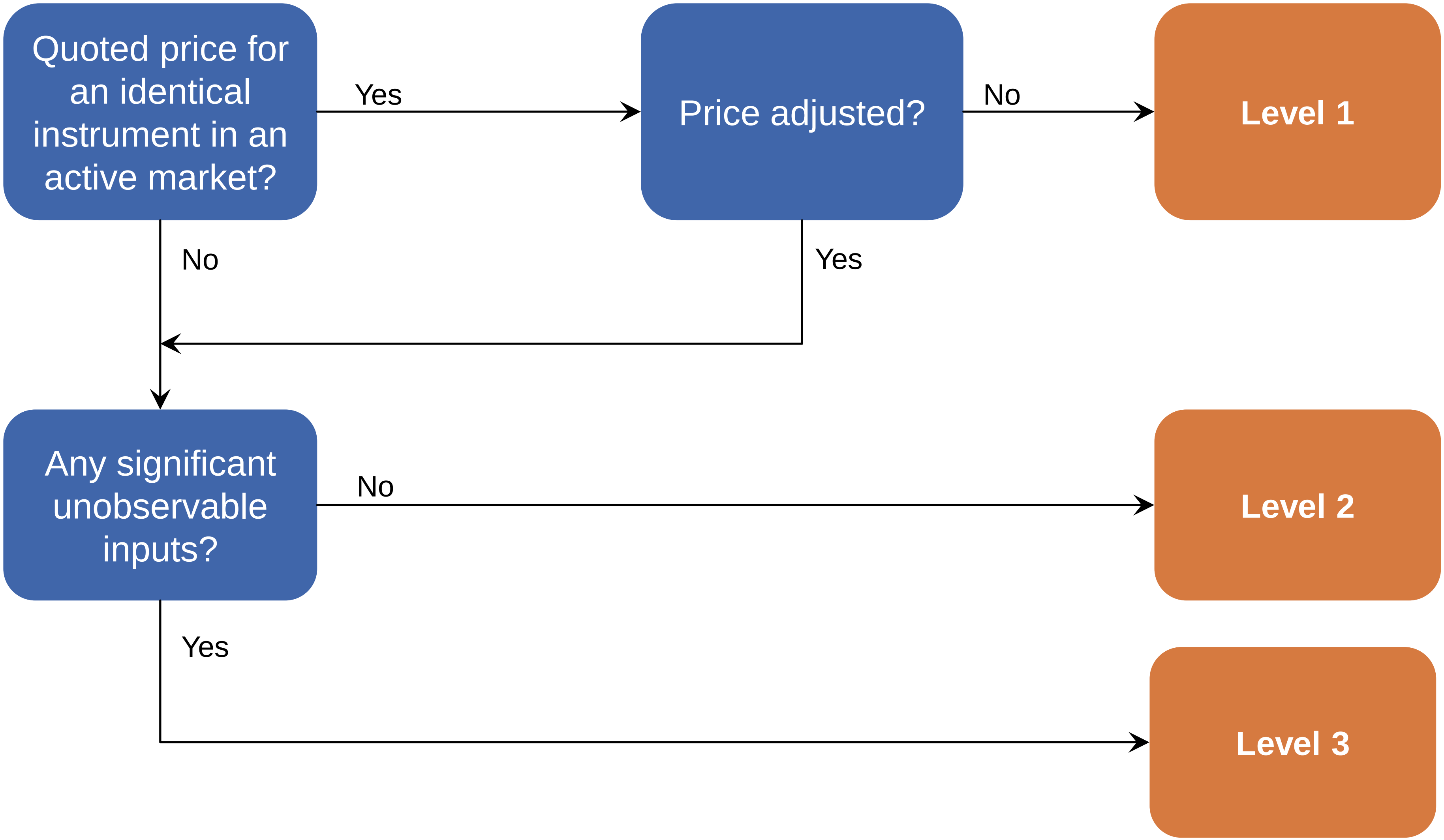


Issues in practice – Fair value hierarchy

Fair value hierarchy



Fair value hierarchy – Decision tree



Fair value hierarchy – Examples

Classifying assets and liabilities to respective fair value hierarchy level

	Level 1	Level 2	Level 3	Explanation
Shares listed on the ASX	✓			Considered to be a level 1 fair value
12-month AUD/USD Forward exchange contract (FEC)		✓		FEC has an observable spot rate and an observable yield curve
Unlisted units with quoted prices with transactions occurring a monthly basis		✓		Frequency of market transactions determines whether considered Level 1, 2, or 3. Generally Level 2.
Investment property, fair value based on discounted cash flows using market rental growth, occupancy rates and discount rates			✓	These inputs cannot be observed via current market transactions

Issues in practice – Cash and cash equivalents

What is a cash equivalent?

