

The image shows two large white wind turbines in a green field. The turbine on the right is in the foreground, and the one on the left is further back. The background consists of a dense forest and rolling hills under a clear blue sky. The text 'Make the shift' is in green, and 'Annual Report 2022' is in white.

Make the shift Annual Report 2022

The future of community energy

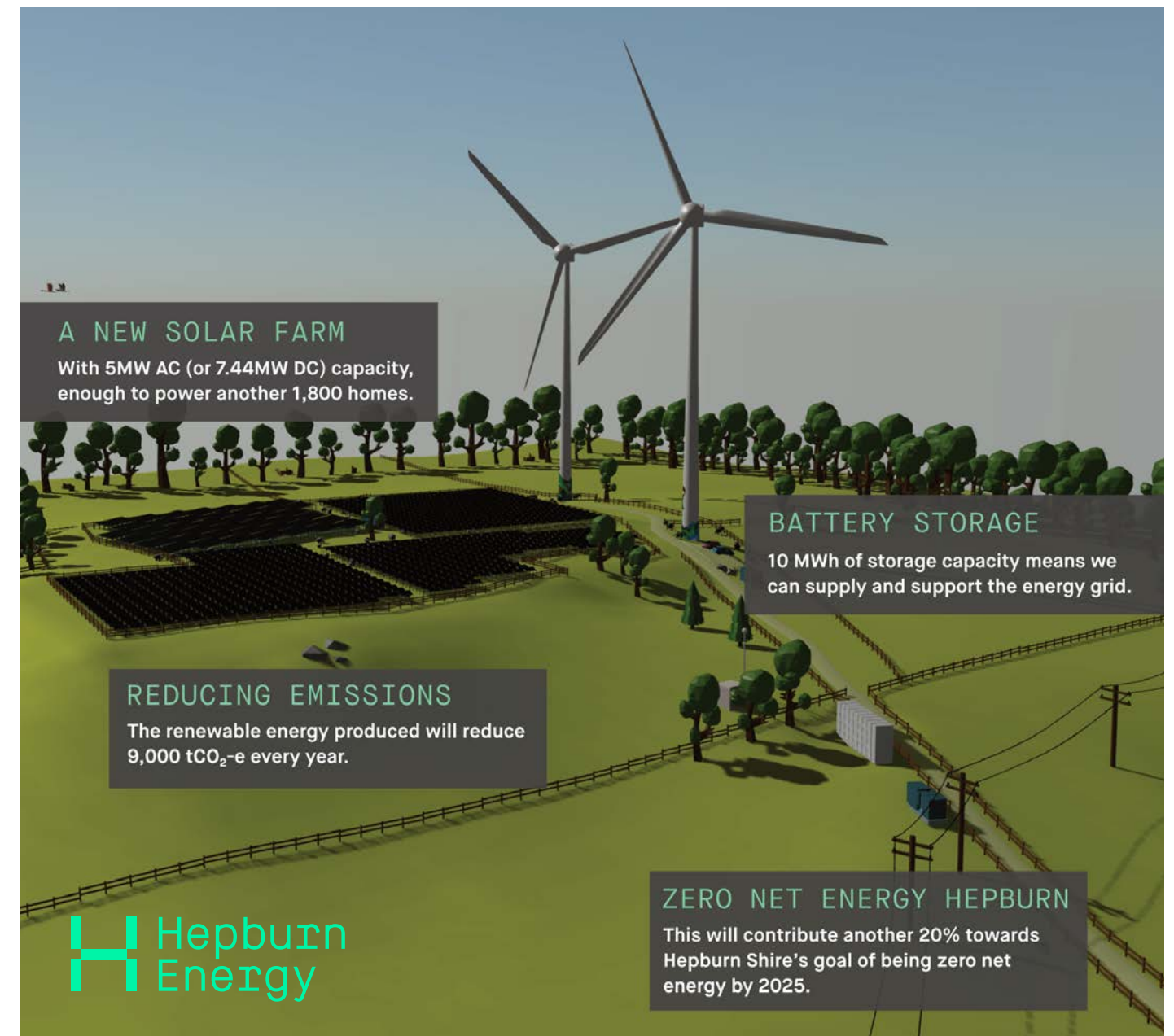
The future of community energy

Hepburn Energy is committed to implementing responsive strategy and leadership, working to enable new pathways for community development and contributing to wider system change. We exist to meet the ambitions of our community and nurture aligned social and environmental impacts, supporting diverse products and programs that build resilience. We implement principles of energy democracy, enabling our community to co-design and own generation assets while advocating for the broader energy market and policy change.

Hepburn Energy acknowledges the Dja Dja Wurrung people as the rightful custodians of Country that we are situated upon. We pay our respects to Ancestors and Elders and recognise the Dja Dja Wurrung peoples enduring connection to this land.

