Financial Statements

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Consolidated Income Statement

For the year ended 31 December 2023

Millions of dollars	Note	2023	2022
Continuing operations			
Revenue	B1	**37,749.3**	38,491.5
Cost of goods sold(i)(ii)		**(34,822.8)**	(35,607.8)
Gross profit		**2,926.5**	2,883.7
Other income	B1	**15.5**	5.3
Other expenses	B2	**(4.1)**	(15.7)
Net foreign exchange gain/(loss)		**23.8**	(27.0)
Selling and distribution expenses		**(1,664.8)**	(1,477.7)
General and administration expenses		**(263.6)**	(267.8)
Profit from operating activities		**1,033.3**	1,100.8
Finance costs		**(289.9)**	(183.9)
Finance income(ii)		**11.3**	5.1
Net finance costs	B2	**(278.6)**	(178.8)
Share of net (loss)/profit of investments accounted for using the equity method	F5	**(3.1)**	14.5
Profit before income tax expense		**751.6**	936.5
Income tax (expense)	E1	**(151.5)**	(157.9)
Net profit from continuing operations		**600.1**	778.6
Discontinued operations			
Net profit from discontinued operations	F3	**–**	68.4
Net profit		**600.1**	847.0
Profit attributable to:			
Equity holders of the parent entity		**549.1**	795.9
Non-controlling interests	F8	**51.0**	51.1
Net profit		**600.1**	847.0
Earnings per share from continuing operations			
Statutory – cents per share – basic	B4	**230.4**	305.3
Statutory – cents per share – diluted	B4	**229.9**	303.8
Earnings per share from continuing operations and discontinued operations			
Statutory – cents per share – basic	B4	**230.4**	334.0
Statutory – cents per share – diluted	B4	**229.9**	332.3

(i) Inventories held at 31 December 2022 were written down to their net realisable value by $39.5 million and this expense is non-cash in nature. It arises as a consequence of significant market volatility with market prices in the period. The adjustment is recognised within Cost of Goods Sold expense in the income statement. There was no write-down required in the current period.

(ii) The prior period has been re-presented due to change in classification. Refer to Note A4 for further information.

The Consolidated Income Statement is to be read in conjunction with the notes to the Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

Millions of dollars	Note	2023	2022
Net profit		600.1	847.0
Other comprehensive income			
Items that will not be reclassified to income statement:			
Actuarial gain/(loss) on defined benefit plans		0.1	(1.3)
Gain on revaluation of investments	F4	1.0	15.1
Total items that will not be reclassified to income statement		1.1	13.8
Items that may be reclassified subsequently to income statement:			
Foreign operations – foreign currency translation differences		(13.6)	87.3
Reserves reclassified to profit or loss on disposal of subsidiary	F3	–	(8.8)
Effective portion of changes in fair value of cash flow hedges		(32.1)	121.2
Net change in fair value of cash flow hedges reclassified to income statement		4.2	(86.8)
Tax on items that may be reclassified subsequently to income statement		3.4	(21.0)
Total items that may be reclassified subsequently to income statement		(38.1)	91.9
Other comprehensive (loss)/income for the period, net of income tax		(37.0)	105.7
Total comprehensive income for the period		563.1	952.7
Attributable to:			
Equity holders of the parent entity		512.1	901.6
Non-controlling interests	F8	51.0	51.1
Total comprehensive income for the period		563.1	952.7

Total comprehensive income for the period arising from:			
Continuing operations		563.1	960.9
Discontinued operations		–	(8.2)

The Consolidated Statement of Comprehensive Income is to be read in conjunction with the notes to the Consolidated Financial Statements.

Consolidated Statement of Financial Position

As at 31 December 2023

Millions of dollars	Note	2023	2022 ^Restated
Current assets			
Cash and cash equivalents		**300.6**	126.0
Trade receivables and other assets	C1	**2,413.1**	2,599.6
Inventories	C2	**2,991.0**	3,593.9
Current tax assets		**40.7**	–
Total current assets		**5,745.4**	6,319.5
Non-current assets			
Trade receivables and other assets	C1	**115.9**	118.1
Investments accounted for using the equity method	F5	**245.9**	241.1
Other investments	F4	**64.6**	64.3
Intangibles	C3	**1,424.5**	1,609.9
Property, plant and equipment[i]	C4	**3,671.3**	3,563.2
Right-of-use assets[i]	C5	**1,235.0**	1,052.4
Deferred tax assets	E2.1	**308.1**	366.1
Employee benefits		**3.4**	3.7
Total non-current assets		**7,068.7**	7,018.8
Total assets		**12,814.1**	13,338.3
Current liabilities			
Payables	C6	**4,225.1**	4,438.2
Interest-bearing liabilities	D1.1	**116.4**	339.9
Lease liabilities	D1.2	**179.4**	163.8
Current tax liabilities		**–**	266.0
Employee benefits		**162.5**	168.5
Provisions	C7	**82.0**	90.8
Total current liabilities		**4,765.4**	5,467.2
Non-current liabilities			
Payables	C6	**39.6**	52.2
Interest-bearing liabilities	D1.1	**2,378.9**	2,145.0
Lease liabilities	D1.2	**1,020.3**	965.7
Deferred tax liabilities	E2.1	**62.7**	82.5
Employee benefits		**6.4**	5.6
Provisions	C7	**564.9**	570.0
Total non-current liabilities		**4,072.8**	3,821.0
Total liabilities		**8,838.2**	9,288.2
Net assets		**3,975.9**	4,050.1
Equity			
Issued capital	D6	**479.7**	479.7
Treasury stock		**(5.4)**	(2.8)
Reserves	D7	**184.1**	209.1
Retained earnings		**2,900.7**	2,946.0
Total parent entity interest		**3,559.1**	3,632.0
Non-controlling interests		**416.8**	418.1
Total equity		**3,975.9**	4,050.1

^ Amounts have been restated at 31 December 2022 due to the finalisation of the purchase price allocation on the Z Energy acquisition. Refer to note F2 for further information.

(i) The prior period has been re-presented due to change in classification. Refer to Note A4 for further information.

The Consolidated Statement of Financial Position is to be read in conjunction with the notes to the Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

Millions of dollars	Issued capital	Treasury Stock	Reserves (i)	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2023	**479.7**	**(2.8)**	**209.1**	**2,946.0**	**3,632.0**	**418.1**	**4,050.1**
Profit for the period	–	–	–	549.1	549.1	51.0	600.1
Total other comprehensive (loss)/income	–	–	(37.1)	0.1	(37.0)	–	(37.0)
Total comprehensive income for the period	–	–	(37.1)	549.2	512.1	51.0	563.1
Ampol Property Trust and Ampol Property Trust 2 – distribution	–	–	–	–	–	(43.6)	(43.6)
Acquisition of Non-controlling interest net of tax in Flick Energy	–	–	–	0.2	0.2	(0.2)	–
Acquisition of shares – Flick Energy	–	–	–	–	–	(1.9)	(1.9)
Transfer to retained earnings(ii)	–	–	(0.9)	0.9	–	–	–
Own shares acquired, net of tax	–	(5.9)	–	–	(5.9)	–	(5.9)
Shares vested to employees, net of tax	–	3.3	(3.3)	–	–	–	–
Expense on equity settled transactions, net of tax	–	–	16.3	–	16.3	–	16.3
Dividends to shareholders	–	–	–	(595.6)	(595.6)	(6.6)	(602.2)
Balance at 31 December 2023	**479.7**	**(5.4)**	**184.1**	**2,900.7**	**3,559.1**	**416.8**	**3,975.9**
Balance at 1 January 2022	**479.7**	**(1.5)**	**65.5**	**2,531.0**	**3,074.7**	**272.1**	**3,346.8**
Profit for the period	–	–	–	795.9	795.9	51.1	847.0
Other comprehensive income	–	–	105.4	0.3	105.7	–	105.7
Total comprehensive income for the period	–	–	**105.4**	**796.2**	**901.6**	**51.1**	**952.7**
Ampol Property Trust 2 – Divestment of Non-controlling interest, net of tax	–	–	–	31.1	31.1	21.0	52.1
Ampol Property Trust 2 – Acquisition	–	–	–	–	–	4.6	4.6
Ampol Property Trust and Ampol Property Trust 2 – distribution	–	–	–	–	–	(41.1)	(41.1)
Z Limited Partnership – Divestment of Non-controlling interest, net of tax	–	–	–	–	–	119.5	119.5
Acquisition of Non-controlling interest net of tax in Flick Energy	–	–	–	3.5	3.5	(7.9)	(4.4)
Acquisition of shares	–	–	–	–	–	1.6	1.6
Transfer to retained earnings(ii)	–	–	32.2	(32.2)	–	–	–
Own shares acquired, net of tax	–	(5.7)	–	–	(5.7)	–	(5.7)
Shares vested to employees, net of tax	–	4.4	(4.4)	–	–	–	–
Expense on equity settled transactions, net of tax	–	–	10.4	–	10.4	–	10.4
Dividends to shareholders	–	–	–	(383.6)	(383.6)	(2.8)	(386.4)
Balance at 31 December 2022	**479.7**	**(2.8)**	**209.1**	**2,946.0**	**3,632.0**	**418.1**	**4,050.1**

(i) Refer to note D7 for further information.

(ii) Historic unvested amounts and differences between grant date fair value and the value of shares issued have been transferred from share-based payments reserves to retained earnings.

The Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the Consolidated Financial Statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2023

Millions of dollars	Note	2023	2022
Cash flows from operating activities			
Receipts from customers		**49,003.9**	47,673.7
Payments to suppliers, employees and governments		**(46,815.5)**	(46,318.5)
Shares acquired for vesting employee benefits		**(5.9)**	(5.7)
Dividends and distributions received		**1.4**	2.8
Interest received		**9.0**	7.4
Finance costs paid		**(188.1)**	(137.3)
Lease interest	D1.2	**(78.6)**	(68.9)
Income taxes paid		**(414.4)**	(244.3)
Net operating cash inflows	G5.2	**1,511.8**	909.2
Cash flows from investing activities			
Transaction costs		**–**	(36.3)
Proceeds from sale of Gull NZ	F3	**–**	470.9
Cash divested on disposal of Gull NZ	F3	**–**	(4.5)
Major cyclical maintenance		**(17.3)**	(26.5)
Acquisition of Z Energy Limited	F2	**–**	(1,785.1)
Cash acquired on acquisition of Z Energy Limited	F2	**–**	111.1
Purchase of investment in associates		**–**	(10.3)
Payment for investments		**(12.3)**	(1.8)
Acquisition of shares in NCI – Flick Energy		**(1.9)**	–
Purchases of property, plant and equipment		**(527.3)**	(369.9)
Purchases of intangibles(i)		**(12.0)**	(10.5)
Proceeds from sale of property, plant and equipment		**35.2**	30.9
Net investing cash (outflows)		**(535.6)**	(1,632.0)
Cash flows from financing activities			
Proceeds from borrowings		**12,038.1**	10,737.5
Repayments of borrowings		**(12,053.6)**	(10,105.9)
Repayments of lease principal	D1.2	**(118.6)**	(112.2)
Proceeds from sale of Non-controlling interest in Ampol Property Trust 2	F8	**–**	55.1
Proceeds from sale of Non-controlling interest in Z Limited Partnership (property)	F8	**–**	119.5
Distributions/dividends paid to Non-controlling interests		**(50.2)**	(43.9)
Dividends paid	B5	**(595.6)**	(383.6)
Net financing cash (outflows)/inflows		**(779.9)**	266.5
Net increase/(decrease) in cash and cash equivalents		**196.3**	(456.3)
Effect of exchange rate changes on cash and cash equivalents		**0.8**	(6.5)
Increase/(decrease) in cash and cash equivalents		**197.1**	(462.8)
Cash and cash equivalents at the beginning of the period		**103.5**	566.3
Cash and cash equivalents at the end of the period	G5.1	**300.6**	103.5

(i) Does not include the purchases of New Zealand Emissions Trading Units during the period, which are included in payments to suppliers, employees and government in operating cash.

The Consolidated Cash Flow Statement is to be read in conjunction with the notes to the Consolidated Financial Statements.

Notes to the Financial Statements – A Overview
For the year ended 31 December 2023

A1 Reporting entity
Ampol Limited ("Ampol" or the "Company") is a for-profit company, incorporated and domiciled in Australia. The Consolidated Financial Statements for the year ended 31 December 2023 comprise the Company and its controlled entities (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities. The Group is primarily involved in the purchase, refining, distribution and marketing of petroleum products and the operation of convenience stores.

A2 Basis of preparation
The Financial Report was approved by the Ampol Board on 19 February 2024.

The Financial Report has been prepared as a general-purpose financial report and complies with the requirements of the *Corporations Act 2001* (Cth) (Corporations Act) and Australian Accounting Standards (AASBs). The Financial Report also complies with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

The Financial Report is prepared on the historical cost basis, except for identified net assets acquired through business combinations and derivative financial instruments, which are measured at fair value, and the defined benefit liability, which is recognised as the net total of the plan assets, plus unrecognised past service costs less the present value of the defined benefit obligation.

The Financial Report is presented in Australian dollars, which is the Company's functional currency.

The Group is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* dated 24 March 2016. In accordance with that Instrument, amounts in the Financial Report and Directors' Report have been rounded to the nearest hundred thousand dollars, unless otherwise stated.

The Group has adopted all the mandatory amended Accounting Standards issued that are relevant to its operations and effective for the current reporting period. A number of new standards, amendments to standards and interpretations effective for annual periods beginning on or after 1 January 2024 have not been applied in preparing this Financial Report. Refer to note G8.

A3 Use of judgement and estimates
The preparation of a Financial Report in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by each entity in the Group.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods if the revision affects both current and future periods.

Judgements made by management in the application of AASBs that have a significant effect on the Financial Report and estimates with a significant risk of material adjustment in future financial years are found in the following notes:

- Information about the assumptions and the risk factors relating to impairment is provided in notes C1 (Trade receivables and other assets), C3 (Intangibles) and C4 (Property, plant and equipment).
- Note C7 (Provisions) and D1.2 (Lease liabilities) provides key sources of estimation, uncertainty and assumptions used in regard to estimation of provisions and lease liabilities.
- Note D2 (Risk management) provides an explanation of the foreign exchange, interest rate, credit risk and commodity price exposures of the Group and the risk in relation to foreign exchange, interest rate, credit risk and commodity price movements.
- Note C1 includes information regarding the judgement required in assessing de-recognition of trade receivables balances based on the transfer of risks and rewards under the sale of trade receivables program in place for the Group.

A4 Changes in material accounting policies

Global minimum top-up tax

The Group has adopted AASB 2023-2 Amendments to Australian Accounting Standards – International Tax Reform – Pillar Two Model Rules issued by the Australian Accounting Standards Board in June 2023 in response to the Organisation for Economic Co-operation and Development's (OECD) Two Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy. Pillar Two of those proposals seeks to apply a global minimum top-up tax (15%). The amendments issued by the AASB are for application to entities reporting in Australia. Amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure.

The mandatory exception applies retrospectively. The retrospective application has no impact on the Group's Consolidated Financial Statements as no new legislation implementing the top-up tax was enacted or substantively enacted at 31 December 2023 in any jurisdiction in which the Group operates and no related deferred taxes were recognised at that date.

Comparatives

Certain comparative balances have been changed to align with the current year classification. The main items adjusted were:

Asset retirement costs

Historically, the Group has classified make good assets as property, plant and equipment where they related to leased assets. In the current period, the Group has reclassified these to right-of-use assets to reflect more appropriately the nature of these assets in accordance with *AASB 16 Leases*. As a result, $55.3 million was reclassified from 'Property, plant and equipment' to 'Right-of-use assets' in the comparative period.

Mark-to-market derivatives gains and losses

Previously the Group classified electricity derivative mark-to-market gains/losses as finance costs. In the current period the Group has reclassified these to cost of goods sold to more appropriately reflect their nature. As a result, $71.8 million gain was reclassified in the comparative period.

Notes to the Financial Statements – B Results for the year

For the year ended 31 December 2023

This section highlights the performance of the Group for the year, including revenue and other income, costs and expenses, results by operating segment, earnings per share and dividends.

B1 Revenue and other income

Sale of goods

Revenue from the sale of goods in the ordinary course of activities is measured at the fair value of consideration received or receivable, net of product duties and taxes, rebates, discounts and allowances.

Gross sales revenue excludes amounts collected on behalf of third parties such as goods and services tax (GST). Sales revenue is recognised when customers gain control of the product, which is the date products are delivered to the customer.

Contracts entered into by the Group for the sale of petroleum are typically priced by reference to quoted prices. In line with market practice, some contracts are based on average prices over a period that is partially or entirely after delivery. Revenue relating to such contracts is recognised initially based on the estimated forward price at the time of delivery and subsequently adjusted as prices are finalised. Whilst these post-delivery adjustments are changed in the value of receivables, the distinction between revenue recognised at the time of delivery and revenue recognised as a result of post-delivery changes in quoted commodity prices relating to the same transaction is not considered to be significant. All revenue from these contracts, both that recognised at the time of delivery and that from post-delivery price adjustments, is disclosed as revenue from sale of goods.

For contracts with variable consideration (i.e. changes in market price, quality and quantity variances), revenue is recognised to the extent that it is highly probable that a reversal of previously recognised revenue will not occur.

Contract assets

On 5 July 2018, Ampol Limited entered into a new supply agreement for 15 years with a one-off upfront payment of $50.0 million. This amount has been deferred and recognised against sale of goods over the life of the agreement. The closing balance as at 31 December 2023 in relation to this contract asset is $28.6 million (2022: $33.3 million).