Definition in AASB 107 *Statement of Cash Flows*

- Short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. [AASB 107.6]

Cash and cash equivalents – Examples

Identifying cash and cash equivalents

Question

Which of the following is a cash equivalent?

1) 3-month loan to a customer to help the customer in managing its short-term liquidity position
2) 2-month term deposit used to manage own short-term cash commitments
3) 12-month term deposit
4) 6-month term deposit with 3 months until maturity at reporting date

Answer

1) This is not a cash equivalent as it was given for a purpose other than for the entity to manage its own short-term cash commitments.
2) This is a cash equivalent.
3) This is unlikely to be a cash equivalent as its term is significantly beyond the recommended 3 months' maturity from the date of acquisition guidance.
4) This is not a cash equivalent as an investment that does not meet the definition of a cash equivalent on acquisition does not become a cash equivalent as it nears maturity.

Issues in practice – Tax deductible liabilities

Tax deductible liabilities

Tax Consolidation Rules

What is changing?

- Entity with tax deductible liabilities is acquired by a tax consolidated group – proposed amendments require including amount as assessable income.
- Time of such adjustment depends on nature of liability.

Why these amendments?

- To remove ‘double benefit’ that arises at time entity with tax deductible liabilities joins tax consolidated group.

Expected timeline

- Proposed changes currently expected to be retrospectively applied to acquisitions after 13 May 2013. However, it may change before bill is finalised.
- ED legislation published on 28 April 2015 and final tax law amendments expected in H1 2016.

Accounting implications

- No accounting impact before enactment or substantive enactment of legislation.
- For transactions that occurred pre-substantive enactment, retrospective tax implications recognised as expense when bill is substantively enacted.

Tax deductible liabilities – Example

A consolidated group acquires a company on 31 December 2015. The purchase price allocation and tax base ACA calculation is as follows:

	Book Values before acquisition	Tax Base upon acquisition	Deferred tax impact
Land	300,000	300,000	-
Cash	100,000	100,000	-
DTA	30,000	-	30,000
Employee entitlements – current	(100,000)	-	-
Asset revaluation reserve	(200,000)	-	-
Retained earnings	(30,000)	-	-
Share capital	(100,000)	-	-
Total	-	400,000	30,000
Assessable income over 12 months after joining (Impact of Tax deductible legislation)	-	(100,000)	(30,000)

Tax transparency

Tax transparency – Why the increased focus?

- Lack of government revenue and increased expenditure
- Rise of corporate responsibility, including tax debate
- Internationalisation of business
- Fragmentation of supply chain
- Digital economy

BEPS → Changes to international tax rules

Tax Transparency Measures → Disclosure of Income and Tax Paid*

Senate enquiry → Do corporates pay “fair share” of tax ?

*For corporate taxpayers reporting total income ≥ $100m, ATO now publicly discloses total income, taxable income and tax payable on an annual basis

Tax transparency: Things to consider

Within the financial statements	Outside the financial statements
What are your key tax to accounting differences?	What is your approach in preparing for potential questions from the media?
Do your disclosures communicate clearly all taxes paid and community contributions?	If you're a listed entity, should you proactively be publishing information such as taxes paid by: ▪ Country ▪ Level of government ▪ Type of tax Have you considered the Board of Taxation Voluntary Disclosures
Have you considered the future impact of recommendations in the Senate Committee Report on: ▪ Mandating certain related party disclosures ▪ Changing grandfather provisions ▪ Reasons for not lodging accounts?	Are you subject to the ATO tax transparency disclosures?
Do your disclosures reflected amounts of taxes paid by jurisdiction ?	Are you subject to the Country by Country Reporting requirements?

How are companies responding?

Economic Contributions and Payments to Government Report

"At a time of subdued global growth and declining commodity prices, tax and broader economic policy is rightly a major subject of discussion in many jurisdictions.."

Peter Beaven
Chief Financial Officer, BHP Billiton

Companies Scrambling to Boost Tax Transparency

"Societal pressures will create a situation where …multinational corporations will be making some sort of declaration ..about here's where we operate, here's what our supply chain looks like, here's the employment we have and the capital we've employed. Frankly, our clients are getting ready to tell that story today."