Hepburn Energy is located at Leonards Hill, about 100km north-west of Melbourne, just south of Daylesford Victoria. The 4.1MW wind farm hosts two turbines, called Gale and Gusto, which produce enough clean energy to power over 2000 homes.

Hepburn Energy is the trading name of Hepburn Community Wind Park Co-operative Ltd, a co-operative registered in Victoria, Australia. Hepburn Energy was established in 2007 by the Hepburn Renewable Energy Association, now known as SHARE. Despite many challenges, overwhelming support from the community has allowed the venture to flourish – inspiring similar projects to explore the community enterprise model for renewable energy projects.



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A message from the board

Our lifecycle impact - 11 years in!

109,638MWh

Total energy generated abating 116,216 tonnes of Co2

\$460,926.14

Public investment leveraged through partnership programs this year

114kW & 50kWh

Donated solar and battery



Dear members,

This year we made progress on several significant milestones, despite a tumultuous time in the energy market. We took a big leap in executing our new brand Hepburn Energy and launched our new website. We bedded down our regulatory requirements for our community retailing offer with our new retail partner Flow Power and we began bringing more services in-house such as our share registry.

When looking at our wider context, we’ve seen significant political and policy shifts. As we enter a time of unprecedented climate impacts, momentum towards the energy transition is building. With Labor elected to Federal Government and many Greens and Teals in parliament, we look forward to greater co-operation and policy for climate action. Successive years of policy failure and avoidance from the former Coalition Government placed Australia’s energy system in a fragile state. With the shock of the Russia-Ukraine conflict hitting domestic markets, energy price volatility has been rife. While this volatility has been bad for consumers, energy supply shortages in June provided our co-operative with record high income. This comes after the pandemic depressed prices for close to two years . This resulted in a small profit for the co-operative, rather than the budgeted losses we were anticipating. While these amplified prices do not bode well for consumers, we are working to provide an affordable retail offer to our members, whilst also ensuring we ride the high prices in this current financial year.

Another challenge for the co-operative over the past financial year has been the Victorian Government’s lack of support for the community energy sector. Hepburn Energy had been lobbying for several years for a Community Energy Target to support local ambitions to build midscale projects across the state. Despite significant recommendations in the Parliamentary Inquiry into Tackling Climate Change in Victorian Communities and other government reports, there was no announcement in this year’s budget. Furthermore, successful programs such as the Community Power Hub program were also not supported with continued funding. This policy turnaround will only weaken our state’s climate mitigation efforts. If we want to see a transition that is fast, socially accepted and fair, then we must have community-led action on climate change as part of this overall mix.

Thankfully, the Federal Government has two strong policies for community energy - the Solar Bank and Community Battery programs. We will be taking Rule changes to our next AGM to enable our co-operative structure to participate in these opportunities when they open.

Our co-operative would not be able to dream big and to consider future growth without the support of our landowners the Liversidge Family and particularly Ron. We also express our gratitude again to our all-woman management team of Taryn, Marie and Carlena for all of their work this year.

Your board

(Graham White, Linda Hancock, Stuart Read, Paul Houghton, Mark Fogarty, Justine Watson, David Perry)

Performance highlights

Performance highlights

- Launched our new brand and website
- Developed community retailing offer, Hepburn Energy by Flow Power
- Partnered with BREAZE to deliver Grampians Community Power Hub
- Achieved planning permit status for 5MW solar & 10MWh battery

	FY2021	FY2020	Variance	Variance %
Revenue and income				
Electricity Sales	\$701,326	\$293,815	\$407,511	139%
Renewable energy certificate sales	\$427,140	\$213,804	\$213,336	100%
Movement in LGC's on hand	\$21,419	\$27,935	(\$6,516)	23%
Combined generation income	\$1,149,885	\$535,554	\$614,331	115%
Grant revenue	\$90,000	\$1,010,264	(\$920,264)	-91%
Other revenue	\$109,228	\$49,888	\$59,340	119%
Total revenue	\$1,349,113	\$1,595,706	(\$246,593)	-15%
Market value				
Electricity generated (per MWh)	\$65.51	\$39.00	\$26.51	68.0%
Certificates created	\$43.11	\$38.35	\$4.76	12.4%
All-in value	\$108.62	\$77.35	\$31.27	40.4%
Outgoings				
Operating expenses	\$630,967	\$538,282	\$92,685	17%
Impact fund, sponsorships and local benefits (1)	\$13,954	\$13,844	\$110	1%
Finance expenses	\$19,188	\$18,551	\$637	0%
Total outgoings excluding depreciation and provisions	\$664,109	\$570,677	\$93,432	16%
Financial Performance				
Group EBITDA	\$659,135	\$1,014,961	(\$355,826)	-35%
EBITDA cents per share	6.97	10.73	(3.76)	-35%
Group earnings before depreciation (2)	\$639,947	\$996,410	(\$356,463)	-36%
Depreciation	\$545,569	\$510,079	\$35,490	7%
Net profit before tax	\$94,378	\$486,331	(\$391,953)	-81%
Income tax expense	\$36,291	\$131,785	(\$95,494)	-72%
Net profit after tax	\$58,087	\$354,546	(\$296,459)	-84%
Loan outstanding	\$1	\$1	-	0%
Operations				
Wind farm availability (3)	94.2%	95.5%	-1.3%	-1%
Wind speed average both turbines (m/s)	7.2%	7.08	0.1	2%
Wind farm generation (MWh)	10,005	6,228	3,777	61%
Capacity factor	28.8%	17.5%	11.3%	65%