Other revenue

Rental income from leased sites is recognised in the Consolidated Income Statement on a straight-line basis over the term of the lease. Transaction and merchant fees are generated from AmpolCard and credit card transactions processed across the network. Dividend income is recognised at the date the right to receive payment is established.

Other income

Net gain on disposal of property, plant and equipment and sale of investments

The gain on disposal of property, plant and equipment and sale of investment in joint operations is brought to account at the time that:

- the costs incurred, or to be incurred, in respect of the sale can be measured reliably; and
- the control of ownership of the property, plant and equipment and investment has been transferred to the buyer.

B1 Revenue and other income continued

Millions of dollars	2023	2022
Revenue		
Sale of goods	**37,454.5**	38,245.4
Other revenue		
Rental income	**28.7**	25.4
Transaction and merchant fees	**123.4**	109.9
Other	**142.7**	110.8
Total other revenue	**294.8**	246.1
Total revenue	**37,749.3**	38,491.5
Other income		
Net gain on lease disposal	**4.7**	–
Net gain on sale of property, plant and equipment	**5.8**	5.3
Dividend received from other investment	**5.0**	–
Total other income	**15.5**	5.3

B1.1 Revenue from products and services

Millions of dollars	2023	2022
Petrol	**10,430.4**	10,016.1
Diesel	**18,219.2**	21,288.3
Jet	**3,964.5**	3,256.9
Lubricants	**341.2**	316.5
Specialty and other products	**534.0**	374.2
Crude	**2,798.2**	1,808.4
Non-fuel income	**1,167.0**	1,185.0
Other revenue	**294.8**	246.1
Total product and service revenue	**37,749.3**	38,491.5

Notes to the Financial Statements – B Results for the year continued

For the year ended 31 December 2023

B2 Costs and expenses

Finance costs are recognised as incurred unless they relate to qualifying assets. Qualifying assets are assets which take more than 12 months to get ready for their intended use or sale. In these circumstances, finance costs are capitalised to the cost of the relevant asset. Where borrowings are not specific to an asset, finance costs are capitalised using an average rate based on the general borrowings of the Group.

Millions of dollars	Note	2023	2022
Finance costs			
Interest expense		**204.0**	133.4
Finance charges on leases		**78.6**	67.4
Impact of discounting		**(1.8)**	(16.9)
Loss on derecognition of financial assets		**9.1**	–
Finance costs		**289.9**	183.9
Finance income		**(11.3)**	(5.1)
Net finance costs		**278.6**	178.8
Depreciation and amortisation			
Depreciation of:			
Buildings	C4	**36.5**	27.4
Leasehold property	C4	**10.7**	11.3
Plant and equipment(i)	C4	**220.7**	229.1
Right-of-use assets(i)	C5	**148.4**	132.3
		416.3	400.1
Amortisation of:			
Intangibles	C3	**42.6**	38.3
Total depreciation and amortisation		**458.9**	438.4
Personnel expenses		**531.3**	445.5
Other expenses			
Net loss on recognition of asset restoration obligation provision		**–**	26.7
Impairment of non-current assets	C3, C4, C5	**4.1**	10.8
Impairment reversal of non-current assets	C4	**–**	(21.8)
Total other expenses		**4.1**	15.7

(i) The prior period has been re-presented due to change in classification. Refer to Note A4 for further information.

B3 Segment reporting

B3.1 Segment disclosures

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Income taxes and net finance costs are dealt with at a Group level and not within the reportable segments.

The performance of each reportable segment is measured based on segment replacement cost of sales operating profit (RCOP) before interest and income tax (RCOP EBIT) and excluding Significant Items. This measurement base excludes the unintended impact of the rise or fall in oil or product prices (key external factors). RCOP EBIT excluding Significant Items is measured as management believes that such information is most useful in evaluating the performance of the differing internal business units relative to each other, and other like business units in the industry. Segment RCOP EBIT excluding Significant Items, is also used to assess the performance of each business unit against internal performance measures.

Cost of goods sold measured on a replacement cost basis

Cost of goods sold measured on a replacement cost basis excludes the effect of inventory gains and losses, including the impact of exchange rate movements. Inventory gains or losses arise due to movements in the landed price of crude oil and product prices and represent the difference between the actual historic cost of inventories and the current replacement value of that inventory.

The net inventory gain or loss is also adjusted to reflect the impact of contractual revenue lags.

Types of products and services

The following summary describes the operations in each of the Group's reportable segments:

Fuels and Infrastructure

The Fuels and Infrastructure segment includes revenues and costs associated with the integrated wholesale fuels and lubricants supply for the Group. This includes Lytton refinery, Trading and Shipping (excluding the share of this profit attributed to New Zealand), Distribution, Infrastructure, Future Energy and Ampol's share of its equity accounted investment in Seaoil.

Convenience Retail

The Convenience Retail segment includes revenues and costs associated with fuels and shop offerings at Ampol's Australian network of stores.

New Zealand

The segment includes Z Energy which is the largest fuel distributor in New Zealand, supplying fuel to retail and large commercial customers. It also includes contributions from Trading and Shipping including a share of profit on physical supply and profit or loss on derivatives.

Corporate

Corporate represents the corporate head office and includes transactions relating to Group finance, taxation, treasury, HR, IT, legal and company secretarial functions.

Transfer price between segments

The Group operates as a vertically integrated supply chain including trading and shipping, infrastructure, refining and marketing of fuel products in Australia and internationally to customers, including retail service stations. Segment results are based on commercial pricing between segments. Most notably the sale of product between the Fuels and Infrastructure and each of Convenience Retail and New Zealand segments, is determined by reference to relevant import parity prices for the relevant refined products and other commercial arrangements.

Notes to the Financial Statements – B Results for the year continued

For the year ended 31 December 2023

B3 Segment reporting continued

B3.2 Information about reportable segments

Millions of dollars 31 December 2023	Fuels and Infrastructure	Convenience Retail	New Zealand	Corporate	Total continuing operations
Segment revenue					
Total revenue	33,630.7	5,995.9	5,510.8	–	45,137.4
Inter-segment revenue	(7,388.1)	–	–	–	(7,388.1)
Segment external revenue	26,242.6	5,995.9	5,510.8	–	37,749.3
Segment results					
RCOP(i) EBITDA excluding Significant Items	891.0	538.0	372.8	(46.3)	1,755.5
Depreciation and amortisation	(154.5)	(183.4)	(109.3)	(11.7)	(458.9)
RCOP(i) EBIT excluding Significant Items	736.5	354.6	263.5	(58.0)	1,296.6
Significant Items (before tax)	(27.2)	(13.7)	(40.3)	(9.6)	(90.8)
RCOP(i) EBIT	709.3	340.9	223.2	(67.6)	1,205.8
Inventory **(loss)** (before tax)	(60.5)	–	(115.1)	–	(175.6)
Statutory profit EBIT	648.8	340.9	108.1	(67.6)	1,030.2
Finance income					11.3
Finance expense					(289.9)
Statutory profit before income tax					751.6
RCOP(i) income tax **(expense)**					(226.9)
Significant Items tax **benefit**					26.4
Inventory **loss** tax **benefit**					49.0
Statutory profit income tax expense					(151.5)
Statutory profit after tax					600.1
Statutory profit to RCOP(i) net profit after tax reconciliation					
Statutory profit after tax					600.1
Inventory **loss** (after tax)					126.6
RCOP(i) net profit after tax					726.7
Significant Items excluded from profit or loss (after tax)					64.4
Underlying RCOP(i) net profit after tax					791.1
Non-controlling interests					(51.0)
Underlying RCOP(i) net profit after tax – attributable to parent					740.1
Other items					
Share of (loss) of associates and joint ventures	(2.1)	–	(1.0)	–	(3.1)
Capital expenditure(ii)	330.4	136.8	80.9	8.5	556.6

(i) RCOP (on a before and after tax basis) is a non-International Financial Reporting Standards (IFRS) measure commonly used within the global downstream oil industry. It is unaudited and derived from the statutory profit adjusted for inventory (losses)/gains. RCOP excludes the unintended impact of the fall or rise in oil and product prices (key external factors). It is calculated by restating the cost of sales using the replacement cost of goods sold rather than the statutory costs, and adjusting for the effect of contract-based revenue lags.

(ii) Capital expenditure includes the purchase of property, plant and equipment and purchase of intangible software (excludes intangible rights and licences and Emissions Trading Units).

B3 Segment reporting continued

B3.2 Information about reportable segments continued

Millions of dollars 31 December 2022	Fuels and Infrastructure	Convenience Retail	New Zealand	Corporate	Total continuing operations	Discontinued operations[iii]	Total
Segment revenue							
Total revenue	32,624.3	6,695.8	4,006.9	0.8	43,327.8	616.7	43,944.5
Inter-segment revenue	(4,836.3)	–	–	–	(4,836.3)	–	(4,836.3)
Segment external revenue	27,788.0	6,695.8	4,006.9	0.8	38,491.5	616.7	39,108.2
Segment results							
RCOP[i] EBITDA excluding Significant Items	1,010.7	522.0	214.7	(41.9)	1,705.5	58.5	1,764.0
Depreciation and amortisation	(157.7)	(174.8)	(90.1)	(13.9)	(436.5)	(11.0)	(447.5)
RCOP[i] EBIT excluding Significant Items	853.0	347.2	124.6	(55.8)	1,269.0	47.5	1,316.5
Significant Items (before tax)[iv]	(34.6)	(31.4)	70.7	(36.9)	(32.2)	38.6	6.4
RCOP[i] EBIT[iv]	818.4	315.8	195.3	(92.7)	1,236.8	86.1	1,322.9
Inventory gain/(loss) (before tax)	51.1	–	(173.7)	–	(122.6)	(1.1)	(123.7)
Statutory profit/(loss) EBIT[iv]	869.5	315.8	21.6	(92.7)	1,114.2	85.0	1,199.2
Finance income[iv]					5.1	–	5.1
Finance expense					(182.8)	(5.0)	(187.8)
Statutory profit before income tax					936.5	80.0	1,016.5
RCOP[i] income tax (expense)					(308.0)	(11.9)	(319.9)
Significant Items: Release of income tax provision relating to Singapore entity profits					110.2	–	110.2
Significant Items tax benefit					6.5	–	6.5
Inventory loss tax benefit					33.4	0.3	33.7
Statutory profit income tax expense					(157.9)	(11.6)	(169.5)
Statutory profit after tax					778.6	68.4	847.0
Statutory profit to RCOP[i] net profit after tax reconciliation							
Statutory profit after tax					778.6	68.4	847.0
Inventory loss (after tax)					89.3	0.8	90.1
RCOP[i] net profit after tax					867.9	69.2	937.1
Significant Items excluded from profit or loss (after tax)					25.7	(38.6)	(12.9)
Release of income tax provision relating to Singapore entity profits					(110.2)	–	(110.2)
Underlying RCOP[i] net profit after tax					783.4	30.6	814.0
Non-controlling interests					(51.1)	–	(51.1)
Underlying RCOP[i] net profit after tax – attributable to parent					732.3	30.6	762.9
Other items							
Share of profit of associates and joint ventures	9.3	–	5.2	–	14.5	–	14.5
Capital expenditure[ii]	168.2	165.5	60.6	7.3	401.6	5.3	406.9

(i) RCOP (on a before and after tax basis) is a non-International Financial Reporting Standards (IFRS) measure commonly used within the global downstream oil industry . It is unaudited and is derived from the statutory profit adjusted for inventory (losses)/gains. RCOP excludes the unintended impact of the fall or rise in oil and product prices (key external factors). It is calculated by restating the cost of sales using the replacement cost of goods sold rather than the statutory costs, and adjusting for the effect of contract-based revenue lags.

(ii) Capital expenditure includes the purchase of property, plant and equipment and purchase of intangible software (excludes intangible rights and licences and Emissions Trading Units).

(iii) Refer to note F3 for further information relating to discontinued operations.

(iv) The prior period has been re-presented due to change in classification. Refer to Note A4 for further information.

Notes to the Financial Statements – B Results for the year continued

For the year ended 31 December 2023

B3 Segment reporting continued

B3.3 Significant Items excluded from profit or loss reported to the chief operating decision maker

Millions of dollars	2023	2022
Software-as-a-service	**(17.8)**	(7.8)
Commercial Settlements	**(4.5)**	(35.7)
Site remediation	**(17.6)**	(26.3)
Asset divestments and impairments	**(5.5)**	25.8
Unrealised (losses)/gains from mark-to-market of Electricity Derivatives	**(45.4)**	71.8
Ampol rebranding expense	**–**	(30.9)
Transaction costs and Sale of Gull New Zealand	**–**	9.5
Significant Items (loss)/gain excluded from EBIT	**(90.8)**	6.4
Tax benefits on Significant Items	**26.4**	6.5
Release of income tax provision relating to Singapore entity profits	**–**	110.2
Significant Items (losses)/gains excluded from profit or loss (after tax)	**(64.4)**	123.1

Significant Items are those events deemed to be outside the scope of usual business due to their size, nature and/or incidence. These items are reported separately to better inform shareholders of Ampol's underlying financial performance from one period to the next.

Software-as-a-service

In the current year the Group has recognised an expense of $17.8 million (2022: $7.8 million) relating to multi-year projects for IT customisation costs for software-as-service solutions which are not able to be capitalised as intangible assets. Ampol's policy allows for such investments to be treated as Significant Items given their size and multi-year benefits to the organisation.

Commercial Settlements

In the current year the Group has recognised an expense of $4.5 million in relation to settlement of commercial disputes (2022: $35.7 million).

Site remediation

The Group has recognised a $17.6 million expense in the current period relating to an increase in environmental remediation provisions for a number of Fuels and Infrastructure sites.

In 2022, a review of remediation cost experience led to an increase in Convenience Retail's asset restoration obligations of $26.3 million being expensed and treated as a Significant Items. These costs related to sites that were previously closed or fully impaired.

Asset divestments and impairments

The following divestment and impairment outcomes have been included in Significant Items with a total net expense in the current period of $5.5 million (2022: $25.8 million income):

- A gain on sale of Convenience Retail sites of $8.3 million has been recognised in the current period (2022: $14.8 million).
- An expense of $13.8 million relating to decommissioning costs and impairment of assets following a decision to exit the LPG product category by the Convenience Retail business during the year (2022: $nil).
- In 2022, a net $11.0 million income relating to the reversal of Convenience Retail asset impairments $21.8 million, partly offset by an impairment of $10.8 million relating to underperforming sites.

Unrealised (losses)/gain from mark-to-market of electricity derivatives

Relates to a $45.4 million loss from unrealised mark-to-market movements on electricity derivatives which do not qualify for hedge accounting treatment (2022: gain of $71.8 million).

2022 Rebranding

In 2022, the Group recognised a net expense of $30.9 million in Significant Items relating to the Group's rebranding activities.

B3 Segment reporting continued

B3.3 Significant Items excluded from profit or loss reported to the chief operating decision maker continued

Transaction costs and sale of Gull New Zealand

In 2022, the Group recognised net income of $9.5 million relating to a gain on the sale of Gull $46.6 million partly offset by $37.1 million relating to transaction costs (Z Energy Limited $29.1 million and Gull $8.0 million).

Tax effect of Significant Items

Tax benefit of $26.4 million on Significant Items (2022: $6.5 million) predominantly reflects the Australian corporate tax rate of 30% on the items above.

In 2022 a $110.2 million tax provision was released as a consequence of an agreement reached with the ATO in relation to tax payable on profits earned by the Group's Singapore operations.

B3.4 Geographical segments

The Group operates in Australia, New Zealand, United States and Singapore. The Group generated the following revenue and holds the following non-current assets across the geographical segments.

Millions of dollars	Australia	New Zealand	Singapore	US	Total
2023					
Revenue	**21,698.2**	**5,526.6**	**8,847.4**	**1,677.1**	**37,749.3**
Non-current assets	**4,583.4**	**2,476.9**	**7.9**	**0.5**	**7,068.7**
2022					
Revenue(i)	26,760.8	4,061.8	6,090.7	1,578.2	38,491.5
Non-current assets^	4,666.4	2,344.0	1.9	6.5	7,018.8

(i) The prior period has been re-presented due to change in classification. Refer to Note A4 for further information.

^ Amounts have been restated at 31 December 2022 due to the finalisation of the purchase price allocation on the Z Energy acquisition. Refer to note F2 for further information.

B3.5 Major customers

The Group had no major customers in 2023. In 2022 revenues from two major customers of the Group's Fuels and Infrastructure segment represented approximately $5.2 billion of the Group's total gross sales revenue (excluding product duties and taxes).

Notes to the Financial Statements – B Results for the year continued

For the year ended 31 December 2023

B4 Earnings per share

Cents per share	2023	2022
Basic and diluted earnings per share		
Statutory net profit/(loss) attributable to ordinary shareholders – basic	**230.4**	334.0
Statutory net profit/(loss) attributable to ordinary shareholders – diluted	**229.9**	332.3
RCOP after tax and excluding Significant Items – basic	**310.6**	320.1
RCOP after tax and excluding Significant Items – diluted	**309.9**	318.5
Basic and diluted earnings per share – Continuing operations		
Statutory net profit/(loss) attributable to ordinary shareholders – basic	**230.4**	305.3
Statutory net profit/(loss) attributable to ordinary shareholders – diluted	**229.9**	303.8
RCOP after tax and excluding Significant Items – basic	**310.6**	307.3
RCOP after tax and excluding Significant Items – diluted	**309.9**	305.8
Basic and diluted earnings per share – Discontinued operations		
Statutory net profit/(loss) attributable to ordinary shareholders – basic	**–**	28.7
Statutory net profit/(loss) attributable to ordinary shareholders – diluted	**–**	28.5
RCOP after tax and excluding Significant Items – basic	**–**	12.8
RCOP after tax and excluding Significant Items – diluted	**–**	12.7

Calculation of earnings per share

Basic historical earnings per share is calculated as the net profit attributable to ordinary shareholders of the parent entity divided by the weighted average number of ordinary shares outstanding during the year ended 31 December 2023.