Greg Wiebe,
Head of Global Tax, KPMG

Changes to international tax rules

Includes Australian subsidiaries of overseas MNCs

Report information about activities, revenue, taxes paid, entities in each jurisdiction

Applies to MNCs with total global annual income > $1bn

Country by Country (Cbc) reporting

Lodge three-tiered reports in the OECD formats

Entities should start thinking about the structure of their Cbc report

Challenges in obtaining relevant information

Agenda

Impact of changes in accounting pronouncements

- Standards effective for the first time at 31 December
- Standards and interpretations available for early adoption
- Preparing for standards effective for years beginning 1 January 2016

Standards effective for the first time at 31 December

Standards effective for December - For profit entities

Employee or third party contributions:
- recognised as a reduction of the service cost
- if certain criteria met

AASB 2014-1 (Part B): Amendment to Employee Contributions for Defined Benefit Plans

Annual Improvements (2010-2012 & 2011-2013)

AASB 2014-1 (Part C): Removing Materiality References in Standards

AASB 2014-2: Clarifications to the Applicability of AASB 1053

AASB 2015-3: Withdrawal of AASB 1031

AASB 2015-4: Financial Reporting Requirements for Australian Groups with a Foreign Parent

Ultimate Australian entity applies equity method for associates or JV if entity, group or both are reporting entity

Year ends only (already applicable for half-years)

Half-years only (not yet applicable for year-ends)

Amendments: 2010-12 and 2011-13 cycles - Refresher

Standard	Clarifications brought about by amendments	2010-12	2011-13
AASB 1 *First-time Adoption of International Financial and Reporting Standards*	AASB version that a first-time adopter can apply		✓
AASB 2 *Share-based Payment*	Meaning of 'vesting condition'	✓	
AASB 3 *Business Combinations*	Classification and measurement of contingent consideration	✓	
	Scope exclusion for the formation of joint arrangements		✓
AASB 8 *Operating Segments*	Disclosures on the aggregation of operating segments	✓	
AASB 13 *Fair value Measurements*	Measurement of short-term receivables and payables	✓	
	Scope of portfolio exception		✓
AASB 116 *Property, Plant and Equipment* and AASB 138 *Intangible Assets*	Restatement of accumulated depreciation (amortisation) on revaluation	✓	
AASB 124 *Related Party Disclosures*	Definition of 'related party'	✓	
AASB 140 *Investment Property*	Inter-relationship of AASB 3 and AASB 140		✓

Amendments: 2010-12 and 2011-13 cycles

AASB 3
Business Combinations

- Classification of contingent consideration to be determined with reference to AASB 132
- Contingent consideration classified as a financial or non-financial asset or liability, must be measured at fair value through profit or loss at each reporting date.

AASB 3
Business Combinations

- Clarifies all joint arrangements are exempt from AASB 3.
- Clarifies AASB 3 criteria distinguishes between a business combination and an asset acquisition.

AASB 124
Related Party Disclosures

- Definition of 'related party' extended to include a management entity that provides KMP services to reporting entity
- Clarifies where KMP is an entity, disclose total remuneration paid to KMP, not individuals of KMP.

Standards and interpretations available for early adoption

Standards and interpretations available for early adoption

- AASB 2015-2: Disclosure Initiative (AASB 101)
- AASB 2015-5: Investment entities: Applying the Consolidation Exception
- Annual Improvements (2012 – 2014)
- AASB 14 Regulatory Deferral Accounts & AASB 2014-1 (Part D): Amendment to AASB 14
- AASB 2014-3: Accounting for Acquisitions of Interests in Joint Operations
- AASB 2014-4: Clarification of Acceptable Methods of Depreciation and Amortization
- AASB 2014-6: Agriculture: Bearer Plants (AASB 116 & AASB 141)
- AASB 2014-9: Equity method in Separate Financial Statements
- AASB 2014-10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Application of Australian Accounting Standards (AASB 1057)
- AASB 2015-6: Extending Related Party Disclosures to Not-for-Profit Public Sector Entities
- AASB 2015-7: Fair Value Disclosures of Not-for-Profit Public Sector Entities
- Superannuation Entities (AASB 1056)
- Revenue from Contracts with Customers (AASB 15)*
- Financial Instruments (AASB 9)

Beginning on or after 1 January 2016

Beginning on or after 1 July 2016

Beginning on or after 1 January 2018

*Assumes that the AASB will also agree to defer the effective date of AASB 15

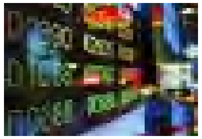
Preparing for standards effective for years beginning 1 January 2016

Annual Improvements Amendments: 2012-14

Do any of the forthcoming annual improvements impact you?