Footnotes

1. Community contributions expense in the statutory accounts includes movement in provision for community grants of \$38,773 (2021: \$28,619) and the provision for community fund is after allowing for contributions by partners.

2. Group earnings represent earnings before depreciation, amortisation and after accounting for finance expenses. Net profit shows the position after accounting for these items. Refer to the audited financial statements contained at the back of this report for further details.

3. Proportion of the year that the grid was available and the turbines were capable of generation. Periods when one turbine was out of service or wind farm operated at a reduced capacity are weighted accordingly.

Our Performance

Operations and Maintenance

This year the turbines generated 10,005MWh. July and November had the highest output across the 12 months, with 1,163MWh and 1,025MWh respectively. The lowest month of generation was May with 574MWh. This was due to record low winds of 5.9m/s combined with low availability for the month.

The capacity factor averaged 28.8% across the year and availability was 94.2%. The availability guarantee with Vestas is for 97% and the overall availability during this period (June 2020 - December 2021) was 96.10%, requiring them to pay \$7,823.39 for liquidated damages. To further reduce outages and supply chain delays, we are working with Vestas on a spare parts strategy for the turbines and balance of plant.

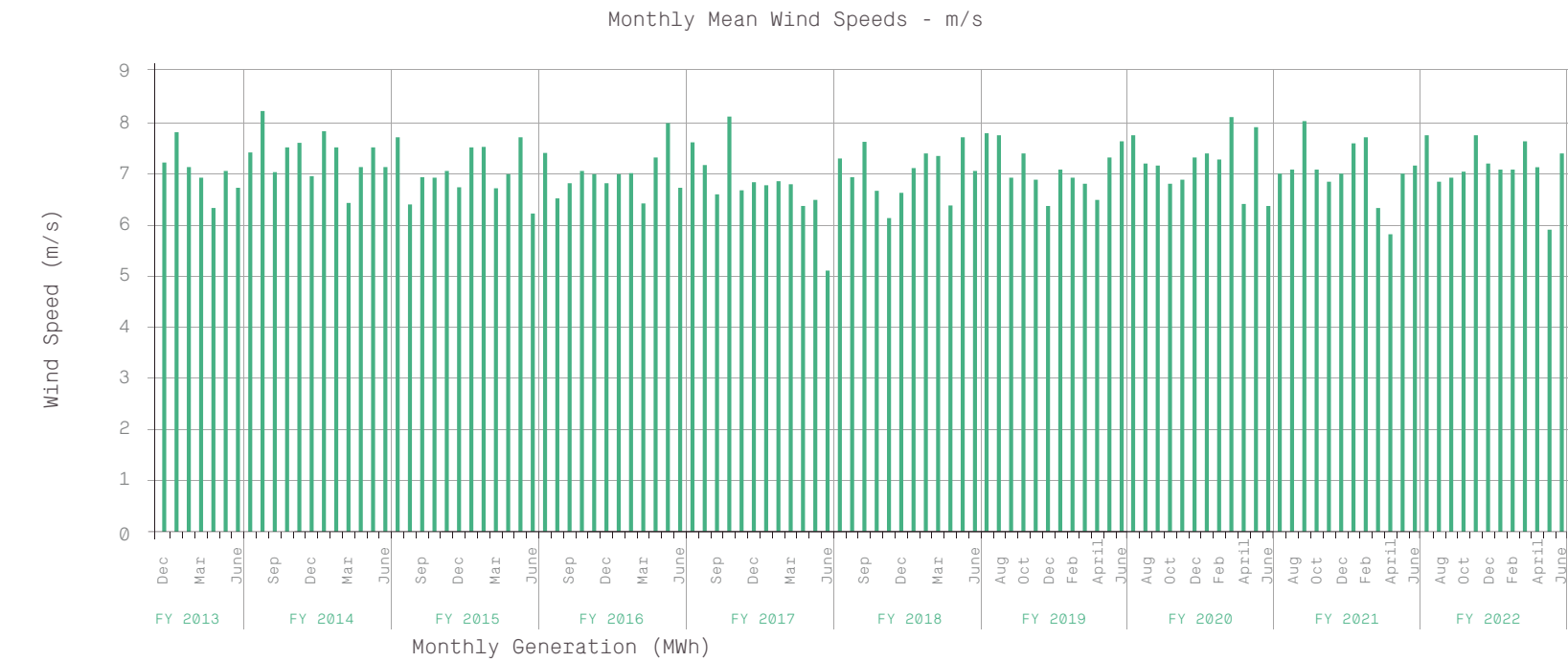
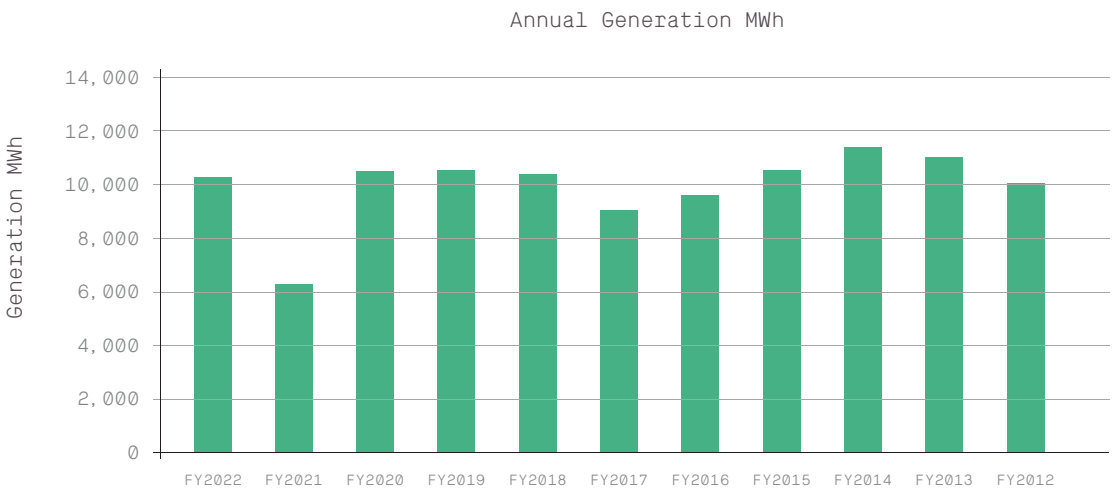
Wind speed over the year averaged 7.2m/s across the site, with Gale having higher winds at 7.4m/s and Gusto averaging 7.0m/s.