Diluted statutory earnings per share is calculated as the net profit attributable to ordinary shareholders of the parent entity divided by the weighted average number of ordinary shares adjusted to include the number of shares that would be issued if all dilutive outstanding rights and restricted shares were exercised.

Earnings per share has been disclosed for both the statutory net profit as well as the RCOP after tax and excluding Significant Items. RCOP after tax and excluding Significant Items is the method that adjusts statutory net profit after tax for Significant Items and inventory gains and losses. A reconciliation between statutory net profit after tax and RCOP after tax attributable to ordinary shareholders of the parent entity is shown below.

The holders of the subordinated notes disclosed in note D1 have the ability to convert the note principle and any unpaid interest to ordinary shares on 26 March 2026 should Ampol not redeem these notes in cash on or before this date. The number of shares will be determined based on the volume weighted average price. These contingently issuable shares have not been included in diluted earnings per share in the current or prior year.

The Group's intention is that they will be repaid prior to any conversion options coming into effect.

Millions of dollars	2023	2022
Net profit after tax from continuing operations	**600.1**	778.6
Add/Less: Non-controlling interests	**(51.0)**	(51.1)
Add/Less: Inventory loss after tax	**126.6**	89.3
Add/Less: Significant Items loss after tax	**64.4**	25.7
Add/Less: Income tax (expense) – Significant Items	**–**	(110.2)
RCOP net profit excluding Significant Items after tax – continuing	**740.1**	732.3

Weighted average number of shares (millions)	2023	2022
Issued shares as at 1 January	**238.3**	238.3
Issued shares as at 31 December	**238.3**	238.3
Weighted average number of shares as at 31 December – basic	**238.3**	238.3
Weighted average number of shares as at 31 December – diluted	**238.8**	239.5

B5 Dividends

A provision for dividends payable is recognised in the reporting period in which the dividends are declared, for the entire undistributed amount.

B5.1 Dividends declared or paid

Dividends recognised in the current year by the Group are:

Millions of dollars	Date of payment	Franked/ unfranked	Cents per share	Total amount
2023				
Interim 2023	27 September 2023	Franked	95	226.3
Final 2022	29 March 2023	Franked	105	250.1
Special 2022	29 March 2023	Franked	50	119.2
Total amount			**250**	**595.6**
2022				
Interim 2022	28 September 2022	Franked	120	286.0
Final 2021	31 March 2022	Franked	41	97.6
Total amount			**161**	**383.6**

Subsequent events

Since 31 December 2023, the Directors declared the following dividends. The dividends have not been provided for and there are no income tax consequences for the Group in relation to 2023.

Final 2023	27 March 2024	Franked	120	**286.0**
Special 2023	27 March 2024	Franked	60	**143.0**

B5.2 Dividend franking account

Millions of dollars	2023	2022
30% franking credits available to shareholders of Ampol Limited for subsequent financial years	**533.5**	525.7
28% New Zealand imputation credits available to shareholders of Ampol Limited for subsequent financial years	**16.1**	160.7

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends.

The impact on the dividend franking account of dividends proposed after 31 December 2023 but not recognised as a liability, is to reduce the balance by $183.8 million (2022: $158.3 million).

Notes to the Financial Statements – C Operating assets and liabilities

For the year ended 31 December 2023

This section provides information on the assets used to generate the Group's trading performance and the liabilities incurred as a result.

C1 Trade receivables and other assets

The following balances are amounts due from the Group's customers and others.

Millions of dollars	2023	2022 ^Restated
Trade debtors	**1,693.0**	1,771.3
Accrued receivables	**127.3**	254.7
Allowance for impairment	**(11.1)**	(8.7)
Prepayments	**77.7**	71.6
Associates and joint venture entities	**94.2**	135.1
Derivative assets	**175.1**	266.0
Other debtors	**344.2**	194.4
Contract assets	**28.6**	33.3
Total trade receivables and other assets	**2,529.0**	2,717.7
Current	**2,413.1**	2,599.6
Non-current	**115.9**	118.1
Total trade receivables and other assets	**2,529.0**	2,717.7

^ Amounts have been re-presented at 31 December 2022 due to the finalisation of the purchase price allocation on the Z Energy acquisition. Refer to note F2 for further information.

Receivables are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost less impairment losses.

Impairment testing is performed at each reporting date. A provision for impairment losses is raised based on a risk matrix for expected credit losses across customer categories.

The business model for the Group receivables is 'hold to collect' except those included in the sale of receivables program. Receivables are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost less impairment losses. The business model for receivables subject to the sale of receivables program is "hold to collect and for sale".

During the year the Group has entered into a sale of trade receivables arrangement to sell a portion of its receivables for cash proceeds. The sale of receivables is a working capital tool. The main purpose is to enable the Group to more efficiently manage working capital. The Group sells a portion of trade receivables on a weekly basis. These trade receivables are de-recognised as substantially all of the risks and rewards of ownership of the trade receivables are transferred at the time of sale. The criteria is assessed on a week by week basis to ensure that derecognition is appropriate.

The receivables that have been de-recognised are $119.6 million as at 31 December 2023 (2022: $nil).

C1 Trade receivables and other assets continued

Impaired receivables

As at 31 December 2023, current trade receivables of the Group with a nominal value of $11.1 million (2022: $8.7 million) were provided for as impaired based on the lifetime expected credit loss model. No collateral is held over these impaired receivables.

As at 31 December 2023, trade receivables of $101.9 million (2022: $71.9 million) were overdue. The ageing analysis of these receivables is as follows:

Millions of dollars	2023	2022
Past due 0 to 30 days	**73.8**	65.6
Past due 31 to 60 days	**6.5**	5.3
Past due greater than 60 days[i]	**21.6**	1.0
Total aged receivables	**101.9**	71.9

(i) The Group has collected $15.8 million of the receivables past due greater than 60 days amount subsequent to 31 December 2023.

Movements in the allowance for impairment of receivables are as follows:

Millions of dollars	2023	2022
At 1 January	**8.7**	8.0
Provision for impairment recognised during the year	**7.8**	4.9
Receivables written off during the year as uncollectible	**(4.5)**	(3.6)
Bad debts recovered	**(0.9)**	(0.6)
Balance at 31 December 2023	**11.1**	8.7

The creation and release of the provision for impaired receivables has been included in general and administration expenses in the Consolidated Income Statement. Amounts charged to the allowance account are written off when there is no expectation of recovering additional cash. The other classes within trade receivables and other assets do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due.

C2 Inventories

Millions of dollars	2023	2022
Crude oil and raw materials	**400.6**	677.2
Inventory in process	**103.6**	111.8
Finished goods	**2,437.1**	2,774.3
Materials and supplies	**49.7**	30.6
Balance at 31 December 2023	**2,991.0**	3,593.9

Inventories are measured at the lower of cost and net realisable value. Cost is based on the first in first out (FIFO) principle and includes direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure incurred in acquiring the inventories and bringing them into their existing location and condition.

Inventories held at 31 December 2022 were written down to their net realisable value by $39.5 million and this expense is non-cash in nature. It arises as a consequence of significant market volatility with market prices in the period. The adjustment is recognised within Cost of Goods Sold expense in the income statement. There was no write-down required in the current period. Inventory write-downs may be reversed when net realisable value increases subsequent to initial write-down. The reversal is limited to the original write-down amount.

Notes to the Financial Statements – C Operating assets and liabilities continued

For the year ended 31 December 2023

C3 Intangibles

Millions of dollars	Goodwill	Brand names	Rights and licenses	Customer contracts	Software	New Zealand Emissions Trading Units	Total ^Restated
Cost							
At 1 January 2023	**690.6**	**54.2**	**65.2**	**185.1**	**240.6**	**615.8**	**1,851.5**
Additions	1.2	–	0.1	–	15.6	387.1	404.0
Transfers	–	–	–	–	21.1	–	21.1
Utilisation	–	–	–	–	–	(289.0)	(289.0)
Impairment loss	–	–	–	–	(1.4)	–	(1.4)
Revaluation	–	–	–	–	–	(116.4)	(116.4)
Disposals	–	–	–	(0.4)	(0.5)	–	(0.9)
Units surrendered & sold	–	–	–	–	–	(147.5)	(147.5)
Foreign currency translation	(4.2)	(0.3)	–	(1.9)	(0.4)	(6.8)	(13.6)
Balance at 31 December 2023	**687.6**	**53.9**	**65.3**	**182.8**	**275.0**	**443.2**	**1,707.8**
Cost							
At 1 January 2022	426.2	–	98.0	–	291.4	–	815.6
Additions through business combination	488.2	52.5	–	179.5	13.7	889.5	1,623.4
Additions	–	–	–	–	10.5	221.7	232.2
Transfers	–	–	7.1	–	12.5	–	19.6
Utilisation	–	–	–	–	–	(294.2)	(294.2)
Disposals	–	–	–	–	(89.4)	(219.1)	(308.5)
Disposals through divestment of subsidiary	(228.4)	–	(37.1)	–	–	–	(265.5)
Foreign currency translation	4.6	1.7	(2.8)	5.6	1.9	17.9	28.9
Balance at 31 December 2022	**690.6**	**54.2**	**65.2**	**185.1**	**240.6**	**615.8**	**1,851.5**
Amortisation and impairment							
At 1 January 2023	**(6.6)**	**–**	**(53.4)**	**(13.0)**	**(168.6)**	**–**	**(241.6)**
Amortisation for the year	–	–	(2.8)	(21.0)	(18.8)	–	(42.6)
Disposals	–	–	–	–	0.4	–	0.4
Foreign currency translation	0.2	–	(0.2)	0.1	0.4	–	0.5
Balance at 31 December 2023	**(6.4)**	**–**	**(56.4)**	**(33.9)**	**(186.6)**	**–**	**(283.3)**
Amortisation and impairment							
At 1 January 2022	(19.5)	–	(54.6)	–	(235.2)	–	(309.3)
Amortisation for the year	–	–	(2.7)	(14.1)	(21.5)	–	(38.3)
Disposals	–	–	–	–	86.9	–	86.9
Disposals through divestment of subsidiary	12.9	–	8.3	–	–	–	21.2
Transfers and reclassification	–	–	(4.4)	–	1.6	–	(2.8)
Foreign currency translation	–	–	–	1.1	(0.4)	–	0.7
Balance at 31 December 2022	**(6.6)**	**–**	**(53.4)**	**(13.0)**	**(168.6)**	**–**	**(241.6)**
Carrying amount							
Balance at 31 December 2023	**681.2**	**53.9**	**8.9**	**148.9**	**88.4**	**443.2**	**1,424.5**
Balance at 31 December 2022	684.0	54.2	11.8	172.1	72.0	615.8	1,609.9

^ Amounts have been re-presented at 31 December 2022 due to the finalisation of the purchase price allocation on the Z Energy acquisition. Refer to note F2 for further information.

C3 Intangibles continued

The amortisation charge of $42.6 million (2022: $38.3 million) is recognised in selling and distribution expenses and general and administration expense in the Consolidated Income Statement.

Goodwill

Goodwill arising on the acquisition of subsidiaries is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units (CGUs) and is tested annually for impairment. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses. Costs related to configuration and customisation of cloud computing arrangements are recognised as an operating expense.

Amortisation

Amortisation is charged to the Consolidated Income Statement on a straight-line basis over the estimated useful lives of intangible assets. Other intangible assets are amortised from the date they are available for use. The estimated useful lives in the current and comparative periods are reflected by the following amortisation rates:

Software development	7 to 17%
Software not integrated with hardware	7 to 18%
Rights and licences	4 to 33%
Customer contracts	7 to 33%
Brand names	Indefinite

Impairment

The carrying amounts of intangible assets are reviewed to determine if there is any indication of impairment. If any such indication exists, the CGUs' recoverable amount is estimated and, if required, an impairment is recognised in the Consolidated Income Statement. No impairment loss has been recognised in 2023 or 2022.

Emissions units

The Group is required to deliver emission units (units) to settle the obligation which arises from Z Energy Limited's import and sale of products that emit pollutants in New Zealand. The Group purchases carbon emission units to meet its surrender obligation under the New Zealand Emissions Trading Scheme. The units are measured at weighted average cost and are classified as intangible assets.

Stock of units (millions)	2023	2022
Balance at beginning of the year	**8.5**	–
Units acquired through acquisition of Z Energy	**–**	13.0
Units acquired and receivable	**6.5**	3.0
Units surrendered & sold	**(7.2)**	(7.5)
Balance at end of year	**7.8**	8.5

Carrying value assessment of cash-generating units containing goodwill and indefinite life intangibles

The Group tests the carrying amount of indefinite life intangible assets, including goodwill, for impairment to ensure they are not carried at above their recoverable amounts, at least annually and where there is an indication that the assets may be impaired.

The recoverable amount of all CGUs containing goodwill have been estimated in the current reporting period.

Notes to the Financial Statements – C Operating assets and liabilities continued
For the year ended 31 December 2023

C3 Intangibles continued

Carrying value assessment of cash-generating units containing goodwill and indefinite life intangibles continued

Goodwill and indefinite life intangibles have been allocated to the CGU groups as follows:

Total goodwill and indefinite life intangibles

Millions of dollars	Convenience Retail	Fuels and Infrastructure Other	New Zealand	Total
Goodwill	114.4	68.0	498.8	681.2
Indefinite life intangibles	–	0.9	54.2	55.1
Balance at 31 December 2023	**114.4**	**68.9**	**553.0**	**736.3**
Goodwill	113.2	68.0	502.8	684.0
Indefinite life intangibles	–	0.9	54.2	55.1
Balance at 31 December 2022	**113.2**	**68.9**	**557.0**	**739.1**
Pre-tax discount rate	9.2%	10.7%	10.8%	–
Post-tax discount rate	8.3%	8.7%	9.1%	–

Each of the CGUs' recoverable amount has been determined using a value-in-use approach. There were no impairments recognised during the year ended 31 December 2023 (2022: $nil).

Key assumptions used in value-in-use calculations

Key assumption	Basis for determining value-in-use assigned to key assumption
Cash flow	Estimated future cash flows are based on the Group's most recent best estimate of cash flows covering a five-year plan period from 2024 to 2028. The key assumptions in these cash flow projections are volumes, margin, operating expenditure, and capital expenditure. These assumptions are based on the Group's plans and factor into consideration historical performance, forecast macroeconomic and industry conditions and the estimated effect of the Group's strategic plans, risk adjusted where necessary. Cash flows beyond the period in 2028 are extrapolated using estimated long-term growth average rates into perpetuity.
Estimated long-term average growth rate	The cash flows have been extrapolated using a constant growth rate of: Australia 2.5% (2022: 2.5%) and New Zealand 2.0% (2022: 2.0%).
Discount rate	Discount rates used vary depending on the nature of the business and the country of operation. The cash flows have been discounted using the post-tax discount rates disclosed in the table above. (2022: post-tax discount rates of between 7.5% to 12.3% and pre-tax discount rates of between 8.1% to 14.8% p.a.)

Reasonably possible changes in assumptions

Determining recoverable amount requires the exercise of significant judgement which takes into account both internal and external factors. Changes in the long-term view of any of these factors may impact the estimated recoverable value. Management have assessed the impact of a change in discount rate or terminal growth rate of +/- 1% and a change in capex or terminal cashflows of +/- 10%. Taking into account the break-even sensitivity testing outcomes below there are no reasonably possible changes in key assumptions that would cause the CGU's carrying amount to exceed its recoverable amount.

C3 Intangibles continued

Carrying value assessment of cash-generating units containing goodwill and indefinite life intangibles continued

Break-even sensitivities

The recoverable amount of the CGU Groups containing goodwill and indefinite life intangibles would equal their carrying amount if any of the following key assumptions were to change:

CGU Groups	Key assumptions
Z Limited	Cash contributions reduce by 29% for each year modelled; or Post-tax discount rate increases by 3.0 percentage points
Fuels and Infrastructure other	Cash contributions reduce by 53% for each year modelled; or Post-tax discount rate increases by 6.8 percentage points
Convenience Retail	Cash contributions reduce by 58% for each year modelled; or Post-tax discount rate increases by 8.8 percentage points

In reaching its conclusions regarding the recoverable amounts of these CGUs the Group has considered the potential impacts that the clean energy transition and decarbonisation may have on its business through downside scenario analysis. Whilst the speed and form of the transition is still highly uncertain, the Group has undertaken additional downside scenario analysis using current expectations of the timing and speed of these changes. This has included reviewing required cashflow growth rates for recovery of carrying values against anticipated timing of energy transition including 2035 and 2045 time horizons and timeframes to breakeven. No impairment has been identified based on this scenario analysis.

C4 Property, plant and equipment

Millions of dollars	2023	2022 ^Restated
Freehold land		
At cost	**670.4**	720.4
Accumulated impairment losses	**(70.1)**	(70.1)
Net carrying amount	**600.3**	650.3
Buildings		
At cost	**1,048.3**	1,035.2
Accumulated depreciation and impairment losses	**(440.6)**	(421.5)
Net carrying amount	**607.7**	613.7
Leasehold property[(i)]		
At cost	**255.3**	272.2
Accumulated depreciation and impairment losses	**(159.6)**	(167.5)
Net carrying amount	**95.7**	104.7
Plant and equipment[(i)]		
At cost	**6,899.5**	6,747.5
Accumulated depreciation and impairment losses	**(5,153.2)**	(4,952.8)
Net carrying amount	**1,746.3**	1,794.7
Capital projects in progress		
At cost	**621.3**	399.8
Accumulated impairment losses	**–**	–
Net carrying amount	**621.3**	399.8
Total net carrying amount	**3,671.3**	3,563.2

^ Amounts have been re-presented at 31 December 2022 due to the finalisation of the purchase price allocation on the Z Energy acquisition. Refer to note F2 for further information.

