

Agl energy limited



Accounting for Corporations student Name: Hui Daniels3109770 Li Allens3222285 Liu Nicoles3218667 Tutor Name: Dr. Mahesh Joshi Lecture Time: Tuesday 9: 30 Assignment Due: Monday 7th of September 2009 Executive Summary The purpose of this document is to record the analysis of AGL Energy Limited's the external environment, internal business activities, financial situation and some parts of the annual report such as PPE, intangible asset and Leased assets & liabilities. There are two main parts of this document.

The first part is the industry analysis, which is through Porters 5 Forces to analyse the AGL's position in its industry. The second part is the company analysis which concludes the introduction of main business of AGL and its financial performance. In addition, we compare the disclosure of PPE, intangible asset and leased assets & liabilities in the annual report 2008 with the AASB. After the analysis, it is clear to discover that the rules followed by the AGL comply with the AASB framework.

Introduction AGL Energy Limited (AGK) began trading in the Australian Stock Exchange on the 12th of October 2006, and is the second largest provider in the gas, electricity and water supply in Australia holding a market share of 8.3% in 2008 behind Origin Energy with a 12.6% market share. (IBISWorld 2008) Supplying over 3.2 million customer accounts with diversity across geography, fuel type and generation mix providing AGL with a substantial integrated generation portfolio.

Key business segments include the 'Retail Division' handling the purchase, sale and marketing of gas and electricity, as well as the 'Merchant Business

Division' which is responsible for operating and maintaining AGL's power generation assets. These include Gas Development, involved in upstream gas developments; Wholesale Gas, purchasing gas supplies for AGL's retail business and wholesale customers; and Energy Services, managing small-scale renewable power generation.

AGL also owns and operates the largest renewable generation portfolio with a focus on hydro and wind power which includes the Hallett Group wind farms, Bogong Hydro Development hydro-electricity. Industry analysis AGL operates in two major industry categories, the Retail Division would operate in the Electricity, Gas and Water Supply industry where as the Merchant Business Division may be classified best fit into the operating in Oil, Gas Production in Australia. This report will focus on the Electricity, Gas and Water Supply industry as it is the best-fit industry available. . 1 Porters 5 Forces The use of Porter's 5 Forces will be implemented to analysis and determine the key external forces which impact the industry. 2. 1. 1 Potential entrants The industry over the past 5 years in the years 2004 to 2009 the average growth in revenue has been in between 3. 4% to 5. 3 % per annum. (IBISWorld 2008) New entrants into the market are determined to gain market share and the seriousness