Vestas and O’Brien’s performed annual maintenance, 5 year maintenance and 10 year maintenance on site this year. During the 10 year maintenance, Gale’s contaminated gear box with mold was flushed and endoscopes have shown it to be clear. This mold is also within the towers and a new phenomenon across

Central Victorian wind farms, brought on by successive El Nino’s. Cleaning will occur during summer to remove this issue.

The major downtime events were related to the frequency converter and grid outages. During the Financial year, there were many climate change related events in the Hepburn Shire, primarily storms and flooding. These resulted in significant grid outage times across our local feeder. The primary grid outage events were: April 37 hours; October 22 hours; November 60 hours; and February 20 hours.

In March a major event in Gale’s frequency converter occurred during a training event. This training event coincided with our 9 year maintenance of the converter. During simulation multiple failures occurred which resulted in 231 hours of downtime for Gale and will form part of this years liquidated damages coverage from Vestas.

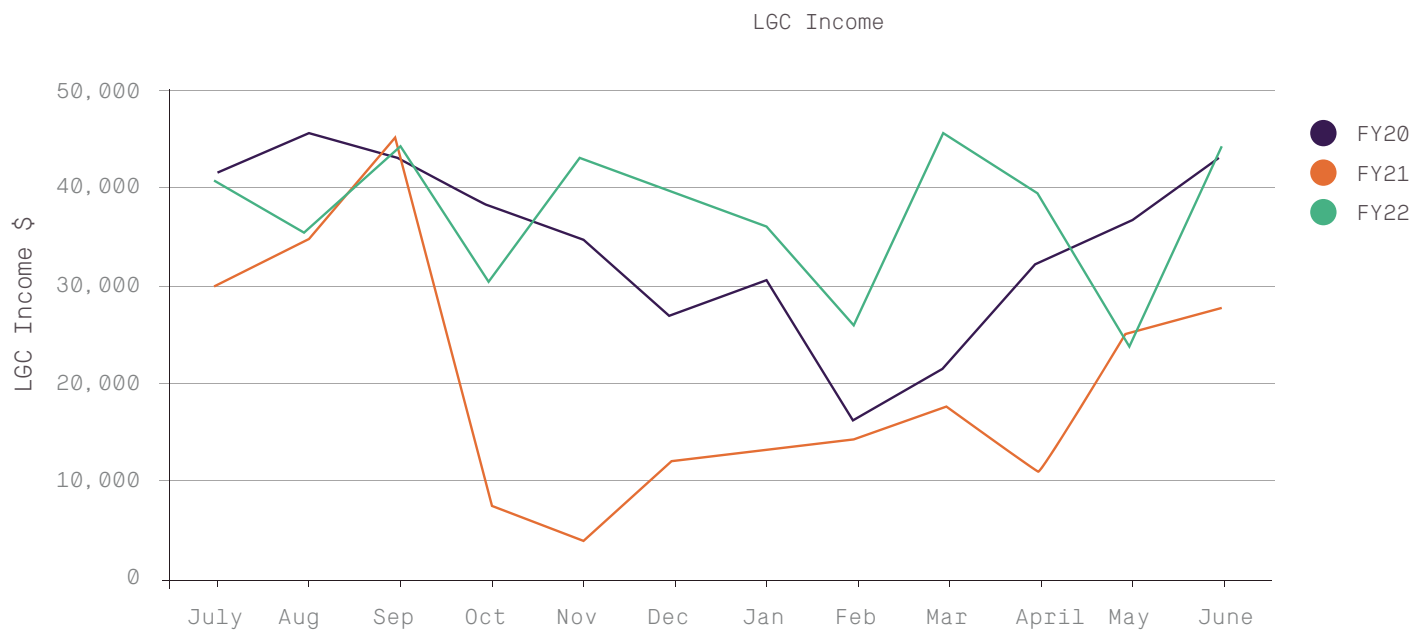
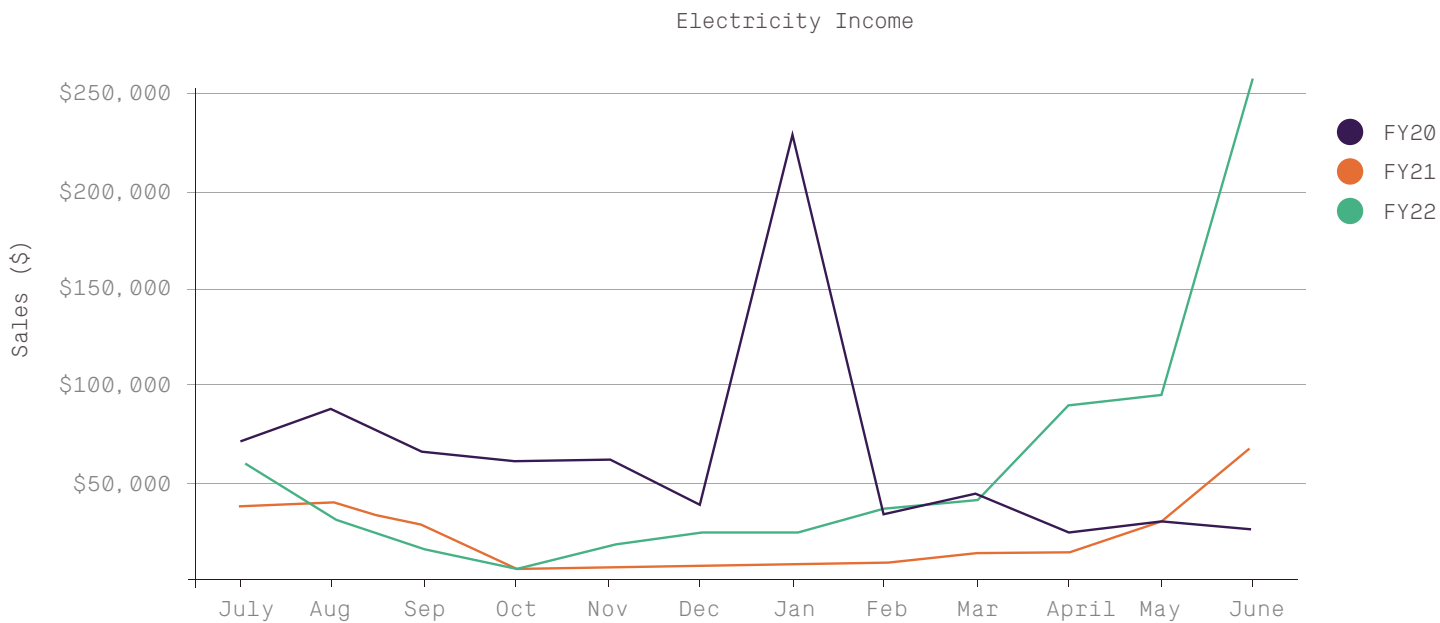


Income and Expenses

Total revenue for the co-operative was \$1,349,113 over the past financial year, with a group EBITDA of \$659,135. After depreciation of \$545,569 the net profit was \$94,378, and the after tax profit was \$58,087.