(i) The prior period has been re-presented due to change in classification. Refer to Note A4 for further information.

Notes to the Financial Statements – C Operating assets and liabilities continued

For the year ended 31 December 2023

C4 Property, plant and equipment continued

Owned assets

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads.

The cost of property, plant and equipment includes the cost of decommissioning and restoration at the end of their economic lives if a present legal or constructive obligation exists. More details of how this cost is estimated and recognised is contained in note C7.

Subsequent expenditure

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including cyclical maintenance, is capitalised. Other subsequent expenditure is capitalised only when it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be reliably measured. All other expenditure is recognised in the Consolidated Income Statement as an expense as incurred.

Major cyclical maintenance

Major cyclical maintenance expenditure is separately capitalised as an asset component to the extent that it is probable that future economic benefits, in excess of the originally assessed standard of performance, will eventuate. All other such costs are expensed as incurred. Capitalised cyclical maintenance expenditure is depreciated over the lesser of the additional useful life of the asset or the period until the next major cyclical maintenance is scheduled to occur.

Depreciation

Items of property, plant and equipment, including buildings and leasehold property but excluding freehold land, are depreciated using the straight-line method over their expected useful lives. Leasehold improvements are amortised over the shorter of the lease term or useful life.

The depreciation rates used in the current and prior year for each class of asset are as follows:

Buildings	2%
Leasehold property	2% to 10%
Plant and equipment	3% to 25%
Leased plant and equipment	3% to 25%

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

Some of the useful lives of the Group's assets may be impacted by the energy transition and useful lives are reviewed taking this into account. To the extent that the Group's assessment of the timing or pace of this transition changes, the useful lives of the asset would change on a prospective basis.

Impairment of non-current assets

Carrying value assessment of cash-generating units

CGUs are reviewed at each reporting period to determine if there are any indicators of impairment. CGUs are the lowest levels at which assets are grouped and generate separately identifiable cash flows. Where an indicator of impairment exists, a detailed recoverable amount test is performed for the relevant CGU. If the recoverable amount test determines that a CGU is impaired an impairment expense is recognised in the income statement.

All CGUs have been reviewed for indicators and triggers of impairment or a detailed review of recoverable amount performed.

Impairment Convenience Retail site and New Zealand site CGUs

The impairment review did not identify any impairment relating to closing/closed sites (2022: $7.0 million). There was impairment of other specific assets of $4.1 million (2022: $3.8 million). In 2022 the review also identified 33 sites where impairment reversal was indicated with an associated value of $21.8 million. The Group recognised a net loss of $4.1 million (2022: $11.0 million gain).

During the period to December 2023, no other impairment (2022: $nil) has been recognised.

C4 Property, plant and equipment continued

Millions of dollars	2023	2022 ^Restated
Freehold land		
Carrying amount at the beginning of the year	**650.3**	411.9
Additions through business combination	**–**	364.3
Additions	**3.8**	6.3
Disposals	**(9.2)**	(13.9)
Disposals through divestment of subsidiary	**–**	(49.9)
Transfers	**(40.6)**	(77.2)
Depreciation	**–**	–
Foreign currency translation	**(4.0)**	8.8
Carrying amount at the end of the year	**600.3**	**650.3**
Buildings		
Carrying amount at the beginning of the year	**613.7**	421.3
Additions through business combination	**–**	147.3
Additions	**9.6**	6.3
Disposals	**(9.2)**	(5.8)
Impairment	**(2.7)**	–
Transfers	**34.7**	79.8
Depreciation	**(36.5)**	(27.4)
Foreign currency translation	**(1.9)**	(7.8)
Carrying amount at the end of the year	**607.7**	**613.7**
Leasehold property[(i)]		
Carrying amount at the beginning of the year	**104.7**	102.4
Additions through business combination	**–**	10.3
Additions	**2.0**	(0.1)
Disposals	**(0.5)**	0.2
Transfers	**0.2**	2.9
Depreciation	**(10.7)**	(11.3)
Foreign currency translation	**–**	0.3
Carrying amount at the end of the year	**95.7**	**104.7**

^ Amounts have been re-presented at 31 December 2022 due to the finalisation of the purchase price allocation on the Z Energy acquisition. Refer to note F2 for further information.

(i) The prior period has been re-presented due to change in classification. Refer to Note A4 for further information.

Notes to the Financial Statements – C Operating assets and liabilities continued
For the year ended 31 December 2023

C4 Property, plant and equipment continued

Millions of dollars	2023	2022 ^Restated
Plant and equipment(i)		
Carrying amount at the beginning of the year	**1,794.7**	1,416.4
Additions through business combination	**–**	296.7
Additions	**30.0**	60.5
Disposals	**(74.0)**	(8.7)
Disposals through divestment of subsidiary	**–**	(78.2)
Impairment losses	**–**	(10.8)
Impairment losses reversal	**–**	21.8
Transfers	**221.8**	314.3
Depreciation	**(220.7)**	(238.1)
Foreign currency translation	**(5.5)**	20.8
Carrying amount at the end of the year	**1,746.3**	**1794.7**
Capital projects in progress		
Carrying amount at the beginning of the year	**399.8**	323.0
Additions through business combination	**–**	59.6
Additions	**522.9**	353.2
Disposals through divestment of subsidiary	**–**	(4.2)
Transfers	**(301.0)**	(336.6)
Foreign currency translation	**(0.4)**	4.8
Carrying amount at the end of the year	**621.3**	**399.8**

^ Amounts have been re-presented at 31 December 2022 due to the finalisation of the purchase price allocation on the Z Energy acquisition. Refer to note F2 for further information.

(i) The prior period has been re-presented due to change in classification. Refer to Note A4 for further information.

C5 Right-of-use assets

Definition of a lease

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At inception or on reassessment of a contract that contains a lease and non-lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

Non-lease components are items that are not related to securing the use of the underlying asset.

The Group as a lessee

The Group leases many assets including and predominantly related to property leases for service stations, terminals, pipelines and wharves.

The Group recognises a right-of-use asset at the lease commencement date. The right-of-use asset is initially measured at cost. The cost comprises:

- the initial measurement of the lease liability including any option period reasonably certain of being exercised;
- lease payments made at or before commencement, less lease incentive (if any);
- initial direct costs incurred, including legal fees, agency fees or other fees in relation to negotiation or arrangement of the lease; and
- estimated costs to be incurred in restoring the asset as required by the terms and conditions of the lease.

The right-of-use asset is subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

The right-of-use assets are depreciated to the earlier of the end of the useful life of the underlying asset or the lease term using the straight-line method. Right-of-use asset depreciation expense is included in the selling and distribution expenses and general and administration expenses in the Consolidated Income Statement based on the function of associated activities.

C5 Right-of-use assets continued

The Group as a lessee continued

The Group has elected not to recognise right-of-use assets for leases of low-value assets and short-term leases, including motor vehicles and IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Millions of dollars	Leasehold property	Plant and equipment	Total
Balance at 1 January 2023	**1,042.9**	**9.5**	**1,052.4**
Additions	**290.7**	**0.1**	**290.8**
Disposals	**(20.7)**	**–**	**(20.7)**
Transfer	**62.0**	**1.8**	**63.8**
Depreciation charge for the year	**(144.9)**	**(3.5)**	**(148.4)**
Foreign currency translation	**(2.9)**	**–**	**(2.9)**
Balance at 31 December 2023	**1,227.1**	**7.9**	**1,235.0**
Balance at 1 January 2022(i)	886.8	3.9	890.7
Addition through business combination	260.5	6.6	267.1
Additions	72.0	2.9	74.9
Disposals	(22.3)	–	(22.3)
Disposals through divestment of subsidiary	(36.7)	–	(36.7)
Depreciation charge for the year	(130.4)	(4.0)	(134.4)
Foreign currency translation	13.0	0.1	13.1
Balance at 31 December 2022	**1,042.9**	**9.5**	**1,052.4**

(i) The prior period has been re-presented due to change in classification. Refer to Note A4 for further information.

Amounts recognised in the Consolidated Income Statement

Millions of dollars	2023	2022
Leases		
Expenses relating to short-term leases, leases of low-value assets and variable leases	**87.2**	45.4

Group as lessor

At inception of a lease where the Group is the lessor, Group determines whether the lease is an operating lease or finance lease.

The Group leases out its owned commercial properties. All leases of owned property are classified as operating leases.

The Group acts as intermediate lessor in relation to sub-lease agreements which can either be classified as finance leases or operating leases with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. The impact of operating sub-lease agreements has been included.

Rental income recognised by the Group during 2023 was $31.3 million (2022: $27.9 million).

The Group has granted operating leases expiring from one to ten years. The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

Millions of dollars	2023	2022^
Operating leases under AASB 16		
Within one year	**29.9**	31.8
Between one and five years	**68.4**	68.1
After five years	**31.9**	12.4
	130.2	112.3

^The prior period has been re-presented to include total operating leases including payments from sub-leases.

Notes to the Financial Statements – C Operating assets and liabilities continued

For the year ended 31 December 2023

C6 Payables

Millions of dollars	2023	2022
Trade creditors unsecured	**2,829.7**	3,060.8
Other creditors and accrued expenses	**877.0**	785.8
Emissions Unit Obligation	**404.9**	512.4
Derivative liabilities	**153.1**	131.4
Total trade payables	**4,264.7**	4,490.4
Current	**4,225.1**	4,438.2
Non-current	**39.6**	52.2
Total trade payables	**4,264.7**	4,490.4

The Emissions Trading Scheme obligation of $404.9 million (2022: $512.4 million) is included within payables and is valued at the weighted average cost of units, where units have been acquired to settle the Group's obligation. Any shortfall in units needed to settle the obligation is measured at fair value. An emission obligation is recognised at the time that the Group incurs the obligation.

Other payables are recognised for amounts to be paid in the future for goods and services received, whether it is billed to the Group or not. Trade accounts payable are normally settled on between 30-day and 60-day terms.

Payables are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost.

C7 Provisions

Millions of dollars	Site remediation and dismantling	Other	Total ^Restated
Balance at 1 January 2023	**638.0**	**22.8**	**660.8**
Provisions made during the year	185.3	11.9	197.2
Provisions used during the year	(40.1)	(2.2)	(42.3)
Provisions released during the year	(27.0)	(16.2)	(43.2)
Inflationary movement	55.8	–	55.8
Discounting movement	(181.4)	–	(181.4)
Balance at 31 December 2023	**630.6**	**16.3**	**646.9**
Current	65.7	16.3	82.0
Non-current	564.9	–	564.9
Balance at 31 December 2023	**630.6**	**16.3**	**646.9**

^ Amounts have been re-presented at 31 December 2022 due to the finalisation of the purchase price allocation on the Z Energy acquisition. Refer to note F2 for further information.

A provision is recognised when there is a present legal or constructive obligation as a result of a past event that can be measured reliably and it is probable that a future sacrifice of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain.

The provision is the best estimate of the present value of the expenditure to settle the obligation at the reporting date. These costs are reviewed and any changes are reflected in the provision at the end of the reporting period.

A provision is determined by discounting the expected future cash flows (adjusted for expected future risks) required to settle the obligation at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. Subsequent accretion to the amount of a provision due to unwinding of the discount is recognised as a financing cost.

In general, the further in the future that a cash outflow for a liability is expected to occur, the greater the degree of uncertainty around the amount and timing of that cash outflow. Examples are of cash outflows that are expected to occur a number of years in the future and, as a result, where there is uncertainty on the amounts involved, include asset decommissioning and restoration obligations.

Estimates of the amount of an obligation are based on current legal and constructive obligations, technology and price levels. Actual outflows can differ from estimates due to changes in laws, regulations, public expectations, technology, prices and conditions and can be many years in the future. Factors such as climate change and energy transition, which are highly uncertain, could also change the timing of these works. The carrying amounts of provisions are regularly reviewed and adjusted to take account of any anticipated changes.

Notes to the Financial Statements – C Operating assets and liabilities continued
For the year ended 31 December 2023

C7 Provisions continued

Site remediation and dismantling

Costs for future dismantling and removal of assets, and remediation of the site on which assets are located, are provided for and capitalised upon initial construction of the asset, where an obligation to incur such costs arises under regulatory requirements and/or the contractual terms of a lease. The present value of the expected future cash flows required to settle these obligations is capitalised and depreciated over the useful life of the asset or the lease term.

A change in estimate of the provision is added to or deducted from the cost of the related asset in the period of the change, to the extent that any amount deducted does not exceed the carrying amount of the asset. If an adjustment results in an addition to the cost of the related asset, consideration will be given to whether an indication of impairment exists and the impairment policy will be applied. An adjustment in circumstances where there is no such related asset is recognised in the Consolidated Income Statement immediately.

Remediation identified in the period resulting from ongoing or past operations, where a legal or constructive obligation exists and the amount can be reliably estimated is recognised as a provision with a corresponding expense to the Consolidated Income Statement.

In assessing the value of provisions the Group uses assumptions and estimates. These include the current legal, contractual or constructive obligations for remediation, technology, price levels, expected timings of settlements and amounts (based on past experience or third-party estimates of cost of asset removal, site assessment and additional soil remediation), discount rates and cost inflation rates.

Actual costs and timing of cash outflows can differ from current estimates because of changes in regulations, public expectations, prices, the availability of new information on site conditions and changes in technology. The timing and amount of future expenditures relating to site dismantling and remediation liabilities are reviewed annually, together with the interest rate used in discounting the cash flows. Changes in assumptions in relation to the Group's provisions can result in material changes to their carrying amounts.

Set out below are the key components of the site remediation and dismantling provision including, where relevant, a description of material changes to the estimates made during the year.

- The environmental remediation obligation associated with the Kurnell oil refinery following its conversion to an import terminal was reviewed by a third-party expert in November 2023. The outcome of this review was that the provision level remains appropriate. In the current reporting period, costs are being adjusted for revised inflation and discounting and there has been spend in the current period of approximately $13.5 million (2022: $12.8 million) on site works.
- During the year, restoration and remediation provisions for sites identified for divestment including the cost of restoration to a level of non-sensitive industrial use reduced as works were carried out in relation to the identified sites.
- The provision for dismantling and removal of assets from owned and leased operational sites has been increased by $9.7 million as a result of a review of current legal requirements and cost experience. Estimated assumptions include current legal, contractual or constructive obligations for dismantling assets and site restoration, expected timings of settlements, expenses based on past experience or third-party estimates of cost of asset removal, site assessment and additional soil remediation, as well as discount rates and inflation rates.
- The provision relating to remediation of site specific contamination has increased by $29.3 million during the year due to further information available through site testing and review. The estimated liability for these costs depends on the actions required to meet regulatory standards and other requirements.

Other

These provisions include legal and other provisions.

Notes to the Financial Statements – D Capital, funding and risk management

For the year ended 31 December 2023

This section focuses on the Group's capital structure and related financing costs. This section also describes how the Group manages the capital and the financial risks it is exposed to as a result of its operating and financing activities.

D1 Liquidity and interest-bearing liabilities

D1.1 Interest-bearing liabilities

Millions of dollars	2023	2022
Current		
Bank overdraft	–	22.5
Bank loans	–	251.9
Capital market borrowings	**116.4**	65.5
Total current interest-bearing liabilities	**116.4**	339.9
Non-current		
Bank loans	**357.4**	593.4
Capital market borrowings	**879.1**	411.9
Subordinated notes	**1,142.4**	1,139.7
Total non-current interest-bearing liabilities	**2,378.9**	2,145.0
Total interest-bearing liabilities	**2,495.3**	2,484.9

Bank loans

Bank loans of $366.5 million (2022: $855.3 million), less borrowing costs of $9.1 million (2022: $10.0 million), consists of:

- NZ$395.0 million equivalent to $366.5 million of drawn bank debt (2022: $524.8 million)
- All bank loans acquired with Z Energy have been paid using Group bank facilities (2022: $200.5 million)
- No other drawn bank debt (2022: $130.0 million).

Capital market borrowings

Capital market borrowings of $1,003.8 million (2022: $482.9 million), less borrowing cost of $6.1 million (2022: $0.8 million), and less fair value adjustment of $2.2 million (2022: $4.7 million), consists of:

- $300.0 million Australian medium-term notes (2022: $300.0 million), less borrowing costs of $0.4 million (2022: $0.7 million), less the fair value adjustment of $2.8 million (2022: $4.7 million) relating to the fair value hedge
- NZ$125.0 million equivalent to $116.0 million of Retail Bonds (2022: $182.9 million) less borrowing costs of $0.2 million (2022: $0.1 million), and add fair value adjustment $0.6 million (2022: $nil)
- US$275.0 million equivalent to $402.8 million and $185.0 million of US Private Placement Bonds (2022: $nil) issued on 7 September 2023, less borrowing costs of $5.5 million (2022: $nil).