Hold non-current assets held for sale or distribution? (AASB 5)

Service a debtor that has been derecognised from their balance sheet? (AASB 7)



Have financial assets and liabilities subject to offsetting arrangements? (AASB 132)

Have employees in different countries in Europe? (AASB 119)

Refer to information outside the financial statements in your interim accounts? (AASB 134)

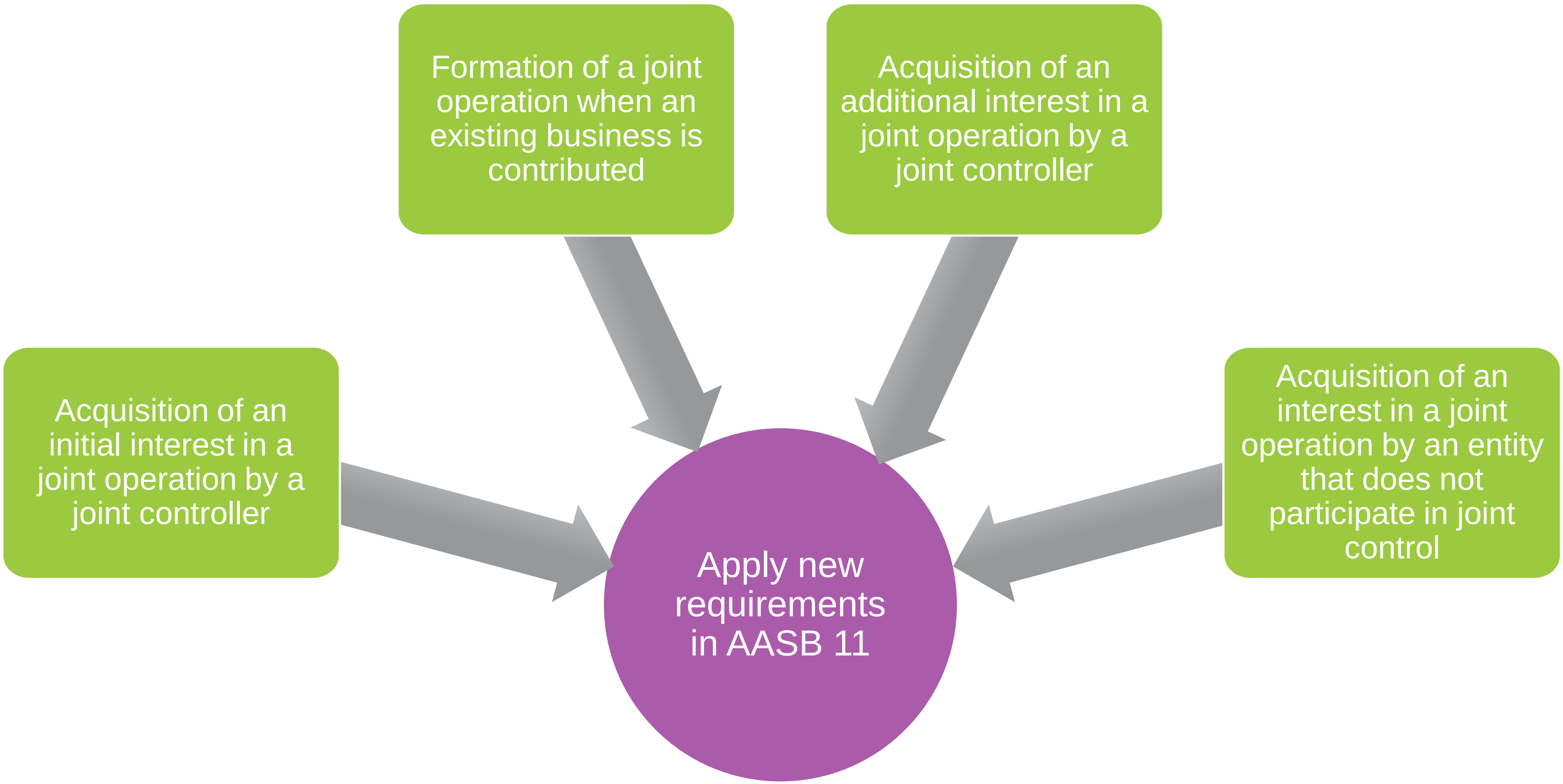
Consolidation suite of amendments

Who do the consolidated suite amendments impact?

