Note 1

Summary of significant accounting policies continued

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

IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB *issued IFRS 15 Revenue from Contracts with Customers*, which specifies how and when revenue is recognised, as well as requiring enhanced disclosures. IFRS 15 is effective for annual periods beginning on or after 1 January 2017. The transitional provisions require retrospective application. The AASB is expected to issue the Australian equivalent of the Standard with the same effective date. The Consolidated Entity is continuing to assess the full impact of adopting IFRS 15.

AASB 9 Financial Instruments and consequential amendments

AASB 9 includes the classification, measurement, recognition and derecognition requirements for financial instruments. A financial asset is 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 measured at fair value. Changes in the fair value of debt instruments that (i) have cash flows solely principal and interest; and (ii) are held in a business model managed both to collect cash flows and for sale are recognised in other comprehensive income until sold, at which point they are recycled to the income statement. Interest and impairment are recognised directly in profit or loss. 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, 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, 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.

In respect of financial liabilities, the component of change in fair value of financial liabilities designated at fair value through profit or loss due to an entity's own credit risk are presented in other comprehensive income, unless such presentation creates an accounting mismatch. If a mismatch is created or enlarged, all changes in fair value (including the effects of changes in credit risk) are presented in profit or loss. These requirements may be applied early without applying all other requirements of AASB 9.

All other requirements for classification and measurement of financial liabilities have been carried forward unamended from AASB 139. The recognition and derecognition requirements in AASB 139 have also been retained and relocated to AASB 9 unamended.

AASB 9 contains guidance on hedge accounting that replaces the existing requirements of AASB 139, introduces substantial changes to hedge effectiveness and eligibility requirements as well as new disclosures.

AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018.

The Consolidated Entity is continuing to assess the full impact of adopting AASB 9.

In July 2014, the IASB added to IFRS 9 the new expected credit loss model for impairment. It is no longer necessary for a loss event to have occurred before credit losses are recognised. Instead, the entity brings to account expected credit losses and updates its expectations at each reporting date to reflect changes in credit risk since initial recognition. The AASB is expected to add these requirements to AASB 9.