Subordinated notes

Subordinated notes of $1,150.0 million (2022: $1,150 million), less borrowing cost of $7.6 million (2022: $10.3 million) are denominated in Australian dollars and are unlisted, consist of:

- notes issued on 9 December 2020 and have a maturity date of 9 December 2080, with the first optional redemption date on 9 March 2026 totalling $500.0 million, less borrowing costs of $2.8 million (2022: $4.1 million).
- notes issued on 2 December 2021 and have a maturity date of 2 December 2081, with the first optional redemption date on 19 March 2027 totalling $500.0 million, less borrowing costs of $3.4 million (2022: $4.5 million).
- notes issued on 21 June 2022 and have a maturity date of 21 June 2082, with the first optional redemption date on 21 June 2028 totalling $150 million, less borrowing costs of $1.4 million (2022: $1.7 million).

Interest-bearing liabilities (excluding lease liabilities) are initially recorded at fair value, less transaction costs. Subsequently, interest-bearing liabilities are measured at amortised cost, using the effective interest method. Any difference between proceeds received net of transaction costs and the amount payable at maturity is recognised over the term of the borrowing using the effective interest method.

Refer to note D2.6 for liquidity risk management.

Notes to the Financial Statements – D Capital, funding and risk management continued

For the year ended 31 December 2023

D1 Liquidity and interest-bearing liabilities continued

D1.1 Interest-bearing liabilities

Significant funding transactions

On 2 August 2023, Ampol successfully established a committed sale of receivables program. The program was established to provide Ampol with additional financial flexibility and enable it to more efficiently fund its working capital position. Under the program, Ampol sells eligible receivables in exchange for cash, and these receivables are derecognised as an asset as substantially all the risk associated with the collection of these receivables is transferred to the purchaser. The amount funded under the program as at 31 December 2023 was $119.6 million (2022: $nil).

On 7 September 2023, Ampol successfully issued AUD equivalent $615.9 million of term fixed rate senior unsecured notes in the US Private Placement market. The notes were issued in a mix of USD and AUD denominated tranches ranging from 8.5 years to 15 years, with a weighted average tenor of 11 years. The transaction served to further diversify Ampol's funding sources and extend its debt maturity profile. The net proceeds from the issuance were used for general corporate purposes in line with Ampol's Capital Allocation Framework.

During 2023, the Group extended the tenor of its existing committed bank loans by AUD equivalent $1,764.9 million (2022: $1,053.7 million) and net downsized its committed bank loans by AUD equivalent $355.1 million (2022: downsized by $422.0 million).

D1.2 Lease liabilities

Millions of dollars	2023	2022
Current	179.4	163.8
Non-current	1,020.3	965.7
Total lease liabilities	**1,199.7**	**1,129.5**

Lease liabilities are initially measured at the present value of the lease payments that are outstanding at commencement date of the lease discounted using the Group's incremental borrowing rate. The Group determines its incremental borrowing rate with reference to external market data, making certain adjustments to reflect the terms of the lease and the type of assets leased. Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, less any lease incentive receivable;
- the exercise price under a purchase option that the Group is reasonably certain to exercise;
- the lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is subsequently increased by the interest cost on the lease liability (recognised in Finance costs in the Consolidated Income Statement) and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has elected not to recognise lease liabilities for leases of low-value assets and short-term leases, including motor vehicles and IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Amounts recognised in the Consolidated Cash Flow Statement

For the purposes of presentation in the Consolidated Cash Flow Statement, principal lease payments of $118.6 million (2022: $112.2 million) are presented within the financing activities and interest of $78.6 million (2022: $68.9 million) within operating activities. Lease payments of short-term leases and leases of low-value assets of $87.2 million (2022: $45.5 million) are included within operating activities. In addition to the disclosure in the Consolidated Cash Flow Statement, note D2.6 provides a maturity analysis of lease liabilities.

Extension options

Some leases contain extension options exercisable by the Group and not the lessor. The Group assesses at lease commencement date and each reporting date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

D2 Risk management

The Group currently finances its operations through a variety of financial instruments including bank loans, capital markets borrowings, subordinated notes and leasing transactions. Surplus funds are invested in cash and short-term deposits. The Group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk, commodity price risk and electricity price risk), as well as credit and liquidity risk.

Group Treasury centrally manages foreign exchange risk, interest rate risk, liquidity risk, financial institutional credit risk, funding and capital management. Risk management activities with respect to customer credit risk are carried out by the Group's Credit Risk department, and risk management activities with respect to commodity price risk are carried out by Ampol Singapore.

The Group operates under policies approved by the Board of Directors. Group Treasury, Credit Risk and Ampol Singapore evaluate and monitor the financial risks in close co-operation with the Group's operating units.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to reduce potential adverse effects on financial performance. The Group uses a range of derivative financial instruments to hedge market exposures.

The Group enters into derivative transactions; principally, interest rate swaps, foreign exchange contracts, crude and finished product contracts and electricity contracts. The purpose is to manage the market risks arising from the Group's operations and its sources of finance.

Derivative financial instruments are recognised at fair value. The gain or loss on subsequent remeasurement is recognised immediately in the Consolidated Income Statement. However, where derivatives qualify for hedge accounting, recognition of any resulting gain or loss depends on the nature of the item being hedged.

The magnitude of each type of financial risk that has arisen over the year is discussed in notes D2.1 to D2.6 below.

Hedge accounting

There are three types of hedge accounting relationships that the Group may utilise:

Type of hedge	Objective	Hedging instruments	Accounting treatment
Cash flow hedges	To hedge the Group's exposure to variability in cash flows of an asset, liability or forecast transaction caused by interest rate or foreign currency movements.	Foreign exchange contracts. Interest rate swap contracts (floating-to-fixed).	The effective portion of changes in fair value of these financial instruments is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the Consolidated Income Statement. The cumulative gain or loss in equity is transferred to the Consolidated Income Statement in the period when the hedged item affects profit or loss. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, the cumulative gain or loss existing in equity at the time remains in equity and is recognised when the forecast transaction ultimately affects profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Consolidated Income Statement.
Fair value hedges	To hedge the Group's exposure to changes to the fair value of an asset or liability arising from interest rate movements.	Interest rate swap contracts (fixed-to-floating).	Changes in the fair value of derivative financial instruments that are designated and qualify as fair value hedges are recorded in the Consolidated Income Statement, together with any changes in the fair value of the hedged asset or liability or firm commitment attributable to the hedged risk.
Net investment hedges	To hedge the Group's exposure to exchange rate differences arising from the translation of our foreign operations from their functional currency to Australian dollars.	Foreign currency borrowings.	Foreign exchange differences arising from the translation of the net investment in foreign operations, and of related hedges that are effective, are recognised in Consolidated Statement of Comprehensive Income and presented in the foreign currency translation reserve within equity. They may be released to the Consolidated Income Statement upon disposal of the foreign operation.

Notes to the Financial Statements – D Capital, funding and risk management continued

For the year ended 31 December 2023

D2 Risk management continued

D2.1 Interest rate risk

Interest rate risk is the risk that fluctuations in interest rates adversely impact the Group's results. Borrowings issued at variable interest rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

Interest rate risk exposure

The Group's exposure to interest rate risk (including the impact of hedging) for fixed rate and variable rate instruments are set out as follows:

Millions of dollars	2023	2022
Fixed rate instruments		
Financial assets	**300.6**	126.0
Financial liabilities (include lease liabilities)	**(2,195.2)**	(1,606.8)
	(1,894.6)	(1,480.8)
Effect of interest rate swaps	**(1,307.7)**	(976.4)
Total	**(3,202.3)**	(2,457.2)
Variable rate instruments		
Financial liabilities	**(1,499.8)**	(2,007.5)
Effect of interest rate swaps	**1,307.7**	976.4
Total	**(192.1)**	(1,031.2)

Management of interest rate risk

The Group manages interest rate risk by using a floating versus fixed rate debt framework. The relative mix of fixed and floating interest rate funding is managed by using interest rate swap contracts. Maturities of swap contracts are principally between one and six years.

The Group manages its cash flow interest rate risk by entering into floating-to-fixed interest rate swap contracts. At 31 December 2023, the fixed rates under these swap contracts varied from 0.5% to 5.3% per annum, at a weighted average rate of 3.4% per annum (2022: 0.5% to 4.8% per annum, at a weighted average rate of 2.7% per annum).

The Group manages its fair value interest rate risk by using fixed-to-floating interest rate swap contracts.

The net fair value of interest rate swap contracts at 31 December 2023 was a $18.3 million gain (2022: $42.8 million gain).

Interest rate sensitivity analysis

At 31 December 2023, if interest rates had changed by -/+1% from the year-end rates, with all other variables held constant, the impact on post-tax profit for the year for the Group and equity would have been:

	2023		2022	
Millions of dollars	After tax profit	Hedge reserve	After tax profit	Hedge reserve
Interest rates decrease by 1%	**27.5**	**(43.0)**	40.8	(34.2)
Interest rates increase by 1%	**(25.2)**	**41.7**	(40.6)	34.2

D2 Risk management continued

D2.2 Foreign exchange risk

Foreign exchange risk is the risk that fluctuations in exchange rates will adversely impact the Group's results. The Group is primarily exposed to foreign exchange transactional risk relating to the timing mismatches for the purchase and sale of oil commodities denominated in a foreign currency, as well as investments in foreign operations.

Foreign currency transactions are recorded on initial recognition in Australian dollars by applying the exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at 31 December 2023 are translated to Australian dollars at the foreign exchange rate applicable for that date. Foreign exchange differences arising on translation are recognised in the Consolidated Income Statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Australian dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Australian dollars at the exchange rates at the date of the transactions. Foreign currency differences are recognised in the Consolidated Statement of Comprehensive Income and accumulated in the foreign currency translation reserve.

The Group's exposure to foreign exchange risk (both transactional and translational risks) are set out as follows:

Foreign exchange risk exposure

	2023			
Millions of dollars (Australian dollar equivalent amounts)	US dollar	NZ dollar	Australian dollar	Total
Bank loans	–	(363.6)	6.2	(357.4)
Cash and cash equivalents	41.9	10.1	248.6	300.6
Trade receivables	482.3	419.7	1,485.4	2,387.4
Trade payables	(2,530.4)	(214.6)	(1,374.7)	(4,119.7)
Forward exchange contracts	(11.2)	(0.3)	–	(11.5)
Crude and finished product contracts	(36.3)	–	–	(36.3)
Interest rate swap contracts	–	(10.8)	–	(10.8)
Electricity contracts	–	55.2	–	55.2

	2022			
Millions of dollars (Australian dollar equivalent amounts)	US dollar	NZ dollar	Australian dollar	Total
Bank loans	–	(725.0)	(120.3)	(845.3)
Cash and cash equivalents	39.1	60.6	26.3	126.0
Trade receivables	611.3	466.8	1,375.1	2,453.2
Trade payables	(2,474.7)	(26.0)	(1,858.3)	(4,359.0)
Forward exchange contracts	(6.2)	(0.5)	–	(6.7)
Crude and finished product contracts	0.3	–	–	0.3
Interest rate swap contracts	–	1.8	–	1.8
Electricity contracts	–	97.2	–	97.2

As at 31 December 2023, the total fair value of all outstanding foreign exchange contracts amounted to a $11.5 million loss (2022: $6.7 million loss).

Notes to the Financial Statements – D Capital, funding and risk management continued

For the year ended 31 December 2023

D2 Risk management continued

D2.2 Foreign exchange risk continued

Management of foreign exchange risk

In accordance with Group Treasury Policy, the Group's transactional and translational foreign currency exposures are managed as follows:

- transactional foreign currency exposure – foreign exchange instruments (forwards, swaps and options) are used to economically hedge transactional foreign currency exposure; and
- translational foreign currency exposure – foreign currency borrowings may be used to hedge the Group's exposure arising from the foreign currency translation risk from its net investment in foreign operations.

Foreign exchange rate sensitivity analysis

At 31 December 2023, had the Australian dollar strengthened/weakened by 10% against the following currencies respectively, with all other variables held constant, the impact on post-tax profit for the year for the Group and equity would have been:

	2023		2022	
Millions of dollars	After tax profit	Hedge reserve	After tax profit	Hedge reserve
AUD strengthens against US dollar by 10%	17.0	–	21.2	–
AUD weakens against US dollar by 10%	(20.8)	–	(25.9)	–
AUD strengthens against NZ Dollar 10%	0.6	–	12.3	–
AUD weakens against NZ Dollar 10%	(0.7)	–	(15.0)	–

D2.3 Commodity price risk

Commodity price risk is the risk that fluctuations in commodity prices will adversely impact the Group's results. The Group is exposed to the effect of changes in commodity prices on its trading & shipping operations when sourcing crude and finished products.

The Group utilises crude and finished product swap, option and futures contracts to manage the risk of price movements. The Enterprise Commodity Risk Management Policy seeks to minimise adverse price timing and basis risks brought about by purchase and sales transactions of crude and finished products.

As at 31 December 2023, the total fair value of all outstanding crude and finished product contracts amounted to a $36.3 million loss (2022: $0.3 million gain).

Commodity price sensitivity analysis

At 31 December 2023, if commodity prices had changed by -/+10% from the year-end prices, with all other variables held constant, the impact on post-tax profit for the year for the Group and equity would have been:

	2023		2022	
Millions of dollars	After tax profit	Hedge reserve	After tax profit	Hedge reserve
Commodity prices decrease by 10%	16.5	–	48.9	–
Commodity prices increase by 10%	(16.5)	–	(48.9)	–

D2.4 Electricity price risk

Electricity price risk is the risk that fluctuations in electricity prices will generate financial risk and volatility to the Group's results. The Group is primarily exposed to energy spot prices when electricity is purchased or sold from the National Electricity Market (NEM) in Australia or Electricity Authority in New Zealand, or when it enters into long-term supply contracts (e.g. PPAs); and purchases or surrenders environmental emissions certificates.

The Group manages the electricity risk exposure through the Enterprise Commodity Risk Management Framework; and fluctuations of electricity prices in the wholesale market are hedged using electricity derivative contracts (forwards, futures, options and settlement residue auctions).

As at 31 December 2023, the total fair value of all outstanding electricity derivative contracts amounted to a $51.5 million gain (2022: $98.3 million gain).

D2 Risk management continued

D2.4 Electricity price risk continued

Electricity price sensitivity analysis

At 31 December 2023, if electricity forward prices had changed by -/+10% from the year end prices, with all other variables held constant, the impact on post-tax profit for the year for the Group and equity would have been:

	2023		2022	
Millions of dollars	After tax profit	Hedge reserve	After tax profit	Hedge reserve
Electricity forward prices decrease by 10%	**(21.6)**	**(0.2)**	(17.1)	(0.8)
Electricity forward prices increase by 10%	**21.6**	**0.2**	17.1	0.8

D2.5 Credit risk

Customer credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The credit risk on financial assets of the Group which have been recognised on the Consolidated Statement of Financial Position is the carrying amount of trade debtors and other receivables, net of allowances for impairment (see note C1).

The Group has a Board-approved Credit Policy and manual which provide the guidelines for the management and diversification of the credit risk to the Group. The guidelines provide the scope in which the credit risk of customers is assessed and the use of credit rating and other information in order to set appropriate limits of trade with customers. The credit quality of customers is consistently monitored in order to identify any potential adverse changes in the credit risk of the customers.

Expected customer credit losses are assessed on a portfolio basis between small and medium to large businesses.

The Group also minimises concentrations of credit risk by undertaking transactions with a large number of customers across a variety of industries and networks.

Security is required to be supplied by certain groups of Ampol customers to minimise risk. The security could be in the form of a registered personal property security interest over the customer's assets and/or mortgages over real property. Bank guarantees, other contingent instruments or insurance bonds are also provided in some cases.

Financial institution credit risk

Credit risk on cash, short-term deposits and derivative contracts is reduced by transacting with relationship banks which have acceptable credit ratings determined by a recognised ratings agency. Interest rate swaps, foreign exchange contracts, crude and finished product contracts, electricity contracts, bank guarantees, and other contingent instruments are subject to credit risk in relation to the relevant counterparties, which are principally large relationship banks. The maximum credit risk exposure on foreign exchange contracts, crude and finished product contracts, bank guarantees, and other contingent instruments is the fair value amount that the Group receives when settlement occurs, should the counterparty fail to pay the amount which it is committed to pay the Group. The credit risk on interest rate swaps is limited to the positive mark-to-market amount to be received from counterparties over the life of contracts.

D2.6 Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Due to the dynamic nature of the underlying business, the liquidity risk policy requires maintaining sufficient cash and an adequate amount of committed credit facilities to be held above the forecast requirements of the business. The Group manages liquidity risk centrally by monitoring cash flow forecasts and maintaining adequate cash reserves and debt facilities. The debt portfolio is periodically reviewed to ensure there is funding flexibility across an appropriate maturity profile.

The debt facility maturity profile of the Group as at 31 December 2023 is as follows:

Millions of dollars	2024	2025	2026	Beyond 2026	Funds available	Drawn	Undrawn
Bank loans – drawn(i)	–	–	–	366.5	366.5	366.5	–
Bank loans – undrawn	275.9	475.0	60.0	1,736.0	2,546.9	–	2,546.9
Capital market borrowings(ii)	116.0	300.0	–	587.8	1,003.8	1,003.8	–
Subordinated notes(iii)	–	–	500.0	650.0	1,150.0	1,150.0	–
Total	**391.9**	**775.0**	**560.0**	**3,340.3**	**5,067.2**	**2,520.3**	**2,546.9**

(i) Bank loans were partially drawn for the year ended 31 December 2023. Refer to note D1.1 annotation for the reconciliation back to $357.4 million (2022: $845.3 million), and no uncommitted drawn bank loans (2022: $nil).

(ii) Capital market borrowings were drawn for the year ended 31 December 2023. Refer to note D1.1 annotation for the reconciliation back to $995.5 million (2022: $477.4 million).