AASB 10, 12, 128 – Investment entities applying the consolidation exceptions	Managed funds
AASB 127 – Equity method in separate financial statements	Countries that do not permit investments in associates to be carried at cost
AASB 11 – Accounting for acquisitions of interest in a joint operation that constitutes a business	Entities where operations are undertaken through unincorporated joint arrangements

Accounting for acquisitions of interests in a joint operation that constitutes a business

Clarifies AASB 3 *Business Combinations* (acquisition accounting) is applied when accounting for an acquired interest in a joint operation in which the activity of the joint operation constitutes a business



Accounting for acquisitions of interests in a joint operation that constitutes a business – Example

Fact pattern

- Company P acquires a 50% interest in an existing joint operation (JO) for cash of 1,100, and incurs transaction costs of 20
- JO operates a producing oil field and is considered by P to be a business
- The fair value of JO's identifiable net assets is 2,000, which includes a fair value uplift of 500 on the assets. The tax base of the net assets in JO's financial statements is equal to their carrying amount at the acquisition date – i.e. 1,500. The tax rate is 20%

Question

What is the amount of identifiable intangible assets acquired by Company P?

Outcome

- P records the entries shown

	DEBIT	CREDIT
Identifiable assets acquired (2,000 x 50%)	**1,000**	
Goodwill (1,100 - (1,000 - 50))	**150**	
Deferred tax ((500 x 20%) x 50%)		**50**
Cash		**1,100**
(To record acquisition)		
Profit or loss	**20**	
Cash		**20**
(To record acquisition costs)		

Acceptable methods of depreciation/amortisation

- Revenue-based depreciation/ amortisation
  - Permitted (for intangible assets only) if…
    - Revenue and consumption of economic benefits ‘highly correlated’
    - Expressed as measure of revenue
  - Not permitted if…
    - Intangible asset not meeting one of above criteria
    - Asset is property, plant and equipment

Acceptable methods of depreciation/amortisation – Example

Fact pattern

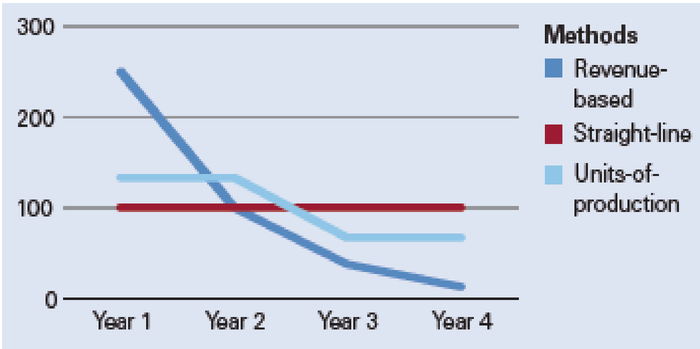
- An entity obtains a programme right to run the programme six times in four years
- Based on historical trends, entity forecasts that total revenue of 800 will be received within four years
- Programme will be shown twice in first two years, and then once a year over its remaining useful life
- Generation of revenue from each run is not highly correlated to consumption of the economic benefits
- Actual revenue and runs are shown in table to the side

What method is appropriate to book revenue ?

- Units-of-production amortisation method

Year	Revenue	Runs	Amortisation method		
			Revenue-based	Units-of-production	Straight-line
1	500	2	250	133	100
2	200	2	100	133	100
3	75	1	38	67	100
4	25	1	12	67	100
	800	6	400	400	400

Results



Agenda

The Disclosure Initiative – Cutting the Clutter

The principles of cutting the clutter in financial reports:

REMOVE immaterial or irrelevant financial report disclosures that have built up over time

RE-ORDER and re-label accounting policies and detailed notes so that they better reflect the key financial measures and focus areas of most relevance

RE-WRITE technical wording into plain English, whilst still fully complying with relevant accounting standard and regulatory requirements

Cutting the clutter – Who has done it?

De-clutter is now becoming the new norm:

- **55%** of organisations have reduced the number of pages and/or the number of notes in their financial statements from the prior period
- **28%** of organisations have grouped their notes into more logical categories
- **29%** have included the accounting policies within the associated note.

The full results of the survey and examples of best practice reporting are contained in KPMG's publication, ***'A new era of Corporate Reporting – Review of recent corporate reporting and de-cluttering trends in the ASX 200***.

Cutting the clutter – Downer EDI Limited 30 June 2015

- 15 pages shorter compared to June 2014 report
- Grouped notes into sections aligned to operational messages earlier in their annual report
- Used introductions at start of each section to explain purpose and content
- Moved accounting policies to be next to associated notes and simplified language
- Utilised call out boxes to highlight information on material estimates and judgements

Notes to the consolidated financial statements – continued
for the year ended 30 June 2015

D
Employee benefits

This section provides a breakdown of the various programs Downer uses to reward and recognise employees and key executives, including Key Management Personnel (KMP). Downer believes that these programs reinforce the value of ownership and incentives and drive performance both individually and collectively to deliver better returns to shareholders.