The co-operative experienced extreme volatility with the electricity market during this period, with the average monthly price per megawatt hour varying from \$8.19 in October 2021, to a peak of \$249.10 in June. In the month of June, our electricity income was 668% over budget, being \$258,033. The LGC price was on a gradual incline over the financial year, starting at \$34.47 in July and rising to \$49.09 by the end of financial year. There were four primary drivers for this volatility starting with low pricing due to COVID lockdowns and under consumption on the network. These were surpassed in 2022 by the Ukraine war and its impact on international gas markets, domestic coal shortages and coal plants failing, and, federal government policy failure, all creating record high pricing events.

The average electricity price across the year was \$65.51 per MWh which is up by 68% on the previous year (following a fall of 44.6% in the previous year). The average renewable energy certificate price was \$43.11, which is up 12.4% compared to the prior year. This resulted in an all-in price of \$108.62, up 40.4% on the previous financial year (following a fall of 31% in the previous year) and resulted in an increase in total generation income of 115% to \$1,149,885. Other revenue was down by \$860,924 to \$199,228 mainly as a result of \$970,246 in HCAP grant income brought in as income in the prior year.

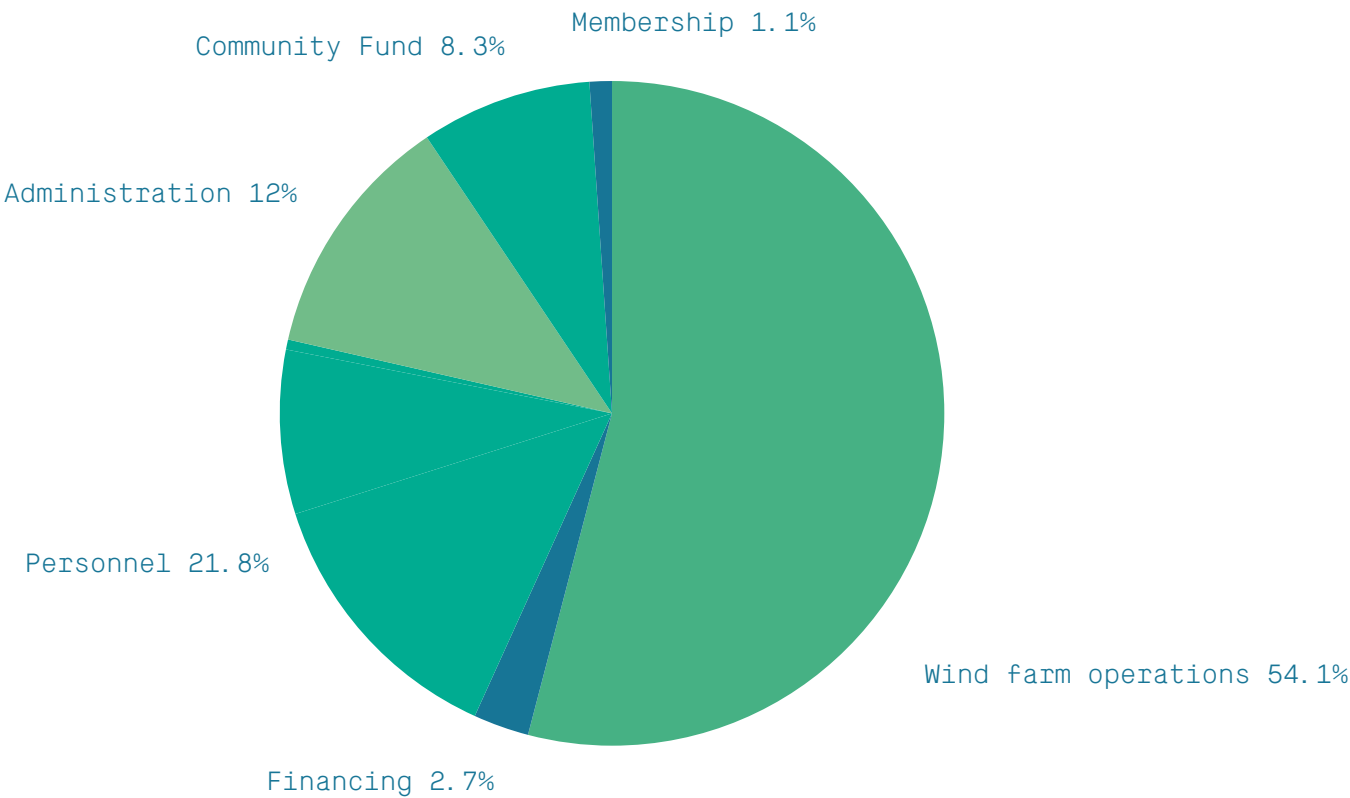


Expense Summary

Administrative expenses were up \$6,872 which included increases in website costs of \$16,991 offset by the decrease in share registry cost of \$12,618. The website costs were paid under the NEJF 5 grant. There were also other small changes in other administrative expenses. Communications, public meetings and events were up by \$5,374 mainly as a result of an increase in advertising for the new retail offer and for Community Power Hub activities, both were paid under grants. Personnel expenses increased by \$44,158 due to project and program commitments under Community Power Hub program and NEJF 5 grant. The most significant changes being increased wages and salaries of \$23,453 and related superannuation expense. In addition to \$18,308 in wages and superannuation from the prior year capitalised and funded through grant income received after the EOFY.

Depreciation and amortisation expenses increased in the year by \$35,490 mainly as a result of depreciation on the REFCL works having been completed in the prior year and only depreciated for part of the 2021 financial year. Operating expenses were up by \$36,281 with wind farm operation expenses having increased by \$31,155 as well as other smaller increases in insurance and licence fees partially offset by a reduction in the payment in lieu of council rates. The tax position for the year is an income tax expense of \$36,291 reflective of the profit earned in the year.

The following chart outlines the breakdown of the expenses across the co-operatives activities.



Securing our future

Solar farm and battery storage development

Over the 2022 financial year we made substantial progress in delivering the solar farm, despite some obstacles. A key achievement was the success of the co-operatives planning permit for 5MW AC (7.44MW DC) of solar and up to 10MWh battery storage. This came after a month-long exhibition period, where dozens of co-operative members and former directors sent through letters of support and only one letter of opposition. The issues raised by this one opposing letter were resolved in a VCAT mediation in July, with no changes to the proposed development, and did not proceed to a VCAT hearing.