(iii) Subordinated notes were drawn for the year ended 31 December 2023. Refer to note D1.1 annotation for the reconciliation back to $1,142.4 million (2022: $1,139.7 million).

Notes to the Financial Statements – D Capital, funding and risk management continued

For the year ended 31 December 2023

D2 Risk management continued

D2.6 Liquidity risk management continued

The Group maintains a strong balance sheet and liquidity position by accessing diversified funding sources made up of committed and uncommitted bank debt facilities and bonds, with a weighted average debt maturity profile of 4.1 years.

At 31 December 2023, the total committed funds available was $4,967.2 million (2022: $5,138.0 million) and total uncommitted funds available was $100.0 million (2022: $80.0 million), with $2,546.9 million (2022: $2,730.0 million) in undrawn committed bank loans.

Sale of Receivables Program

The Group has entered into a contract for a limited recourse sale of trade receivables. The maximum amount sold under the program, at any point in time is $255.0 million. Ampol's proceeds from sales are being utilised as a source of working capital. See Note C1 for further details.

The tables below set out the contractual timing of undiscounted cash flows on derivative and non-derivative financial assets and liabilities at the reporting date, including drawn borrowings and interest.

	2023			2022		
Millions of dollars	Derivative financial liabilities	Derivative financial assets	Net derivative financial (liabilities)/ assets	Derivative financial liabilities	Derivative financial assets	Net derivative financial (liabilities)/ assets
Derivative financial instruments						
Less than one year	**(1,513.4)**	**1,521.4**	**8.0**	(1,971.8)	1,977.8	6.0
One to five years	**(201.4)**	**204.5**	**3.1**	(107.4)	141.6	34.2
Over five years	**(8.0)**	**7.8**	**(0.2)**	(9.1)	8.6	(0.5)
			10.9			39.7

Millions of dollars	2023	2022
Non-derivative financial instruments liabilities		
Less than one year	**(4,311.2)**	(4,725.0)
One to five years	**(2,170.7)**	(2,272.2)
Over five years	**(815.3)**	(231.4)
	(7,297.2)	(7,228.6)

Millions of dollars	2023	2022
Lease liabilities		
Within one year	**(179.4)**	(163.8)
Between one and five years	**(628.7)**	(777.5)
After five years	**(879.6)**	(531.4)
	(1,687.7)	(1,472.7)

D3 Capital management

The Group's primary objective when managing capital is to safeguard the ability to continue as a going concern, while delivering on strategic objectives.

The Group's Financial Framework is designed to support the strategic objective of sustainably delivering value and growth for our owners, people and customers. The Framework's key elements are to:

- maintain an optimal capital structure that delivers a competitive cost of capital by holding a level of net debt (including lease liabilities) relative to EBITDA that is consistent with a strong investment-grade credit rating;
- deliver Return on Capital Employed (ROCE) that exceeds the weighted average cost of capital; and
- make disciplined capital allocation decisions between investments, debt reduction and distribution of surplus capital to shareholders.

D3 Capital management continued

The Group's gearing ratio is calculated as net borrowings divided by total capital. Net debt is a non-statutory measure calculated as total interest-bearing liabilities less cash and cash equivalents. Total capital is calculated as equity as shown on the Statement of Financial Position plus net borrowings.

Millions of dollars	2023	2022
Interest-bearing liabilities(i)	2,495.3	2,484.9
Less: cash and cash equivalents	(300.6)	(126.0)
Net borrowings	2,194.7	2,358.9
Total equity	3,975.9	4,050.1
Total capital	6,170.6	6,409.0
Gearing ratio	35.6%	36.8%

(i) Interest-bearing liabilities excludes liabilities arising under AASB 16 Leases. Refer to note D1.2.

D4 Fair value of financial assets and liabilities

The Group's accounting policies and disclosures may require the measurement of fair values for both financial and non-financial assets and liabilities. The Group has an established framework for fair value measurement. When measuring the fair value of an asset or a liability, the Group uses market observable data where available.

Fair values are categorised into different levels in a fair value hierarchy based on the following valuation techniques:

- Level 1: The fair value of financial instruments traded in active markets (such as exchange-traded derivatives) is the quoted market price at the end of the reporting period.
- Level 2: The fair value of financial instruments that are not traded in an active market (such as over-the-counter derivatives) is determined using valuation techniques that maximise the use of observable market data. All significant inputs required to fair value an instrument are observable, either directly (as prices) or indirectly (derived from prices).
- Level 3: The fair value of financial instruments when one or more of the significant inputs required to fair value an instrument is not based on observable market data.

The fair value of cash, cash equivalents and non-interest-bearing financial assets and liabilities approximates their carrying value due to their short maturity.

Fair values of recognised financial assets and liabilities with their carrying amounts shown in the Statement of Financial Position are as follows:

Millions of dollars		Asset/(Liability)			
2023	Carrying amount	Fair value total	Quoted market price (Level 1)	Observable inputs (Level 2)	Non-market observable inputs (Level 3)
Interest-bearing liabilities					
Bank loans	(357.4)	(355.5)	–	(355.5)	–
Capital market borrowings	(995.5)	(1,136.9)	–	(1,136.9)	–
Subordinated notes	(1,142.4)	(1,263.1)	–	(1,263.1)	–
Derivatives					
Interest rate swap contracts	18.3	18.3	–	18.3	–
Foreign exchange contracts	(11.5)	(11.5)	–	(11.5)	–
Crude and finished product contracts	(36.3)	(36.3)	(36.3)	–	–
Electricity contracts	51.5	51.5	(3.9)	(0.5)	55.9
Investments					
Channel infrastructure	64.6	64.6	64.6	–	–
Total	(2,408.7)	(2,668.9)	24.4	(2,749.2)	55.9

Notes to the Financial Statements – D Capital, funding and risk management continued
For the year ended 31 December 2023

D4 Fair value of financial assets and liabilities continued

Millions of dollars		Asset/(Liability)			
2022	Carrying amount	Fair value total	Quoted market price (Level 1)	Observable inputs (Level 2)	Non-market observable inputs (Level 3)
Interest-bearing liabilities					
Bank loans	(845.3)	(842.6)	–	(842.6)	–
Capital market borrowings	(477.4)	(479.4)	–	(479.4)	–
Subordinated notes	(1,139.7)	(1,299.2)	–	(1,299.2)	–
Derivatives					–
Interest rate swap contracts	42.8	42.8	–	42.8	–
Foreign exchange contracts	(6.8)	(6.8)	–	(6.8)	–
Crude and finished product contracts	0.3	0.3	0.3	–	–
Electricity contracts	98.3	98.3	1.0	90.3	7.0
Investments					
Channel infrastructure	64.3	64.3	64.3	–	–
Total	(2,263.5)	(2,422.3)	65.6	(2,494.9)	7.0

Fair Value Methodology

Interest-bearing liabilities

Bank loans

Present value of future cash flows using the applicable market rate.

Capital market borrowings and subordinated notes

Present value of future contractual cash flows.

Derivatives

Interest rate swap contracts

Present value of expected future cash flows based on observable yield curves and forward exchange rates at reporting date.

Foreign exchange contracts

Present value of future cash flows based on observable forward exchange rates as at reporting date.

Crude and finished product contracts

The fair value of crude and product swap contracts is calculated by reference to market prices for contracts with similar maturity profiles at reporting date. The fair value of crude and product option and futures contracts is determined by quoted market prices.

Electricity contracts

The fair value of electricity derivatives is determined as the present value of future contracted cash flows. Cash flows are discounted using standard valuation techniques at applicable market yield having regard to timing of cash flows.

Investments

Channel Infrastructure

The fair value of listed investments is determined by quoted market prices.

D5 Master netting or similar agreements

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a net amount payable by one party to the other.

The Group purchases and sells petroleum products with a number of counterparties with contractual offsetting arrangements, referred to as "buy sell arrangements".

The following table presents the recognised amounts that are netted, or subject to master netting arrangements but not offset, as at reporting date. The column "Net amount" shows the impact on the Group's Consolidated Statement of Financial Position if all set-off rights were exercised.

Millions of dollars	Gross amount	Amount offset in the Statement of Financial Position	Amount in the Statement of Financial Position	Related amount not offset	Net amount
2023					
Derivative financial assets	668.4	(493.3)	175.1	(105.5)	69.6
Buy sell arrangements	393.7	(246.8)	146.9	–	146.9
Total financial assets	**1,062.1**	**(740.1)**	**322.0**	**(105.5)**	**216.5**
Derivative financial liabilities	(646.4)	493.3	(153.1)	105.5	(47.6)
Buy sell arrangements	(272.7)	246.8	(25.9)	–	(25.9)
Total financial liabilities	**(919.1)**	**740.1**	**(179.0)**	**105.5**	**(73.5)**
2022					
Derivative financial assets	706.4	(440.4)	266.0	(127.0)	139.0
Buy sell arrangements	409.4	(349.4)	60.0	–	60.0
Total financial assets	**1,115.8**	**(789.8)**	**326.0**	**(127.0)**	**199.0**
Derivative financial liabilities	(571.8)	440.4	(131.4)	127.0	(4.4)
Buy sell arrangements	(410.1)	349.4	(60.7)	–	(60.7)
Total financial liabilities	**(981.9)**	**789.8**	**(192.1)**	**127.0**	**(65.1)**

D6 Issued capital

Millions of dollars	2023	2022
Ordinary shares		
Shares on issue at beginning of period – fully paid	**479.7**	479.7
Shares on issue at end of period – fully paid	**479.7**	479.7

In the event of the winding up of the Group, ordinary shareholders rank after all creditors and are fully entitled to any proceeds of liquidation. The Group grants performance rights to Senior Executives; see the Ampol Limited 2023 Remuneration Report forming part of the Directors' Report for further details. For each right that vests, the Group intends to purchase shares on-market following vesting.

Notes to the Financial Statements – D Capital, funding and risk management continued
For the year ended 31 December 2023

D7 Reserves

Millions of dollars	2023	2022
Foreign currency translation reserve		
Balance at beginning of reporting period	**150.9**	71.4
Included in other comprehensive income	**(13.6)**	87.3
Transfer to retained earnings	**–**	(1.6)
(Losses) reclassified to profit or loss on disposal of subsidiary	**–**	(8.8)
Tax included in other comprehensive income	**–**	2.6
Balance at reporting date	**137.3**	150.9
Hedging reserve		
Balance at beginning of reporting period	**29.6**	7.4
Included in other comprehensive income	**(27.9)**	34.4
Tax included in other comprehensive income	**6.7**	(12.2)
Balance at reporting date	**8.4**	29.6
Equity reserve		
Balance at beginning of reporting period	**3.5**	3.5
Balance at reporting date	**3.5**	3.5
Equity compensation reserve		
Balance at beginning of reporting period	**10.0**	(16.8)
Transfer to retained earnings	**(0.9)**	32.2
Included in statement of profit or loss	**13.0**	6.0
Tax included in other comprehensive income	**(3.3)**	(11.4)
Balance at reporting date	**18.8**	10.0
Investment revaluation reserve		
Balance at beginning of reporting period	**15.1**	–
Included in other comprehensive income	**1.0**	15.1
Balance at reporting date	**16.1**	15.1
Total reserves at reporting date	**184.1**	209.1

Nature and purpose of reserves

Foreign currency translation reserve
The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of operations where their functional currency is different to the presentation currency of the Group, as well as from the translation of liabilities that hedge the Group's net investment in foreign operations.

Hedging reserve
The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments relating to future transactions.

Equity reserve
The equity reserve accounts for the differences between the fair value of, and the amounts paid or received for, equity transactions with non-controlling interests.

Equity compensation reserve
The equity compensation reserve is used to recognise the fair value of share-based payments issued to employees over the vesting period, and to recognise the value attributable to the share-based payments during the reporting period.

Investment revaluation reserve
The investment revaluation reserve is used to recognise the fair value change in investment in Channel Infrastructure NZ Limited (formerly The New Zealand Refining Company Limited (Refining NZ)) during the reporting period.

Notes to the Financial Statements – E Taxation

For the year ended 31 December 2023

This section provides details of the Group's income tax expense, current tax provision and deferred tax balances and the Group's tax accounting policies.

Details of the Group's income tax expense, current tax provision and deferred tax balances and the Group's tax accounting policies for the year ended 31 December 2023 are presented below.

E1 Income tax expense

E1.1 Recognised in the Consolidated Income Statement

Millions of dollars	2023	2022
Current tax expense		
Current year	**(185.4)**	(347.6)
Adjustments for prior years	**77.4**	83.8
Total current tax (expense)	**(108.0)**	(263.8)
Deferred tax (expense)/benefit		
Origination and reversal of temporary differences	**7.3**	82.4
Utilisation of tax loss	**(6.4)**	–
Adjustments for prior years	**(44.4)**	23.5
Total deferred tax (expense)/benefit	**(43.5)**	105.9
Total income tax (expense)	**(151.5)**	(157.9)

E1.2 Reconciliation between income tax expense and profit before income tax expense

Millions of dollars	2023	2022
Profit before income tax	**751.6**	936.5
Income tax (expense) using the domestic corporate tax rate of 30% (2022: 30%)	**(225.5)**	(280.9)
Effect of tax rates in foreign jurisdictions	**100.7**	137.9
Change in income tax (expense) due to:		
Dividend received	**(0.7)**	–
Share of net (loss)/profit of associated entities	**(0.9)**	3.3
Tax on non-controlling interests portion of flow through entity profits	**13.0**	12.3
Current tax (benefit) associated with depreciable assets in flow through entity	**(4.3)**	(8.0)
Income subject to attribution under controlled foreign company regime	**(61.9)**	(118.7)
Release of tax liability following agreement with ATO on taxation of Singapore entities	**–**	110.2
Other	**(4.9)**	(11.1)
Income tax over/(under) provided in prior years	**33.0**	(2.9)
Total income tax (expense)	**(151.5)**	(157.9)

Income tax expense comprises current tax expense and deferred tax expense. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted at 31 December 2023, and any adjustments to tax payable in respect of previous years. Deferred tax expense represents the changes in temporary differences between the carrying amount of an asset or liability in the Consolidated Statement of Financial Position and its tax base.

Notes to the Financial Statements – E Taxation continued

For the year ended 31 December 2023

E1 Income tax expense continued

Taxation of Singaporean entities

On 17 February 2023, the Australian Tax Office finalised its position in relation to the extent to which the earnings of the Group's Singaporean entities, from transactions with the Group's Australian entities, are taxable. As a result of the settlement in December 2022, Ampol has written back current tax liabilities ($113.6 million) and deferred tax assets ($3.4 million) recognised between 1 January 2014 and 31 December 2022, with this write-back resulting in a one-off benefit to corporate tax expense in 2022 of $110.2 million. The Group has no remaining current tax liability at 31 December 2023 in relation to the final settlement (2022: $53.8 million).

Future tax developments

The Group continues to monitor and evaluate the Organisation for Economic Co-operation and Development's (OECD) Two Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy. Pillar Two of those proposals seeks to apply a global minimum top-up tax (15%). The Group is in the process of evaluating the cash tax implications of the global minimum tax rules and will include disclosures related to expected impacts, if any, once legislation has been substantially enacted. No new legislation implementing the top-up tax was enacted or substantively enacted at 31 December 2023 in any jurisdiction in which the Group operates.

E2 Deferred tax

Deferred tax is recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at 31 December 2023.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

E2.1 Movement in deferred tax

Millions of dollars Asset/(Liability)	Net as at 1 January 2023	Income	Equity	Net as at 31 December 2023	Deferred tax assets	Deferred tax liabilities
Cash and receivables	**2.4**	(8.3)	(0.2)	(6.1)	0.2	(6.3)
Inventories	**(14.2)**	0.7	1.8	(11.7)	–	(11.7)
Property, plant and equipment and intangibles	**(144.3)**	(55.1)	4.2	(195.2)	–	(195.2)
Payables	**33.7**	(30.3)	7.0	10.4	15.6	(5.2)
Interest-bearing liabilities	**(7.1)**	(6.7)	–	(13.8)	0.4	(14.2)
Provisions	**226.6**	5.6	(5.4)	226.8	226.8	–
Lease liabilities	**208.7**	21.0	(1.0)	228.7	288.2	(59.5)
Tax asset recognised on tax losses	**11.3**	(7.8)	0.6	4.1	4.1	–
Other	**(33.5)**	37.4	(1.7)	2.2	2.2	–
Net deferred tax asset before set-off	**283.6**	**(43.5)**	**5.3**	**245.4**	**537.5**	**(292.1)**
Set-off tax				–	(229.4)	229.4
Net deferred tax asset				**245.4**	**308.1**	**(62.7)**

E2 Deferred tax continued

E2.1 Movement in deferred tax continued

Millions of dollars Asset/(Liability)	Net as at 1 January 2022	Acquired from business combination	Discontinued operations	Income	Equity	Net as at 31 December 2022	Deferred tax assets	Deferred tax liabilities ^Restated
Cash and receivables	8.7	(6.8)	–	(1.7)	2.2	2.4	7.4	(5.0)
Inventories	(15.0)	(38.9)	–	39.7	–	(14.2)	(6.4)	(7.8)
Property, plant and equipment and intangibles	(191.4)	(120.4)	29.7	151.0	(13.2)	(144.3)	(75.0)	(69.3)
Payables	20.2	73.5	–	(38.3)	(21.7)	33.7	3.5	30.2
Interest-bearing liabilities	1.6	(8.4)	–	–	(0.3)	(7.1)	–	(7.1)
Provisions	210.8	30.3	(1.2)	(3.9)	(9.4)	226.6	190.3	36.3
Lease liabilities	298.1	(71.9)	(17.9)	(19.9)	20.3	208.7	261.8	(53.1)
Tax asset recognised on tax losses	1.8	–	–	8.7	0.8	11.3	11.3	–
Other	(11.6)	0.5	–	(29.8)	7.4	(33.5)	(26.8)	(6.7)
Net deferred tax asset before set-off	**323.2**	**(142.1)**	**10.6**	**105.8**	**(13.9)**	**283.6**	**540.8**	**(257.2)**
Set-off tax						–	(174.7)	174.7
Net deferred tax asset						**283.6**	**366.1**	**(82.5)**

^ Amounts have been re-presented at 31 December 2022 due to the finalisation of the purchase price allocation on the Z Energy acquisition. Refer to note F2 for further information.

