5. Capital.

This section provides information relating to the Group's capital structure and financing.

The Group's capital management strategy aims to ensure the Group has continued access to funding for current and future business activities by maintaining a mix of equity and debt financing, while maximising returns to shareholders.

The Group's objective is to maintain an investment grade credit rating to optimise the weighted average cost of capital over the long term, enable access to long term debt capital markets and build investor confidence.

The Directors consider the capital structure at least twice a year and provide oversight of the Group's capital management. Capital is managed through the following:

- the amount of ordinary dividends paid to shareholders
- raising and returning capital
- repaying or raising debt in line with ongoing business requirements and growth opportunities aligned with the Group's strategic objectives.

5.1 Interest-bearing liabilities

Prior to the demerger, the Group was funded through working capital facilities and intercompany loans provided by Wesfarmers. In November 2018, the Group entered into a number of revolving multi-option and term loan facilities. These bilateral bank loan facilities in aggregate total $4,000.0 million ('Coles facilities'). The Coles facilities have the following maturities: $2,540.0 million in November 2021, $1,310.0 million in November 2023 and $150.0 million in November 2025. At 30 June 2019, the facilities maturing in November 2023 and November 2025 were fully drawn.

Interest-bearing loans and borrowings are initially recorded at fair value, net of attributable transaction costs. Subsequent to initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest method. Gains and losses are recognised in the Statement of Profit or Loss when the liabilities are derecognised.

5.2 Contributed equity and reserves

	Ordinary shares	
	No. (millions)	$M
At 30 June 2018	**1,200.3**	**2,192.6**
Share split associated with the demerger	133.6	-
Capital return to Wesfarmers	-	(538.0)
Purchase of shares under Equity Incentive Plan	-	(26.8)
At 30 June 2019	**1,333.9**	**1,627.8**

Ordinary shares

Ordinary shares issued are classified as equity, are fully paid and carry one vote per share and the right to dividends. Incremental costs directly attributable to the issue of new shares are recognised as a deduction from equity, net of any related income tax benefit.

Cash flow hedge reserve

The hedging reserve records the portion of the gain or loss on a cash flow hedging instrument that is determined to be in an effective hedge relationship. The effective portion of the gain or loss on the hedging instrument is recognised in the Statement of Other Comprehensive Income within the cash flow hedge reserve, while any ineffective portion is recognised immediately in the Statement of Profit or Loss.

Share-based payments reserve

The share-based payments reserve reflects the fair value of awards recognised as an expense in the Statement of Profit or Loss.

5.3 Dividends paid and proposed

The Company considers current earnings, future cash flow requirements, targeted credit metrics and availability of franking credits in determining the amount of dividends to be paid.

Dividends are recognised as a liability in the Statement of Financial Position in the period in which they are declared by the Board.

Dividends proposed and not recognised as a liability

Since the reporting date, the Directors have declared a total dividend of 35.5 cents per fully paid ordinary share. This comprises a final dividend of 24.0 cents per fully paid ordinary share and a special dividend of 11.5 cents per fully paid ordinary share, fully franked at the corporate tax rate of 30%.

The aggregate amount of the total dividend to be paid out of profits, but not recognised as a liability at 30 June 2019, will be $473.5 million. The record date for determining entitlements to both dividends was 29 August 2019, with the payment date being 26 September 2019.

Franking account

	30 JUNE 2019 $M	30 JUNE 2018 $M
Franking account balance as at reporting date at 30%	277.4	-
Franking credits that will arise from the payment of income tax payable as at the end of the financial year	0.1	-
Total franking credits available for subsequent financial years based on a tax rate of 30%	**277.5**	-