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).

9. Trade and other receivables (cont.)

The allowance for expected credit loss associated with unbilled revenue and the ageing of trade receivables at the reporting date is detailed below:

	2019		Restated 2018[1]	
	Total $m	Allowance $m	Total $m	Allowance $m
Unbilled revenue	**898**	**(55)**	938	(65)
Not past due	**628**	**(10)**	494	(6)
Past due 0 – 30 days	**71**	**(9)**	189	(14)
Past due 31 – 60 days	**45**	**(9)**	62	(11)
Past due 61 – 90 days	**30**	**(8)**	41	(10)
Past 90 days	**172**	**(84)**	218	(126)
Total	**1,844**	**(175)**	1,942	(232)

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

At the end of the reporting period, trade receivables with a carrying amount of $208 million (2018: $349 million) were past due but not considered impaired. These trade receivables relate to customers for whom there has not been a significant change in credit quality and the amounts are considered recoverable.

Other balances within trade and other receivables are neither impaired nor past due. It is expected that these other balances will be received when due.

ACCOUNTING POLICY

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade and other receivables are recognised at amortised cost, less an allowance for expected credit loss. AGL's policy requires customers to pay in accordance within agreed payment terms. Depending on the customer segment, trade receivables are generally due for settlement within 30 days.

AGL assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and fair value through other comprehensive income (FVOCI). The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, unbilled revenue, contract assets and lease receivables, AGL applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Unbilled revenue

Unbilled revenue represents estimated gas and electricity services supplied to customers but unbilled at the end of the reporting period. Unbilled gas and electricity revenue is not collectible until such time as customers' meters are read and bills rendered.

9. Trade and other receivables (cont.)

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Expected credit loss on trade receivables and unbilled revenue

AGL uses an allowance matrix to measure expected credit losses of trade receivables and unbilled revenue from its customers. Trade receivable amounts are disaggregated into customer segments.

Loss rates are estimated in each age category and are based on the probability of a receivable progressing through to write-off. Factors to estimate the loss rate are based on risk assessment performed for each customer segment and economic factors such as wholesale electricity forward curves, commodity fuel forward curves and prevailing macro-economic information.

Unbilled revenue

AGL recognises revenue from gas and electricity sales 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.

Some of the assumptions and estimates include:

- Volume and timing of energy consumed by the customers
- Various pricing plans prevalent and allocation of the estimated volume to such pricing plans
- Loss factors
- Behavioural discounts

10. Inventories

	2019 $m	2018 $m
Current		
Raw materials and stores - at cost	**311**	242
Finished goods - at cost	**77**	128
Total current inventories	**388**	370
Non-current		
Finished goods - at cost	**57**	10
Total non-current inventories	**57**	10

ACCOUNTING POLICY

Inventories

Inventories are measured at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out or weighted average basis. Net realisable value represents the estimated selling price for inventories less the estimated costs necessary to sell the inventory.