

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

38. Summary of other significant accounting policies (cont.)

(d) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Parent Entity and entities (including special purpose entities) controlled by the Parent Entity (its subsidiaries). Control is achieved when the Parent Entity is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

(e) Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate at the end of the reporting period.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the exchange rates ruling at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign exchange differences arising on translation are recognised in profit or loss in the period in which they arise.

(f) Standards and Interpretations on issue not yet adopted

The following accounting standards, accounting standard amendments and interpretations are due for adoption for the year ending 30 June 2020:

- AASB Interpretation 23 *Uncertainty Over Income Tax Treatment*;
- AASB 2018-1 *Annual Improvements 2015-2017*
- AASB 2018-2 *Amendments to AASB 19 – plan amendments, curtailment or settlement*

The standards and interpretations listed above will not have a material impact on AGL's financial results or financial position on adoption.

39. Subsequent events

Share buy-back

On 8 August 2019, AGL announced its intention to undertake an on-market buy-back of up to 32,791,252 shares (being approximately 5% of AGL's issued ordinary shares). AGL reserves the right to vary, suspend or terminate the buy-back at any time.

Acquisition of Perth Energy Holdings Pty Ltd

On 8 August 2019, AGL announced it had agreed to purchase 100% of the outstanding share capital of Perth Energy Holdings Pty Ltd for consideration of up to \$93 million, based on enterprise value. The transaction is on a cash and debt free basis and is subject to a number of conditions precedent, including regulatory approval, which were not satisfied at the date of this report.

There has not been any other matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of AGL, the results of those operations, or the state of affairs of AGL in future financial periods.

Directors' Declaration

For the year ended 30 June 2019

In accordance with a resolution of the Directors of AGL Energy Limited, the Directors declare that:

- (a) in their opinion, there are reasonable grounds to believe that AGL Energy Limited will be able to pay its debts as and when they fall due and payable;
- (b) the financial statements and notes thereto are in compliance with International Financial Reporting Standards, as stated in Note 38(a) to the financial statements;
- (c) in their opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the consolidated entity's financial position and performance for the year ended 30 June 2019;
- (d) there are reasonable grounds to believe that AGL Energy Limited and the subsidiaries identified in Note 27 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee between the Parent Entity and those subsidiaries pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785; and
- (e) the Directors have received the declarations required by s.295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the year ended 30 June 2019.

Signed on behalf of the Board.



Graeme Hunt
Chairman

Sydney, 8 August 2019