A key reason for this success was the co-operative's focus on delivering a solar farm with a low environmental impact, that preserves the agricultural value of the site. We also delivered a significant milestone with the resubmission of our Steady State Studies to include the grid connection of our proposed battery storage facility. This was approved and we obtained grid connection due diligence from Powercor. Thankfully, the Steady State Studies have shown there are no network augmentation works needed on the local 22 kV feeder, nor at BAN zone substation, in order for the solar and battery to connect. In addition, although we are required to undertake a full GPS process for grid connection, AEMO will rely on the Powercor assessment and will not

create further costs and delays by having the co-operative complete AEMO due diligence as well. Hepburn Energy is working to receive a connection letter approval through the current financial year.

We successfully lobbied the Federal Government for funding for our proposed battery for the wind farm, and were thrilled to receive this pre-election commitment in May. As part of their Community Battery program, the Federal Government plans to invest \$200 million over 4 years to install roughly 400 community batteries.

In June, our Renewable Communities Program Grant with the Victorian State Government ceased to progress. This is because the co-operative cannot currently reach financial close, nor proceed to construction, without further subsidies to manage the long-term income risk of the solar farm development. As the Victorian Government did not deliver a Community Energy Target, the co-operative refocused on Federal opportunities, namely the Solar Bank and Community Battery programs.

At the AGM in November 2022 the co-operative will be presenting a rule change to enable alignment with these new Federal Government programs. The rule change looks to create new classes of shares for Community Solar and Community Battery. Work is underway to develop this new model and has been aided by the University of Newcastle, BCCM, Co-

operative Bonds, and BAL Legal. Hepburn Energy is most grateful to Sustainability Victoria and the Grampians Community Power Hub led by BREAZE, for all of their support to date to ensure we can best prepare for these new incentives.

The key partners for the solar and battery project at the wind farm over the past financial year have been Powercor, DNV, Meralli Solar, Kinelli Solar, Enhar, Marshall Day, O'Brien's Electrical, Energy Forms and HWL Ebsworth.

Our retailing future

Hepburn Energy has been working to deliver new retailing offers as part of our work funded under the State Government's New Energy Jobs Fund 5. This retailing offer seeks to firm up our income and ensure we can future-proof our growth strategies by having retailing processes in place to support opportunities down the line.

The co-operative has been able to enter a new phase in regards to retailing thanks to Hepburn Energy's retailing partner, Flow Power. We will have residential, small to medium enterprise and commercial & industrial scale offers available in the future. In October 2021 we signed our Intermediary Contract with Flow Power and in March we completed the AEMO regulatory requirements to change over to Flow Power. As it has been 5 years since our last retailer transition, there were significant new hurdles to overcome with the AEMO process.

Due to significant changes in the energy market and delays from our retailer, the residential retailing offer is being piloted and beta tested with members. Hepburn Energy successfully delivered our commercial and industrial micro-PPA, onboarding a first customer, sustainable housing developer Assemble.