E2.2 Deferred tax recognised directly in equity

Millions of dollars	2023	2022 ^Restated
Related to derivatives	**–**	(0.6)
Related to change in fair value of net investment hedges	**8.2**	11.9
Related to change in fair value of assets	**2.2**	–
Related to foreign operations – foreign currency translation differences	**(0.1)**	(0.3)
Related to share-based payments	**(5.0)**	11.4
Ampol Property Trust – Divestment of Non-controlling interest	**–**	(2.9)
Acquired from business combination	**–**	98.1
	5.3	117.6

^ Amounts have been re-presented at 31 December 2022 due to the finalisation of the purchase price allocation on the Z Energy acquisition. Refer to note F2 for further information.

E3 Tax consolidation

Ampol Limited recognises all current tax balances relating to its wholly owned Australian resident entities included in the tax consolidated group (TCG). Ampol Limited, in conjunction with the other members of the TCG, has entered into a tax funding arrangement which sets out the funding obligations of members of the TCG in respect of tax amounts.

Notes to the Financial Statements – F Group structure
For the year ended 31 December 2023

This section provides information on the Group's structure and how this impacts the results of the Group as a whole, including details of joint arrangements, controlled entities, transactions with non-controlling interests and changes made to the structure during the year.

F1 Controlled entities
Controlled entities are those entities controlled by the Group. Control exists when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns from its involvement with the entity and through its power over the entity.

The following entities were controlled during 2023:

		% Interest	
Name	Note	2023	2022
Companies	(i)		
ALD NZ Property Holding Limited		100	100
AmpCharge Pty Ltd	(iii)(xi)	100	100
Ampol Australia Custodians Pty Ltd	(iii)	100	100
Ampol Australia Energy Pty Ltd	(iii)	100	100
Ampol Australia Management Pty Ltd	(iii)	100	100
Ampol Australia Petroleum Pty Ltd	(iii)	100	100
Ampol Aviation Pty Ltd		100	100
Ampol Convenience PropCo Pty Ltd	(iii)	100	100
Ampol Connect Pty Ltd	(iii)(xviii)	100	–
Ampol Energy Pty Ltd	(iii)	100	100
Ampol Energy (Retail) Pty Ltd	(iii)	100	100
Ampol Energy Services Pty Ltd	(iii)	100	100
Ampol Energy (Wholesale) Pty Ltd	(iii)	100	100
Ampol Energy (Wholesale Trading) Pty Ltd	(iii)(x)	100	100
Ampol Fuel Services Pty Ltd	(iii)	100	100
Ampol Holdings NZ Limited		100	100
Ampol Hydrogen Pty Ltd	(iii)	100	100
Ampol International Holdings Pte. Ltd.	(ii)	100	100
Ampol LPG Pty Ltd		100	100
Ampol Lubricating Oil Refinery Pty Ltd	(iii)	100	100
Ampol Management Services Pte. Ltd.	(ii)	100	100
Ampol Petroleum (Qld) Pty Ltd	(iii)	100	100
Ampol Petroleum (Victoria) Pty Ltd	(iii)	100	100
Ampol Petroleum Distributors Pty Ltd	(iii)	100	100
Ampol Petroleum Pty Ltd	(iii)	100	100
Ampol Property (Holdings) Pty Ltd	(iii)	100	100
Ampol Property Manager Pty Ltd		100	100
Ampol Property Manager 2 Pty Ltd		100	100
Ampol QSR Pty Ltd	(iii)(viii)	100	100
Ampol Refineries (NSW) Pty Ltd	(iii)	100	100
Ampol Refineries (Qld) Pty Ltd	(iii)	100	100
Ampol Retail Pty Ltd	(iii)	100	100
Ampol Shipping and Logistics Pte. Ltd.	(ii)	100	100
Ampol Singapore Trading Pte. Ltd.	(ii)	100	100
Ampol US Holdings LLC	(v)	100	100
Ampol US Management Services LLC	(v)	100	100
Ampol US Trading LLC	(v)	100	100
B & S Distributors Pty Ltd		100	100
Centipede Holdings Pty Ltd		100	100

F1 Controlled entities continued

		% Interest	
Name	Note	2023	2022
Cocks Petroleum Pty Ltd	(xiv)	–	100
Cooper & Dysart Pty Ltd		100	100
Flick Energy Ltd	(ix)(xvii)	100	95
Graham Bailey Pty Ltd	(iii)	100	100
Hanietee Pty Ltd	(iii)	100	100
Hunter Pipe Line Company Pty Ltd	(iii)	100	100
Jet Fuels Petroleum Distributors Pty Ltd	(iii)	100	100
Kurnell Energy Pty Ltd	(xix)	100	–
Link Energy Pty Ltd		100	100
Manworth Pty Ltd		100	100
Newcastle Pipe Line Company Pty Ltd	(iii)	100	100
Northern Marketing Management Pty Ltd	(xvi)	–	100
Northern Marketing Pty Ltd	(iii)	100	100
Octane Insurance Pte Ltd	(ii)	100	100
Pilbara Fuels Pty Ltd		100	100
R & T Lubricants Pty Ltd	(xvi)	–	100
Real FF Pty Ltd	(iii)	100	100
Sky Consolidated Property Pty Ltd		100	100
Solo Oil Australia Pty Limited		100	100
Solo Oil Investments Pty Ltd	(iii)	100	100
Solo Oil Pty Ltd	(iii)	100	100
South East Queensland Fuels Pty Ltd		100	100
Sydney Metropolitan Pipeline Pty Ltd		60	60
Teraco Pty Ltd	(iii)	100	100
Votraint No. 370 Pty Ltd		100	100
Western Fuel Distributors Pty Ltd	(xvi)	–	100
Zeal Achiever Ltd	(vi)	100	100
Z Energy Limited	(ix)	100	100
Z Energy 2015 Limited	(ix)	100	100
Z Energy ESPP Trustee Limited	(ix)	100	100
Z Energy LTI Trustee Limited	(ix)	100	100
Z Partner Limited	(xii)	100	100
Z Property Manager Limited	(xii)	100	100
Z General Partner Limited	(xii)(xv)	51	51
Z Property Limited Partnership	(xiii)	51	51
Ampol Property Trust	(iv)	51	51
Ampol Property Trust 2 (formerly known as Ampol Convenience REIT)	(vii)	51	51
The Eden Equity Unit Trust		100	100
Petroleum Leasing Unit Trust		100	100
Petroleum Properties Unit Trust		100	100
South East Queensland Fuels Unit Trust		100	100

Notes to the Financial Statements – F Group structure continued
For the year ended 31 December 2023

F1 Controlled entities continued

(i) All companies are incorporated in Australia, except where noted otherwise.

(ii) Incorporated in Singapore.

(iii) These companies are parties to a Deed of Cross Guarantee dated 22 December 1992 as amended, varied and restated with Ampol and each other.

(iv) On 20 November 2020, a Charter Hall and GIC consortium acquired a 49% interest of Ampol Property Trust.

(v) Incorporated in Delaware, United States of America.

(vi) Australian tax resident incorporated in the British Virgin Islands.

(vii) On 2 March 2022, a Charter Hall and GIC consortium acquired a 49% interest of Ampol Property Trust 2.

(viii) On 21 March 2022, this company was incorporated.

(ix) On 10 May 2022, this entity was acquired. Incorporated in New Zealand.

(x) On 8 June 2022, this company was incorporated.

(xi) On 24 August 2022, this company was incorporated.

(xii) On 12 August 2022, this company was incorporated in New Zealand.

(xiii) On 19 August 2022, this partnership was registered.

(xiv) On 4 October 2023, this company was deregistered with ASIC.

(xv) On 21 October 2022, Bieson Pty Ltd ATF CQR Z Holding Trust acquired a 49% interest of Z General Partner Limited.

(xvi) On 21 August 2023, this company was deregistered with ASIC.

(xvii) On 18 April 2023, Z Energy Limited's shareholding increased from 95% to 100% in Flick Energy Limited.

(xviii) On 28 April 2023, this company was incorporated.

(xix) On 10 August 2023, this company was incorporated.

F1 Controlled entities continued

F1.1 Deed of Cross Guarantee

The parent entity has entered into a Deed of Cross Guarantee through which the Group guarantees the debts of certain controlled entities. The controlled entities that are party to the deed are shown in note F1.

Consolidated Income Statement for entities covered by the Deed of Cross Guarantee

Millions of dollars	2023	2022
Revenue	**21,582.7**	27,350.0
Cost of goods sold	**(19,752.9)**	(25,292.9)
Gross profit	**1,829.8**	2,057.1
Other income	**4.7**	107.9
Other expense	**(0.6)**	(22.6)
Selling, distribution and general and administration expenses	**(1,467.5)**	(1,498.0)
Profit from operating activities	**366.4**	644.4
Finance costs	**(152.3)**	(88.9)
Finance income	**2.0**	0.9
Net finance costs	**(150.3)**	(88.0)
Share of net (loss)/profit of investments accounted for using the equity method	**(2.1)**	9.2
Profit before income tax (expense)	**214.0**	565.6
Income tax (expense)	**(136.5)**	(151.1)
Net profit	**77.5**	414.5
Items that will not be reclassified to profit or loss	**1.1**	(1.3)
Items that may be reclassified subsequently to profit or loss	**(24.5)**	17.0
Other comprehensive (loss)/income for the period, net of income tax	**(23.4)**	15.7
Total comprehensive income for the period	**54.1**	430.2
Retained earnings at the beginning of the year	**2,209.6**	2,219.8
Current year earnings	**77.5**	414.5
Movement in reserves	**(45.7)**	(41.1)
Dividends provided for or paid	**(595.6)**	(383.6)
Retained earnings at the end of the year	**1,645.8**	2,209.6

On 19 May 2023, Ampol Connect Pty Ltd became a party to the Deed by virtue of a Deed of Assumption.

Notes to the Financial Statements – F Group structure continued
For the year ended 31 December 2023

F1 Controlled entities continued

F1.1 Deed of Cross Guarantee continued

Consolidated Statement of Financial Position for entities covered by the Deed of Cross Guarantee

Millions of dollars	2023	2022
Current assets		
Cash and cash equivalents	234.6	84.2
Trade receivables and other assets	1,159.9	1,290.3
Inventories	1,339.1	1,596.1
Current tax assets	41.1	–
Total current assets	2,774.7	2,970.6
Non-current assets		
Trade receivables and other assets	114.1	945.6
Investments accounted for using the equity method	241.1	241.1
Ampol Property Trust investment	793.4	793.4
Property, plant and equipment	2,208.8	2,078.3
Right-of-use assets	981.6	784.1
Intangibles	263.5	250.1
Deferred tax assets	310.8	373.0
Employee benefits	3.4	3.7
Total non-current assets	4,916.7	5,469.3
Total assets	7,691.4	8,439.9
Current liabilities		
Payables	1,838.8	2,189.9
Interest-bearing liabilities	1.2	252.2
Lease liabilities	159.2	146.0
Current tax liabilities	–	171.9
Employee benefits	131.5	128.1
Provisions	63.1	63.2
Total current liabilities	2,193.8	2,951.3
Non-current liabilities		
Payables	38.7	46.5
Interest-bearing liabilities	2,014.1	1,502.9
Lease liabilities	776.3	714.2
Deferred tax liabilities	5.2	14.1
Employee benefits	6.1	5.3
Provisions	507.9	480.4
Total non-current liabilities	3,348.3	2,763.4
Total liabilities	5,542.1	5,714.7
Net assets	2,149.3	2,725.2
Equity		
Issued capital	479.7	479.7
Treasury stock	(5.4)	(2.8)
Reserves	29.2	38.7
Retained earnings	1,645.8	2,209.6
Total equity	2,149.3	2,725.2

F2 Business combinations

On 10 May 2022, Ampol Holdings NZ Limited, a wholly owned subsidiary of Ampol Limited, acquired 100% of the issued capital of Z Energy Limited (Z Energy). Z Energy is the largest fuel distributor in New Zealand, supplying fuel to retail customers and large commercial customers (airlines, trucking companies, shipping companies and vehicle fleet operators). The acquisition of Z Energy enhances Ampol's core business, expands the international portfolio and provides a stronger platform for Ampol to evolve the future energy offer for its customers. The acquisition has been accounted for as a Business Combination under AASB 3.

The Consolidated Financial Statements for year ended 31 December 2022 included provisional fair values for assets and liabilities acquired in the business combination. Accounting for the business combination is now complete, and the 31 December 2022 comparative information has been restated retrospectively to decrease the fair value of net assets acquired by $10.7 million at the acquisition date and increase goodwill by $10.7 million.

The fair values of the identifiable assets and liabilities acquired are as follows:

Millions of dollars	Opening balances at 31 December 2022	Adjustment	Opening balances at 31 December 2023
Cash and cash equivalents	**111.1**	–	111.1
Trade receivables and other assets	**530.8**	(1.5)	529.3
Inventories	**778.7**	–	778.7
Investments accounted for using the equity method	**82.3**	–	82.3
Intangibles	**245.7**	–	245.7
Emission Trading Units	**889.5**	–	889.5
Property, plant and equipment	**1,147.4**	(2.1)	1,145.3
Payables	**(685.1)**	–	(685.1)
Emission Trading Obligation	**(632.6)**	–	(632.6)
Lease liabilities	**(267.1)**	–	(267.1)
Current tax liabilities	**(108.4)**	–	(108.4)
Provisions	**(99.4)**	(12.8)	(112.2)
Interest-bearing liabilities	**(543.2)**	–	(543.2)
Deferred tax liabilities	**(142.1)**	5.7	(136.4)
Net assets acquired	**1,307.6**	(10.7)	**1,296.9**
Goodwill	**477.5**	10.7	488.2
Acquisition-date fair value of the total consideration transferred	**1,785.1**	–	**1,785.1**
Cash used to acquire business:			
Acquisition-date fair value of the total consideration transferred	**1,785.1**	–	1,785.1
Net cash used	**1,674.0**	–	1,674.0

The Group incurred acquisition-related costs of $29.1 million relating to external legal fees and due diligence costs. These costs have been included in general and administration expenses in the Consolidated Income Statement in the prior period. No further costs were incurred in 2023.

Notes to the Financial Statements – F Group structure continued

For the year ended 31 December 2023

F3 Discontinued operations and assets classified as held for sale

F3.1 Discontinued operations

On 27 July 2022, the Group sold its Gull business in New Zealand (Gull) to GNZ Energy Bidco Limited, a transaction vehicle entity of Allegro Funds Pty Ltd (Allegro) for a consideration of $470.9 million and realised a gain on sale of $46.6 million and incurred transaction costs of $8.0 million. There are no discontinued operations in the current period.

The results of the discontinued operation included in the profit for the year ended 31 December 2022 is set out below.

Discontinued operations (millions of dollars)	Note	27 July 2022
Revenue		616.7
Expenses		(570.3)
Net finance costs		(5.0)
Profit before tax before gain on sale of discontinued operations	B3.2	**41.4**
Gain on sale of discontinued operations		**38.6**
Profit before tax		**80.0**
Income tax (expense) from sale of discontinued operations		(11.6)
Income tax (expense) on gain on sale of discontinued operations		–
Net profit from discontinued operations		**68.4**

Reconciliation of gain on sale is as follow:

Millions of dollars	27 July 2022
Total consideration	470.9
Transaction costs	(8.0)
Net assets disposed	(415.5)
Reserves reclassified to profit and loss on disposal	(8.8)
Gain on sale before income tax expense	**38.6**

Net assets disposed are as follows:

Millions of dollars	27 July 2022
Cash and cash equivalents	4.5
Trade receivables and other assets	13.3
Inventories	132.4
Intangibles	244.3
Property, plant and equipment	169.0
Payables	(76.5)
Lease liabilities	(51.3)
Current tax liabilities	(5.6)
Deferred tax liabilities	(10.1)
Provisions	(4.5)
Net assets of disposal group	**415.5**

F4 Investments accounted for in other comprehensive income

Channel Infrastructure NZ Limited (formerly The New Zealand Refining Company Limited (Refining NZ)) is an import fuel terminal.

The investment was acquired when the Group acquired Z Energy limited in May 2022 and is recognised at fair value, the NZX listed share price at 31 December 2022 with changes to fair value accounted for in other comprehensive income. The carrying amount at 31 December 2023 is $64.6 million (2022: $64.3 million) with $1.0 million (2022: $15.1 million) of fair value gain recognised in Other Comprehensive Income.

		% Interest	
Name	Country of incorporation	2023	2022
Channel Infrastructure NZ Limited	New Zealand	13	13

F5 Investments accounted for using the equity method

Associates are those entities over whose financial and operating policies the Group has significant influence, but not control. Joint ventures are those entities whose financial and operating policies the Group has joint control over and where the Group has rights to the net assets of the entity.

The Consolidated Financial Statements include the Group's share of the total recognised gains and losses of associates and joint ventures on an equity-accounted basis, from the date that significant influence or joint control commences until the date that it ceases. When the Group's share of losses exceeds the carrying amount of the associate or joint venture, the carrying amount is reduced to nil and recognition of future losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Other movements in reserves are recognised directly in the consolidated reserves.