D1. Employee benefits

	2015 $'m	2014 $'m
Employee benefits provision:		
Current	**228.1**	244.3
Non-Current	**29.5**	19.7
Total	**257.6**	264.0

Recognition and measurement

The employee benefits liability represents accrued wages and salaries, leave entitlements and other incentives recognised in respect of employees' services up to the end of the reporting period. These liabilities are measured at the amounts expected to be paid when they are settled and include related on-costs, such as workers compensation insurance, superannuation and payroll tax.

	2015 $'m	2014 $'m
Employee benefits expense:		
– Defined contribution plans	**140.6**	135.7
– Share-based employee benefits expense	**1.5**	1.2
– Employee benefits	**2,441.6**	2,463.3
– Redundancy costs	**21.6**	29.1
Total	**2,605.3**	2,629.3

D2. Key management personnel compensation

	2015 $	2014 $
Short-term employee benefits	**12,776,321**	12,118,350
Post-employment benefits	**1,432,020**	1,302,590
Share-based payments	**932,294**	602,885
Total	**15,140,635**	14,023,825

Recognition and measurement

Equity settled transactions

Equity-settled share-based transactions are measured at fair value at the date of grant. The cost of the transactions is recognised in profit or loss and credited to equity. At each balance sheet date, the Group revises its estimates of the number of rights that are expected to vest. The expense recognised each year takes into account the most recent estimate.

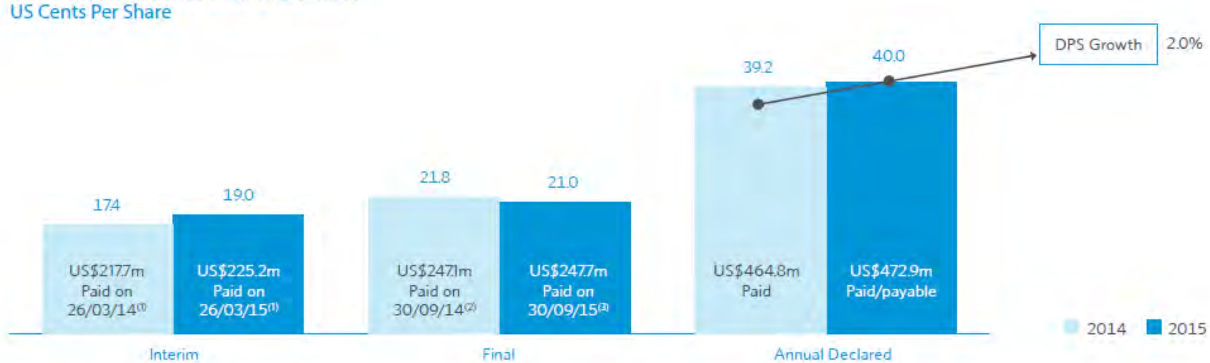
The fair value at grant date is independently determined using an option pricing model and takes into account any market related performance conditions. Non-market vesting conditions are not considered when determining fair value, rather are included in assumptions about the number of rights that are expected to vest.

Cutting the clutter – Amcor Limited 30 June 2015

- 32 pages shorter compared to June 2014 report
- Clear explanation of how materiality was applied in determining what information to included in report
- Innovative use of graphs within their report to depict year-on-year movements.

1.2 Dividends

Unfranked Dividends Paid or Declared
US Cents Per Share



(1) Declared and paid during the period.
(2) Estimated final 2014 dividend amount was US$263.1million, the difference to the actual amount is mainly foreign exchange related. Dividends proposed as at 30 June 2013 amounting to US$230.4 million (US 18.6 cents per share) were paid on 30 September 2013 and are not included in the 2014 numbers in the graph above.
(3) Estimated final dividend payable, subject to variations in number of shares up to record date. This dividend has not been recognised as a liability as at 30 June 2015 and will be recognised in subsequent consolidated financial statements.

Franking credits and Conduit Foreign Income Account

There are insufficient franking credits available for distribution from the franking account. For the dividend payable on 30 September 2015, 100% of the dividend to non-residents is sourced from the parent entity's Conduit Foreign Income Account (2014: 100%). As a result, 100% of the dividend paid to a non-resident will not be subject to Australian withholding tax.

AASB Disclosure Initiative: Amendments to AASB 101

- Standard applies to annual reporting periods beginning on or after 1 January 2016. Earlier application is permitted
- Removed reference to a 'summary of significant accounting polices'
- Removes minimum disclosure requirements from AASB 101, such as line items to be presented in statement of financial position
- Encourages companies to no longer disclose information that is not material
- Provides alternative examples of how notes to financial statements should be grouped - giving prominence to areas most relevant to understanding the organisation.

