New Accounting Standards and amendments to Accounting Standards and Interpretations that are not yet effective

When a new Accounting Standard is first adopted, any change in accounting policy is accounted for in accordance with the specific transitional provisions (if any), otherwise retrospectively.

The Company's and Consolidated Entity's assessment of the impact of the key new Accounting Standards and Interpretations and amendments to Accounting Standards is set out below:

AASB 2010-6 *Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets*

AASB 2010-6 was issued by the AASB in November 2010 and is effective for annual reporting periods beginning on or after 1 July 2011. The Standard adds and amends disclosure requirements about transfers of financial assets. The standard requires disclosures to be made of transfers of financial assets that are either not derecognised in their entirety, or for which a continuing involvement is retained. The Consolidated Entity will first apply the Standard in the financial year beginning 1 April 2012. Comparative information is not required.

Whilst the new standard will not affect any of the amounts recognised in the financial statements, it will increase disclosures of transferred assets.

AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9*

In December 2010, the AASB re-issued AASB 9 *Financial Instruments*, which is effective for annual reporting periods beginning on or after 1 January 2015. Early adoption is permitted if all the requirements are applied at the same time. The revised AASB 9 includes the classification and measurement requirements for financial liabilities, and the recognition and derecognition requirements for financial instruments, in addition to the classification and measurement requirements for financial assets that appeared in the December 2009 version of the Standard.

Under the new guidance, a financial asset is to be measured at amortised cost only if it is held within a business model whose objective is to collect contractual cash flows and the contractual terms of the asset give rise to cash flows on specified dates that are payments solely of principal and interest (on the principal amount outstanding). All other financial assets are to be measured at fair value.

Changes in the fair value of investments in equity securities that are not part of a trading activity may be reported directly in other comprehensive income (OCI), but upon realisation those accumulated changes in value are not recycled to the income statement. Dividends on such investments are recognised in profit or loss, rather than OCI, unless they clearly represent a recovery of the cost of the investment. Changes in the fair value of all other financial assets carried at fair value are reported in the income statement. The Consolidated Entity is currently assessing the impact of the new Standard, and it is likely that some financial assets:

– carried at fair value through profit or loss (e.g. quoted bonds outside of trading book) will change to be carried at amortised cost;
– carried at amortised cost (e.g. beneficial interests) will change to be carried at fair value through profit or loss; and
– containing embedded derivatives (e.g. capital protected products) will no longer be separated, and the entire product will change to be carried at fair value through profit or loss.

In respect of financial liabilities, the change in fair value (for financial liabilities designated at fair value through profit or loss) due to changes in an entity's own credit risk is to be presented in OCI, unless such presentation would create an accounting mismatch. If a mismatch is created or enlarged, all changes in fair value (including the effects of changes in the credit risk of the liability) are presented in the income statement. All other key requirements for classification and measurement of financial liabilities have been carried forward unamended from AASB 139 *Financial Instruments: Recognition and Measurement*. The recognition and derecognition requirements in AASB 139 have also been retained and relocated to the revised AASB 9 unamended. The Consolidated Entity will first apply AASB 9 in the financial year beginning 1 April 2015. The impact of AASB 9 on the Consolidated Entity's financial statements on initial application has not yet been assessed.

AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements*

The AASB has decided to remove the individual Key Management Personnel (KMP) disclosure requirements from AASB 124 *Related Party Disclosures*. While this will reduce the disclosures that are currently required in the notes to the financial statements, it will not affect any of the amounts recognised in the financial statements. The amendments are effective for annual reporting periods on or after 1 July 2013 and cannot be adopted early.

AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income*

The amendment requires items in other comprehensive income to be segregated into two categories, based on whether they may be recycled to income statement in the future. Items that will never recycle (such as revaluation reserve) will be presented separately from items that may recycle in the future (such as cash flow hedge reserves and the foreign currency translation reserve). The amendments are effective for annual periods beginning on or after 1 July 2012.

AASB 10 *Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities and revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures*

The AASB has issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

These new standards are effective for annual periods beginning on or after 1 January 2013 and are applied on a modified retrospective basis. Early adoption is permitted, however these standards must be adopted as a package, that is, all as of the same date, except that an entity may early adopt the disclosure provisions for AASB 12 (without adopting the other new standards). The Consolidated Entity currently intends to first apply these Standards in the financial year beginning 1 April 2013.