

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

## 2. Revenue (cont.)

### CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

#### Variable consideration and constraints

AGL includes variable consideration in the transaction price as estimated at the inception of a contract. However, if it is considered 'highly probable' that a significant reversal of revenue recognised will occur in the future, the variable consideration is constrained and not included in the transaction price.

AGL's contractual arrangements contain a number of variable pricing elements including pay-on-time discounts, payment plans, and escalations. Some of these variable elements are resolved during the reporting periods. Where they are not, management estimates the likelihood of the variable pricing

element eventuating and recognises the variable pricing element to the extent it is not highly probable that it will reverse.

#### Revenue recognition

AGL recognises revenue from gas and electricity services once the gas and/or electricity has been consumed by the customer. Management estimates customer consumption between the last invoice date and the end of the reporting period when determining gas and electricity revenue for the financial period. Various assumptions and financial models are used to determine the estimated unbilled consumption.

## 3. Other income

	Note	2019 \$m	2018 \$m
Net gain on disposal of property, plant and equipment		2	6
Gain on disposal of subsidiaries and businesses	29	52	25
<b>Total other income</b>		<b>54</b>	<b>31</b>

## 4. Expenses

	2019 \$m	Restated 2018 \$m <sup>1</sup>
Cost of sales	9,440	9,070
Administrative expenses	289	262
Employee benefits expenses	601	651
Other expenses		
Loss/(gain) on fair value of financial instruments	198	(803)
Impairment loss on trade receivables (net of bad debts recovered)	120	99
Derecognition of assets and costs associated with exit of business	47	-
Impairment loss on investment in an associate and other related assets	-	28
Short term lease and outgoing expenses <sup>2</sup>	12	10
Net loss on disposal of joint operation	2	-
Other	527	537
<b>Total expenses</b>	<b>11,236</b>	<b>9,854</b>

1. Comparatives have been restated for the adoption of AASB 9 Financial Instruments and AASB 16 Leases. Refer to Note 38(c).

2. Includes short term and low value lease expenses, utilities and other outgoing.

## 5. Depreciation and amortisation

	2019 \$m	Restated 2018 \$m <sup>1</sup>
Property, plant and equipment	477	543
Intangible assets	143	15
Other	5	10
<b>Total depreciation and amortisation</b>	<b>625</b>	<b>568</b>

1. Comparatives have been restated for the adoption of AASB 16 Leases. Refer to Note 38(c).