"…With the issue of these amendments and given the supportive statements from the corporate regulator, the Australian Securities and Investment Commission, this is an opportune time for directors and CFOs to take action to address disclosure overload in their financial statements…"

Kris Peach, AASB Chair
AASB Media Release – 2 Feb 2015

The next steps of de-cluttering

Opportunities to continue to de-clutter the rest of the Annual Report and Corporate Reporting Portfolio:

- Reduces complexity
- Improves transparency
- Clearer explanation of organisational business model and strategy
- Drives cost efficiencies

De-cluttering the Financial Report

Continue de-cluttering activities throughout the Annual Report

Operating and Financial Review
De-clutter the Operating and Financial Review and focus on improving key linkages and disclosures

Remuneration Report
De-cluttering the Remuneration Report and focus on improving linkages between remuneration, strategy and performance

Corporate Governance
Move the Corporate Governance Statement online and focus on 'Active Governance' in the Annual Report

Set a Corporate Reporting Strategy

Corporate Reporting Portfolio

Take-aways

- Be aware of ASIC focus areas and hot issues
- Consider what if anything to early adopt
- Prepare for 1 January 2016 changes
- Talk to your auditors about de-cluttering process

Consult and utilise available resources

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Appendix

- Summary of details for standards effective for December 2015
- Standards not yet effective but available for early adoption

Standards effective for December - For profit entities

AASB 2014-1 (Part B):
Amendment to Employee Contributions for Defined Benefit Plans

Employee or third party contributions that met certain criteria are able (but not required) to be recognised as a reduction of the service cost in the period in which the related service is rendered.

AASB 2014-2:
Clarifications to the Application of AASB 1053

- Clarifies that AASB 1053 relates only to general purpose financial statements and the various options for transition to and between tiers.
- Specifies certain disclosure requirements when an entity resumes the application of Tier 2 reporting requirements.

AASB 2014-1 (Part C):
Removing Materiality References in Standards

Further amendments made to Australian Accounting Standards to delete their references to AASB 1031, prior to final withdrawal of the standard.

Year ends only (already applicable for half-years)

Standards effective for December - For profit entities

Annual Improvements (2010-2012)

Related Party Disclosures AASB 124	Clarifies where KMP is an entity (e.g. Responsible Entity / Trustee) disclose total remuneration paid to KMP, not individuals of KMP
Operating Segments AASB 8	▪ Disclose judgments made by management in applying the aggregation criteria ▪ An entity is only required to provide a reconciliation of segments' assets to the entity's assets when assets are reported to CODM.
Property Plant & Equipment (AASB 116) and Intangible Assets (AASB 138)	New requirements under the revaluation model: the gross carrying amount of PPE / Intangible assets is adjusted consistently with the revaluation of the carrying amount of the asset.

Year ends only (already applicable for half-years)

Standards effective for December - For profit entities

Annual Improvements (continued) (2010-2012)

Share Based Payments **AASB 2**	Amends the definition of vesting conditions and market condition and adds definitions for performance condition and service condition.
Business Combinations **AASB 3**	Contingent consideration classified as a financial or non-financial asset or liability, must be measured at fair value through profit or loss at each reporting date.
Fair Value Measurement **AASB 13**	Clarifies that short-term receivables and payables with no stated interest rate can be measured at invoice amounts without discounting, where the effect of discounting is immaterial, which is consistent with AASB 108.8.

Year ends only (already applicable for half-years)

Standards effective for December - For profit entities

Annual Improvements (2011-2013)

Fair Value Measurement AASB 13	Clarifies that the portfolio exemption in paragraph 48 applies to all contracts within the scope of AASB 139 (AASB 9), regardless of whether they meet the definition of a financial asset or financial liability.
First time Adoption of IFRS AASB 1	Clarifies the meaning of 'effective IFRSs' to include exiting and currently effective IFRSs and new or revised IFRSs not yet mandatorily effective (provided early adoption is permitted).
Business Combinations AASB 3	▪ Clarifies all joint arrangements are exempt from AASB 3. ▪ Clarifies AASB 3 criteria distinguishes between a business combination and an asset acquisition.
Investment Property AASB 140	Clarifies AASB 140 criteria is used only to distinguish between investment property and owner occupied property.

