

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

6. Net financing costs

	2019 \$m	Restated 2018 \$m ¹
Finance income		
Interest income	10	10
	10	10
Finance costs		
Interest expense ²	127	158
Lease interest expense	10	7
Unwinding of discounts on provisions and other liabilities	35	33
Unwinding of discount on deferred consideration	23	24
Other finance costs	8	8
	203	230
Net financing costs	193	220

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

2. Interest expense for the year ended 30 June 2019 is presented net of capitalised interest of \$21 million (2018: \$11 million).

The weighted average capitalisation rate on funds borrowed for finance costs capitalised is 5.61% (2018: 5.64%).

ACCOUNTING POLICY

Net financing costs

Interest income is recognised in profit or loss as it accrues, using the effective interest method.

Finance costs directly attributable to the acquisition, construction or production of qualifying assets, are added to the cost of those assets.

All other finance costs are recognised in profit or loss in the period in which they are incurred. Finance costs comprise interest expense on borrowings calculated using the effective interest method, amortisation of borrowing costs relating to long-term financing facilities, unwinding of the discount on provisions and deferred consideration, and gains and losses on certain hedging instruments that are recognised in profit or loss.

7. Income tax

Income tax recognised in the Consolidated Statement of Profit or Loss

The major components of income tax expense are:

	2019 \$m	Restated 2018 \$m ¹
Current tax		
Current tax expense in respect of the current year	265	79
Deferred tax		
Relating to the origination and reversal of temporary differences	109	583
Total income tax expense	374	662

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