

Notes to the consolidated financial statements (continued)

for the year ended 30 June

44. Accounting standards and interpretations not effective at 30 June 2019

At the date of approval of the annual financial statements, the following new standards, interpretations and amendments that apply to the Group were in issue but not yet effective:

Standard/ interpretation	Description	Reporting period beginning on or after
IAS 1: (Amendment to 'Presentation of financial statements' and IAS 8: (Amendment to 'Accounting policies, changes in accounting estimates and errors' on the definition of material.	These amendments to IAS 1 and IAS 8 and consequential amendments to other IFRSs: • use a consistent definition of materiality through IFRSs and the Conceptual Framework for Financial Reporting; • clarify the explanation of the definition of material; and • incorporate some of the guidance in IAS 1 about immaterial information. The amended definition is: <i>"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."</i>	1 January 2020
IAS 19: (Amendments to) 'Employee benefits' on plan amendment, curtailment or settlement.	These amendments require an entity to: • use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and • Recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus (recognised or unrecognised). This reflects the substance of the transaction, because a surplus that has been used to settle an obligation or provide additional benefits is recovered. The impact on the asset ceiling is recognised in other comprehensive income, and it is not reclassified to profit or loss. The impact of the amendments is to confirm that these effects are not offset.	1 January 2019
IFRS 3: (Amendment to) 'Business combinations' Definition of a business	This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations. More acquisitions are likely to be accounted for as asset acquisitions. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present (including for early stage companies that have not generated outputs). To be a business without outputs, there will now need to be an organised workforce.	1 January 2020
IFRS 9: (Amendments to) 'Financial instruments' on prepayment features with negative compensation and modification of financial liabilities.	The narrow-scope amendment covers two issues: • The amendments allow companies to measure particular prepayable financial assets with so-called negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met—instead of at fair value through profit or loss. It is likely to have the biggest impact on banks and other financial services entities. • How to account for the modification of a financial liability. The amendment confirms that most such modifications will result in immediate recognition of a gain or loss. This is a change from common practice under IAS 39 today and will affect all kinds of entities that have renegotiated borrowings.	1 January 2019
IFRIC 23: Uncertainty over income tax treatment	The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 and specifically considers: • whether tax treatments should be considered collectively; • assumptions for taxation authorities' examinations; • the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and • the effect of changes in facts and circumstances.	1 January 2019

44. Accounting standards and interpretations not effective at 30 June 2019 (continued)

Standard/interpretation	Description	Reporting period beginning on or after
IAS 28: (Amendments to) 'Investments in associates and joint ventures' – long-term interests in associates and joint ventures.	The amendments clarified that companies account for long-term interests in an associate or joint venture, to which the equity method is not applied, using IFRS 9. The amendments are effective from 1 January 2019, with early application permitted.	1 January 2019
IFRS 16: Leases	A new standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying IAS 7. The standard contains expanded disclosure requirements for lessees. Lessees will need to apply judgement in deciding upon the information to disclose to meet the objective of providing a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee. 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. The statement also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. IFRS 16 will be adopted using a modified retrospective approach, where the right-of-use asset is recognised at the date of initial application as an amount equal to the lease liability, using the entity's prevailing incremental borrowing rate as at the date of initial application, adjusted for any prepaid or accrued lease payments relating to that lease that were recognised in the statement of financial position immediately before the date of initial application. The Group will apply the following practical expedients allowed under IFRS 16: - the Group will rely on its onerous lease assessments under IAS 37 to impair right-of-use assets recognised on adoption instead of performing a new impairment assessment for those assets on adoption; and - the Group will be taking advantage of the short-term and low value expedients. The Group estimates the recognition at 1 July 2019 of additional lease liabilities of between R5.3bn and R5.8bn and additional right-of-use assets of between R5.3bn and R5.8bn. Attributable income is expected to decrease by between R100 million and R150 million for the year ending 30 June 2020. The application of IFRS 16 will have no impact on net cash flows, however there will be a re-allocation of the non-interest portion of lease payments from 'cash flows from operating activities' to 'cash effects of financing activities'.	1 January 2019
IFRS 17: Insurance Contracts	"IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021.	1 January 2021