7. Income tax (cont.)

ACCOUNTING POLICY

Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items recognised outside profit or loss (whether in other comprehensive income or directly in equity) or a business combination.

Tax consolidation

AGL Energy Limited (the Parent Entity) and its wholly-owned Australian resident subsidiaries formed a tax-consolidated group pursuant to Australian taxation law with effect from 25 October 2006 and are therefore taxed as a single entity from that date. AGL Energy Limited is the head entity in the tax-consolidated group.

On 23 July 2012, AGL Generation Holdco Pty Ltd, a subsidiary 99.99% owned by AGL, and AGL Generation Pty Ltd elected to form a tax-consolidated group with Loy Yang Marketing Holdings Pty Limited and its wholly-owned subsidiary, in addition to the existing group. On 27 July 2012, Great Energy Alliance Corporation Pty Limited (GEAC) and its wholly-owned subsidiaries joined the new tax-consolidated group. AGL Generation Holdco Pty Ltd is the head entity in the new tax-consolidated group.

Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'standalone taxpayer' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the tax-consolidated group are recognised by the head entity in each tax consolidated group.

The members of the tax-consolidated group have entered into a tax sharing and tax funding agreement. The tax funding agreement requires payments to/from the head entity equal to the current tax liability/asset assumed by the head entity and any tax loss deferred tax asset assumed by the head entity. The payments are recorded as intercompany receivables/payables.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Deferred tax assets relating to tax losses

AGL recognises a deferred tax asset relating to tax losses incurred by a subsidiary. The recoverability of this deferred tax asset is dependent on the generation of sufficient taxable income, by the subsidiary, to utilise those tax losses. Management judgements and estimates are required in the assessment of this recoverability, including forecasting sufficient future taxable income.

8. Dividends

Recognised amounts

	2019 $m	2018 $m
Final dividend		
Final dividend for 2018 of 63.0 cents per share, franked to 80%, paid 21 September 2018 (2018: Final dividend for 2017 of 50.0 cents per share, franked to 80%, paid 22 September 2017)	**413**	328
Interim dividend		
Interim dividend for 2019 of 55.0 cents per share, franked to 80%, paid 22 March 2019 (2018: Interim dividend for 2018 of 54.0 cents per share, franked to 80%, paid 26 March 2018)	**361**	354
Dividends paid as per the Consolidated Statement of Cash Flows	**774**	682

Unrecognised amounts

Since the end of the financial year, the Directors have declared a final dividend for 2019 of 64.0 cents per share, franked to 80% (2018: 63.0 cents per share, franked to 80%), payable 20 September 2019.	**420**	413

8. Dividends (cont.)

Dividend reinvestment plan

The AGL Dividend Reinvestment Plan (DRP) will operate in respect of the 2019 final dividend. AGL will acquire shares on market and allot them to DRP participants at no discount to the simple average of the daily weighted average price at which AGL's ordinary shares trade during each of the 10 trading days commencing 26 August 2019. The last date for shareholders to elect to participate in the DRP for the 2019 final dividend is 23 August 2019.

Dividend franking account

	2019 $m	2018 $m
Adjusted franking account balance	**(111)**	(94)
Impact on franking account balance of dividends proposed after the reporting date but not recognised as a liability	**(144)**	(142)

ACCOUNTING POLICY

Dividends

Dividends represent a distribution of profits that holders of ordinary shares receive from time to time. Dividends are not accrued as a liability until a dividend declaration is made by the Board of Directors. The liability is reduced when the dividend is paid. The Board of Directors takes into consideration factors including AGL's relative capital strength and the existing dividend payout ratio guidelines in determining the amount of dividends to be paid.

9. Trade and other receivables

	2019 $m	Restated 2018 $m[1]
Trade receivables	**946**	1,004
Unbilled revenue	**898**	938
Allowance for expected credit loss	**(175)**	(232)
	1,669	1,710
Other receivables	**34**	65
Total trade and other receivables	**1,703**	1,775

Allowance for expected credit loss		
Balance at beginning of the financial year (AASB 139)		103
Adjustment on application of AASB 9		110
Balance as at 1 July (restated)	**232**	213
Impairment losses recognised on receivables	**149**	120
Amounts written off as uncollectible	**(206)**	(101)
Balance at end of the financial year	**175**	232

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