Unrealised gains arising from transactions with associates and joint ventures are eliminated to the extent of the Group's interest in the entity. Unrealised losses arising from transactions with associates and joint ventures are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

F5.1 Investments

		% Interest	
Name	Country of incorporation	2023	2022
Investments in associates			
Bonney Energy Group Pty Ltd	Australia	**50**	50
Coastal Oil Logistics Limited(i)	New Zealand	**–**	50
Endua Pty Ltd	Australia	**20**	20
EVOS Technology Pty Ltd (ii)	Australia	**30.2**	30.4
Geraldton Fuel Company Pty Ltd	Australia	**50**	50
Seaoil Philippines Inc.	Philippines	**20**	20
Drylandcarbon One Limited Partnership(iii)	New Zealand	**37**	37
Mevo Limited(iii)(iv)	New Zealand	**–**	32
Loyalty NZ Limited(iii)	New Zealand	**25**	25
Wiri Oil Services Limited (WOSL)(iii)	New Zealand	**44**	44
Forest Partners Limited Partnership(iii)	New Zealand	**21**	21
Investments in joint ventures			
Airport Fuel Services Pty Limited (vi)	Australia	**40**	40
Australasian Lubricants Manufacturing Company Pty Ltd(v)	Australia	**50**	50
Cairns Airport Refuelling Service Pty Ltd (vii)	Australia	**33.3**	33.3

(i) On 15 March 2023, Coastal Oil Logistics Limited was deregistered with the New Zealand Companies Office.
(ii) On 10 March 2023, Ampol's Energy Pty Ltd shareholdings in EVOS Technology Pty Ltd change from 30.4% to 30.2%.
(iii) On 10 May 2022, the Group acquired Z Energy Limited and its corresponding investments.
(iv) On 7 December 2023, Z Energy Limited's shareholding changed from 32% to 0% in Mevo Limited.
(v) Australasian Lubricants Manufacturing Company Pty Ltd ceased joint venture operations on 17 April 2015 and had a nil carrying value at 31 December 2023.
(vi) On 29 June 2021, a liquidator was appointed to this company.
(vii) On 18 April 2023, a liquidator was appointed to this company.

Notes to the Financial Statements – F Group structure continued

For the year ended 31 December 2023

F5 Investments accounted for using the equity method continued

F5.2 Investments in associates

Millions of dollars	Revenue (100%)	(Loss)/Profit (100%)	Share of associates' net (loss)/profit recognised	Net assets as reported by associates (100%)	Share of associates net assets equity accounted	Elimination of unrealised loss in inventories	Goodwill	Other movements	Total share of associates' net assets equity accounted
2023	**3,826.3**	**(32.8)**	**(3.1)**	**1,340.6**	**787.0**	**(0.2)**	**114.4**	**(16.0)**	**245.1**
2022	4,043.4	34.1	14.5	499.5	141.4	(0.3)	114.3	(15.1)	240.3

F5.3 Investments in joint ventures

Millions of dollars	Revenue (100%)	Profit (100%)	Share of joint ventures' net profit recognised	Total assets (100%)	Total liabilities (100%)	Net assets as reported by joint venture (100%)	Share of joint ventures' net assets equity accounted
2023	**–**	**–**	**–**	**2.6**	**1.1**	**1.4**	**0.8**
2022	0.4	(0.1)	–	1.5	–	1.5	0.8

F6 Joint operations

Joint operations are those entities over whose financial and operating policies the Group has joint control, and where the Group has rights to the assets and obligations for the liabilities of the entity.

The interests of the Group in unincorporated joint operations are brought to account by recognising in its Consolidated Financial Statements the assets it controls and the liabilities it incurs, and the revenue and expenses it incurs and share of income it earns from the sale of goods or services by the joint operation.

The Group has joint interests in multiple Joint User Hydrant Installations (JUHIs), which are based at airports across Australia. The Group's interest in the JUHIs ranges from 20% to 50%. The principal activity of the JUHIs is refuelling aircraft at the airports.

For the year ended 31 December 2023 the contribution of the JUHIs to the operating profit of the Group was $nil (2022: $nil). Included in the assets and liabilities of the Group are the Group's interests in the assets and liabilities employed in the joint operation.

Millions of dollars	2023	2022
Non-current assets		
Plant and equipment	**80.0**	78.7
Less: accumulated depreciation	**(33.4)**	(30.1)
Total non-current assets	**46.6**	48.6
Total assets	**46.6**	48.6

F7 Parent entity disclosures

As at and throughout the financial year ended 31 December 2023, the parent entity of the Group was Ampol Limited.

Millions of dollars	2023	2022^
Result of the parent entity		
Profit for the period	**103.7**	939.4
Other comprehensive (loss)/income	**(37.0)**	105.7
Total comprehensive income for the period	**66.7**	1,045.1
Financial position of parent entity at year end		
Current assets	**82.0**	62.5
Total assets	**5,412.3**	4,649.0
Current liabilities	**34.7**	198.3
Total liabilities	**4,814.5**	3,828.6
Total equity of the parent entity comprising		
Issued capital	**479.7**	479.7
Treasury stock	**(5.4)**	(2.8)
Reserves	**26.2**	39.3
Retained earnings	**97.3**	304.2
Total equity	**597.8**	820.4

^The comparative period includes a restatement between total assets, total liabilities and retained earnings in the parent entity. This has no bearing on the Group consolidated financial statements in either the current or any prior period.

Parent entity guarantees in respect of the debts of its subsidiaries

The parent entity has entered into a Deed of Cross Guarantee with the effect that each company agrees to guarantee all of the debts (in full) of all companies that are parties to the deed subject to, and in accordance with, the terms set out in the deed.

Further details of the Deed of Cross Guarantee and the subsidiaries subject to the deed are disclosed in note F1.

The bank guarantee and letter of credit arrangements provided by the parent entity are consistent with those held by the Group as disclosed in note G2.

Notes to the Financial Statements – F Group structure continued

For the year ended 31 December 2023

F8 Non-controlling interest disclosures

Presented below is the financial information of the Group relating to subsidiaries of the Group that have non-controlling interests (NCI) which are material to the Group. The information below is before the elimination of intercompany transactions with the exception of the fair value adjustment that the subsidiaries recorded in relation to the investment property trusts acquired. This fair value adjustment is not recognised in the Consolidated Group accounts and is therefore not reflected in the Net assets attributable to NCI shown in the Consolidated Financial Statements.

Millions of dollars	Profit attributable to NCI	
	2023	2022
Ampol Property Trust	**40.9**	37.9
Ampol Property Trust 2	**2.7**	0.3
Z Property Limited Partnership	**6.3**	1.3
Flick Energy Limited	**(0.9)**	8.6
Other non-controlling interests	**2.0**	3.0
Total profit attributable to NCI	**51.0**	51.1

Millions of dollars	Ampol Property Trust		Ampol Property Trust 2	
	2023	2022	2023	2022
NCI percentage	**49%**	49%	**49%**	49%
Statement of Financial Position				
Current assets	**0.9**	0.9	**0.1**	0.1
Non-current assets	**483.0**	497.7	**48.3**	49.9
Current liabilities	**(0.9)**	(0.9)	**(0.1)**	(0.1)
Non-current liabilities	**–**	–	**–**	–
Net assets attributable to unit holders	**483.0**	497.7	**48.3**	49.9
Net assets attributable to NCI	**236.7**	243.9	**23.7**	24.5
Income Statement				
Revenue	**98.5**	93.2	**6.7**	5.4
Expenses	**(15.1)**	(15.9)	**(1.2)**	(4.7)
Total comprehensive income for the year	**83.4**	77.3	**5.5**	0.7
Profit attributable to NCI	**40.9**	37.9	**2.7**	0.3
Statement of cash flows				
Cash flows from operating activities	**83.5**	79.6	**5.5**	4.3
Cash flows from investing activities	**–**	–	**–**	(61.0)
Cash flows from financing activities	**(83.5)**	(79.5)	**(5.5)**	56.9
Net increase in cash held	**–**	0.1	**–**	0.2
Transactions with non-controlling interests				
Profit attributable to NCI	**40.9**	37.9	**2.7**	0.3
Distributions paid	**(40.9)**	(39.0)	**(2.7)**	(2.1)
Purchase of units in Ampol Property Trust	**–**	–	**–**	55.1
Changes in equity attributable to NCI	**–**	(1.1)	**–**	53.3

F8 Non-controlling interest disclosures continued

Millions of dollars	Z Property Limited Partnership		Flick Energy Limited	
	2023	2022	2023	2022
NCI percentage	**49%**	49%	**0%**	5%
Statement of Financial Position				
Current assets	**–**	–	**32.5**	36.5
Non-current assets	**252.4**	252.1	**44.5**	75.9
Current liabilities	**–**	–	**(8.3)**	(5.6)
Non-current liabilities	**–**	–	**(26.0)**	(28.1)
Net assets attributable to unit holders	**252.4**	252.1	**42.7**	78.7
Net assets attributable to NCI	**123.7**	123.5	**–**	3.9
Income Statement				
Revenue	**12.9**	3.6	**74.5**	106.7
Expenses	**–**	(0.9)	**(108.5)**	(59.6)
Total comprehensive income for the year	**12.9**	2.7	**(34.0)**	47.1
Profit attributable to NCI	**6.3**	1.3	**(0.9)**	8.6
Statement of cash flows				
Cash flows from operating activities	**13.9**	2.7	**(1.8)**	(5.3)
Cash flows from investing activities	**–**	(121.9)	**(1.8)**	(0.7)
Cash flows from financing activities	**(13.9)**	119.4	**–**	9.3
Net increase in cash held	**–**	0.2	**(3.6)**	3.3
Transactions with non-controlling interests				
Profit attributable to NCI	**6.3**	1.3	**(0.9)**	8.6
Distributions paid	**(6.6)**	(1.2)	**–**	–
Purchase of units in Z Property Limited Partnership	**–**	119.5	**–**	–
Changes in equity attributable to NCI	**(0.3)**	119.6	**(0.9)**	8.6

Millions of dollars	Other non-controlling interests	
	2023	2022
Profit attributable to NCI	**2.0**	3.0
Distributions paid	**–**	(1.6)
Changes in equity attributable to other NCI	**2.0**	1.4

Notes to the Financial Statements – G Other information

For the year ended 31 December 2023

This section includes other information to assist in understanding the financial performance and position of the Group, or items to be disclosed to comply with accounting standards and other pronouncements.

G1 Commitments

Capital expenditure

Millions of dollars	2023	2022
Capital expenditure contracted but not provided for in the Consolidated Financial Statements and payable	**253.8**	164.9

G2 Contingent liabilities

Discussed below are items where either it is not probable that the Group will have to make future payments, or the amounts of the future payments are not able to be reliably measured.

Legal and other claims

In the ordinary course of business, the Group is involved as a plaintiff or defendant in legal proceedings. Where appropriate, Ampol takes legal advice. The Group does not consider that the outcome of any current proceedings is likely to have a material effect on its operations or financial position.

A liability has been recognised for any known losses expected to be incurred where such losses are capable of reliable measurement.

Bank guarantees

The Group has entered into letters of credit in the normal course of business to support crude and product purchase commitments and other arrangements entered into with third parties. In addition, the Group has granted indemnities to banks to cover bank guarantees given on behalf of controlled entities. The probability of having to make a payment under these arrangements is remote.

Deed of Cross Guarantee and class order relief

Details of the Deed of Cross Guarantee are disclosed in note F1.1.

G3 Related party disclosures

Associates

Associate related party transactions are as follows:

Thousands of dollars	2023	2022
Income Statement		
Sale of goods and services, net of excise	**2,241,713**	2,684,942
Rental income	**1,418**	7,131
Purchase of goods and services	**(63,717)**	(105,475)
Dividend and disbursements	**4,205**	2,753
Total Income Statement impact	**2,183,619**	2,589,351
Statement of Financial Position		
Receivables	**94,185**	134,782
Total Statement of Financial Position impact	**94,185**	134,782

The Group has interests in associates primarily for the marketing, sale and distribution of fuel products. Details of the Group's interests are set out in note F5.

Joint venture and joint operations

The Group has interests in joint arrangements primarily for the marketing, sale and distribution of fuel products.

There were no other material related party transactions with the Group's joint arrangements entities during 2023 (2022: $nil). Details of the Group's interests are set out in notes F5 and F6.

G4 Key Management Personnel

The aggregate remuneration of key management personnel of the Group during 2023 and 2022 were:

Key Management Personnel compensation

Thousands of dollars	2023	2022
Short-term benefits	**11,955.8**	12,384.8
Other long-term benefits	**126.2**	124.4
Retirement benefits	**748.8**	861.3
Post-employment benefits	**411.8**	481.3
Retention payments	**–**	842.3
Share-based payments	**6,366.3**	3,994.4
Total key management personnel compensation	**19,608.9**	18,688.5

Information regarding Directors' and Executives' compensation and some equity instrument disclosures is provided in the Remuneration Report section of the Directors' Report.

Notes to the Financial Statements – G Other information continued

For the year ended 31 December 2023

G5 Notes to the cash flow statement

G5.1 Reconciliation of cash and cash equivalents

Cash and cash equivalents comprise cash balances and at call deposits with a maturity of three months or less. Bank overdrafts that are repayable on demand and which form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Consolidated Cash Flow Statement.

For the purposes of the Consolidated Cash Flow Statement, cash and cash equivalents includes:

Millions of dollars	2023	2022
Cash at bank	**276.4**	106.7
Cash on hand	**20.2**	21.3
Cash in-transit	**4.0**	(2.0)
Total cash and cash equivalents	**300.6**	126.0
Bank overdraft	**–**	(22.5)
Net cash and cash equivalents	**300.6**	103.5

G5.2 Reconciliation of net profit to net operating cash flows

Millions of dollars	2023	2022
Net profit	**600.1**	847.0
Adjustments for:		
(Gain) on sale of property, plant and equipment	**(5.8)**	(51.9)
Increase in asset restoration obligation provision	**–**	26.7
Impairment of non-current assets	**4.1**	10.8
Impairment reversal of fixed assets	**–**	(21.8)
(Gain) on lease disposal	**(4.7)**	–
Finance charges on leases	**78.6**	68.9
Amortisation of finance costs	**8.5**	10.4
Depreciation of property, plant and equipment and right-of-use assets	**416.3**	411.1
Amortisation of intangibles	**42.6**	38.3
Share based payment and treasury stock reserve movements net of (income)/expense	**3.3**	25.6
Share of associates' and joint ventures' net loss/(profit)	**3.1**	(14.5)
Decrease/(Increase) in receivables	**239.5**	(546.7)
Decrease/(Increase) in investments	**7.8**	(39.1)
Decrease/(Increase) in inventories	**607.0**	(882.8)
Decrease in intangibles	**41.1**	103.2
(Decrease)/Increase in payables	**(175.8)**	1,389.6
(Decrease)/Increase in current tax balances	**295.8**	33.6
Decrease/(Increase) in net deferred tax assets	**32.5**	(27.0)
(Increase) in provisions	**(1.1)**	(21.7)
Finance cost paid	**(188.1)**	(137.3)
Lease interest paid	**(78.6)**	(68.9)
Income taxes paid	**(414.4)**	(244.3)
Net operating cash inflows	**1,511.8**	909.2

G5 Notes to the cash flow statement continued

G5.3 Reconciliation of liabilities arising from financing activities

Interest bearing loans and financial liabilities

Millions of dollars	1 January 2023	Cash flows	Amortisation of borrowing costs	Foreign exchange and other movement	31 December 2023
Interest bearing loans	2,484.9	(15.5)	8.5	17.4	2,495.3

Lease liabilities

Millions of dollars	1 January 2023	Cash flows	Additions/ acquisitions	Interest charged	Disposals	Foreign exchange and other movement	31 December 2023
Lease liabilities	1,129.5	(197.2)	208.8	78.6	(17.1)	(2.9)	1,199.7

G6 Auditor remuneration

Thousands of dollars	2023	2022
Audit and review services		
Auditors of the Group – KPMG		
Audit and review of financial statements – Group	1,630.0	1,467.0
Audit and review of financial statements – controlled entities	859.0	785.0
	2,489.0	2,252.0
Assurance services		
Auditors of the Group – KPMG		
Regulatory assurance services	85.0	100.0
Other assurance services	195.0	119.0
	280.0	219.0
Other services		
Auditors of the Group – KPMG		
Other services	96.0	5.0
	96.0	5.0

G7 Net tangible assets per share

Dollars	2023	2022
Net tangible assets per share	8.96	8.53

Net tangible assets are net assets attributable to members of the Group less intangible assets. The number of ordinary shares used in the calculation of net tangible assets per share was 238.3 million (2022: 238.3 million).

G8 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2024, and have not been applied in preparing these Consolidated Financial Statements. In October 2023 AASB released the exposure draft on Australian Sustainability Reporting Standards: ASRS 1, ASRS 2 and ASRS 101.

The impact is likely to be significant with additional disclosures and assurance required. A number of other standards and interpretations have been assessed and none of these are expected to have a significant effect on the Consolidated Financial Statements of the Group.

Notes to the Financial Statements – G Other information continued

For the year ended 31 December 2023

G9 Events subsequent to the reporting date

Dividend

On 19 February 2024, the Directors declared fully franked final and special dividends. Refer to note B5 for further information.

Other

There were no other items, transactions or events of a material or unusual nature that, in the opinion of the Board, are likely to significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group that have arisen in the period from 31 December 2023 to the date of this report.