

Notes to the Group financial statements *continued*

for the year ended 31 December 2015

1 ACCOUNTING FRAMEWORK AND CRITICAL JUDGEMENTS *(continued)*

1.4 New accounting pronouncements

The pronouncements listed below will be effective in future reporting periods and are considered significant to the Group. The Group has elected not to early adopt the new pronouncements. It is expected that the Group will adopt the new pronouncements on their effective dates in accordance with the requirements of the pronouncements.

Topic	Key requirements	Effective date
IFRS 16 <i>Leases</i>	The International Accounting Standards Board (IASB) issued IFRS 16 <i>Leases</i> in January 2016. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, the customer (lessee) and the supplier (lessor). IFRS 16 replaces the previous leases standard, IAS 17 <i>Leases</i>, and related interpretations. The model reflects that, at the start of a lease, the lessee obtains the right to use an asset for a period of time and has an obligation to pay for that right. In response to concerns expressed about the cost and complexity to apply the requirements to large volumes of small assets, the IASB decided not to require a lessee to recognise assets and liabilities for short-term leases (less than 12 months), and leases for which the underlying asset is of low value. A lessee measures lease liabilities at the present value of future lease payments. A lessee measures lease assets, initially at the same amount as lease liabilities, and also includes costs directly related to entering into the lease. Lease assets are amortised in a similar way to other assets such as property, plant and equipment. This approach will result in a more faithful representation of a lessee's assets and liabilities and, together with enhanced disclosures, will provide greater transparency of a lessee's financial leverage and capital employed. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. One of the implications of the new standard is that there will be a change to key financial ratios derived from a lessee's assets and liabilities (for example, leverage and performance ratios). It is expected that the accounting treatment for lease contracts applicable to the Group, such as tower and other infrastructure leases will be impacted by the new standard. This will result in an increase in lease liabilities and right of use assets in the statement of financial position with a corresponding reduction in operating lease expenses and an increase in depreciation and finance costs in the income statement.	1 January 2019
IFRS 15 <i>Revenue from Contracts with Customers</i>	IFRS 15 replaces the two main revenue recognition standards, IAS 18 <i>Revenue</i> and IAS 11 <i>Construction Contracts</i> and their related interpretations. IFRS 15 provides a single control-based revenue recognition model and clarifies the principles for recognising revenue from contracts with customers. The core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service.	1 January 2018

Notes to the Group financial statements *continued*

for the year ended 31 December 2015

1 ACCOUNTING FRAMEWORK AND CRITICAL JUDGEMENTS *(continued)*

1.4 New accounting pronouncements *(continued)*

Topic	Key requirements	Effective date
IFRS 15 <i>Revenue from Contracts with Customers</i> <i>(continued)</i>	IFRS 15 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. IFRS 15 will be applied retrospectively subject to the application of the transitional provisions. The impact on the financial statements has not yet been fully determined but it is expected to result in a change in: ■ the measurement of revenue to adjust for the effects of the time value of money; and ■ the timing of the recognition of subscriber acquisition costs such as agent's commission which will be recognised when the related performance obligations are satisfied. The Group's current accounting policy is to expense such costs when incurred. Refer to Annexure 2 for the Group's latest unaudited impact assessment in relation to IFRS 15.	
IFRS 9 <i>Financial Instruments</i>	IFRS 9 replaces IAS 39 <i>Financial Instruments: Recognition and Measurement</i>. It retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income. IFRS 9 also replaces the rule-based hedge accounting requirements in IAS 39. It requires an economic relationship between the hedged item and hedging instrument and for the "hedged ratio" to be the same as the one management actually uses for risk management purposes. IFRS 9 includes an expected credit loss model for calculating impairment on financial assets. This replaces the incurred loss model used under IAS 39. The adoption of IFRS 9 is not expected to change the measurement of the Group's financial assets and liabilities significantly, but will require a review of the current classification of financial assets and liabilities. Any changes in classification will be applied retrospectively. The hedge accounting requirements will be applied prospectively and are not expected to have a significant impact on the financial results of the Group. The impact of an expected credit loss model on the financial statements has not yet been fully determined. Refer to Annexure 2 for the Group's latest unaudited impact assessment on its financial results of the application of the expected credit loss model.	1 January 2018