Year ends only (already applicable for half-years)

Standards effective for December - For profit entities

AASB 2015-3: **Withdrawal of AASB 1031**	The amendment completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing AASB 1031 to effectively be withdrawn, leaving only the IFRS definitions of materiality in AASB 101 and AASB 108.
AASB 2015-4: **Financial Reporting Requirements for Australian Groups with a Foreign Parent**	The amendment aligns the relief available in AASB 10 *Consolidated Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* requiring the ultimate Australian entity to apply the equity method in accounting for interests in associates and joint ventures if either the entity or the group is a reporting entity, or both the entity and group are reporting entities.

Half-years only (not yet applicable for year-ends)

Standards not yet effective but available for early adoption

AASB 2015-2: Disclosure Initiative (Amendments to AASB 101)	The amendments do not require any significant change to current practice, but should facilitate improved reporting, including and emphasis on only including material disclosures, clarity on the aggregation and disaggregation of line items, the presentation of subtotals, the ordering of notes and the identification of significant accounting policies.
AASB 2015-5: Investment entities: Applying the Consolidation Exception	Under the amendments: ▪ An investment entity parent is required to fair value a subsidiary providing investment-related services that is itself and investment entity; ▪ An immediate parent owned by an investment entity group is exempt from preparing consolidated financial statements; and ▪ When a non-investment entity investor applies the equity method, it is permitted to retain the fair value accounting applied by its investment entity associate or joint venture.
AASB 2014-1 (Part D): Amendment to Regulatory Deferral Accounts (AASB 14)	Interim guidance permitting first-time adopters of IFRS to continue using previous GAAP to account for regulatory deferral account balances while the IASB completes its comprehensive project in this area.

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AASB 2014-3: Accounting for Acquisitions of Interests in Joint Operations	Business combination accounting required to be applied to acquisitions of interests in a joint operation that meets the definition of a 'business' under AASB 3 *Business Combinations*.
AASB 2014-4: Clarification of Acceptable Methods of Depreciation and Amortisation	Introduces a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. Limited opportunity for presumption to be overcome. Clarifies that revenue-based depreciation for property, plant and equipment cannot be used.
AASB 2014-6: Agriculture: Bearer Plants (AASB 116 & AASB 141)	Bearer plants are now in scope of AASB 116 *Property, Plant & Equipment* for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under AASB 141 *Agriculture*.
AASB 2014-9: Equity method in Separate Financial Statements	Allows the use of the equity method in separate financial statements in the accounting for associates, joint ventures and subsidiaries.

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AASB 2014-10: Sale of Contribution of Assets between an Investor and its Associate or Joint Venture	The amendments require 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).
Annual Improvements (2012 – 2014)	Amendments to existing accounting standards, particularly in relation to: ▪ AASB 5 – guidance on changes in method of disposal; ▪ AASB 7 – clarifies 'continuing involvement' for servicing contracts; ▪ AASB 7 – clarifies offsetting disclosures are not specifically required in interim financial statements, but may be included under the general requirements of AASB 134; ▪ AASB 119 – clarifies that discount rates used should be in the same currency as the benefits are to be paid; and ▪ AASB 134 – clarifies that disclosures may be incorporated in the interim financial statements by cross-reference to another part of the interim financial report.
Application of Australian Accounting Standards (AASB 1057)	Majority of AASB standards and interpretations have been reissued for editorial changes. However, there is no technical application impact from reissue of standards and interpretations. A new standard, AASB 1057 has been issued as part of the reorganisation process.

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Superannuation Entities (AASB 1056)	A new Australian specific Standard for superannuation entities that will replace AAS 25 *Financial Reporting by Superannuation Plans*. The standard applies to large superannuation entities regulated by the Australian Prudential Regulation Authority (APRA) and to public sector superannuation entities. It does not apply to self-managed superannuation funds or small APRA funds.
AASB 2015-6: Extending Related Party Disclosures to Not-for-Profit Public Sector Entities	Extends the scope of AASB 124 *Related Party Disclosures* to include not-for-profit public sector entities.
AASB 2015-7: Fair Value Disclosures of Not-for-Profit Public Sector Entities	Amends AASB 13 *Fair Value Measurement* to provide relief to not-for-profit public sector entities from certain disclosures about fair value measurement of property, plant and equipment held for current service potential rather than to generate net cash inflows.

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Standards not yet effective but available for early adoption

Revenue from Contracts with Customer (AASB 15)	This standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.
Financial Instruments (AASB 9)	The AASB has issued the complete AASB 9. The new standard includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, and supplements the new general hedge accounting requirements previously published. It supersedes AASB 9 (issued in December 2009 – as amended) and AASB 9 (issued in December 2010).

Beginning on or after 1 January 2018

*Assumes that the AASB will also agree to defer the effective date of AASB 15