Boost Your Business Voucher

This financial year, Hepburn Energy finalised extension work from a second grant as part of the State Government's Boost Your Business Voucher Program. This grant enabled the co-operative to work with The Difference Incubator on potential strategies to secure new income streams, including behind-the-meter.

Lobbying

Community Power Hubs

Hepburn Energy has been championing calls to protect the State Government’s Community Power Hubs. This program supported community energy and sustainability groups (including Hepburn Energy) to deliver community-led energy and efficiency projects across the state. Due to the COVID-19 pandemic and changes in the financial landscape, the 2022 State Budget offered little investment in environmental initiatives. The Community Power Hubs was one of many programs on the chopping block. This has disappointed the local energy organisations, sustainability groups and community members who benefited from or delivered this short-lived program. Subsequently, Hepburn Energy has collaborated with the Coalition for Community Energy and Friends of the Earth Melbourne to call for ongoing baseline funding. Over this period the collective efforts secured 827 signatures on letters to the Minister for Environment and Climate Action, Lily D’Ambrosio, and several community energy groups have been communicating with their local Members of Parliament on this issue.

Community Energy Target

Hepburn Energy has continued to advocate for a Victorian Community Energy Target and a financial mechanism to support the sector. After a significant push on this policy in 2021, we saw several positive signs of progress this

financial year. Following our 2021 submission, the State Government’s Report for the Parliamentary Inquiry into Tackling Climate Change in Victorian Communities provided in-principal support for a Community Energy Target and financial mechanism, recommending modeling to examine their cost and impact. Hepburn Energy also collaborated on a submission to the State Government’s Inquiry into Renewable Energy in Victoria. The inquiry report made community energy a key focus with their second recommendation being that the Victorian State Government introduce a Community Energy Target. To date, the State Government has not progressed this concept and it appears that community energy has been deprioritised in their portfolio.

Federal efforts

In 2021 Hepburn Energy sought to support the Member for Indi, Helen Haines’s, Australian Local Power Bills. These bills looked to introduce a new agency that would support the development of community energy projects, develop new hubs similar to Victoria’s recently defunded Community Power Hubs and produce an underwriting mechanism for new projects. Unfortunately, this bill was unsuccessful under the Liberal Government, despite broad interest and support. Since the election, the co-operative has been providing guidance around several Federal Government policy proposals to ensure they meet community needs and interests. Specifically, Hepburn Energy engaged

on the criteria and design of the Solar Banks and Community Battery programs. Furthermore, Hepburn Energy has been working with BCCM to build opportunities for co-operatives in the National Reconstruction Fund.

Submissions

Over the financial year, Hepburn Energy collaborated with C4CE to deliver submissions to the 2035 Emission Reductions Target Panel and the Inquiry into Renewable Energy in Victoria. The latter had involvement from community energy groups with 24 signing on in support of our submission. Both submissions highlighted the important role of community energy in building resilience and ensuring community members benefit from our state’s transition to a low emissions economy.

Our stakeholders

Engaging with our membership

On Tuesday 23 November 2021, Hepburn Energy held its second online Annual General Meeting, with 58 members in attendance. General Manager, Taryn Lane, presented the Hepburn Energy’s new brand and discussed future strategies to build resilience and future income streams. Full meeting minutes can be reviewed [here](#).

We completed our brand transition to Hepburn Energy, with the new Hepburn Energy website which launched in July. This website will act as both a diving board into co-operative products and a streamlined source of co-operative information for co-operative members and supporters.

Syndex transfer

A key focus for Hepburn Energy over the past year has been to improve member satisfaction. As part of these efforts, the co-operative began the process of bringing the share registry management in-house. To facilitate this, we are working with a software platform provider, Syndex. Syndex is a New Zealand based online platform that has worked with Australia’s peak body for Co-operatives and Mutuals, BCCM, to develop share registry solutions that meet the needs of this sector. The new Syndex platform will provide members with a cohesive and consistent process, managed in-house, offering more direct and immediate solutions to queries and issues. We expect the transition to the Syndex platform to be complete early 2023.

Engaging with our membership

Hepburn Energy management were excited to have more opportunities to meet and engage with community members over the 2022 financial year. This ranged from public meetings, conferences, and presentations to several webinars and online events.

Community Power Hubs

A large focus for this financial year was delivering the Hepburn Branch of the Grampians Community Power Hub. These hubs sought to support community members, facilities and organisations to install renewables, improve efficiency and other sustainability goals. Hepburn Energy delivered several projects and programs, including a Heat Pump Hot Water Bulk Buy, a social feasibility study on community batteries, and several energy and efficiency projects for community facilities. In total these projects will save approximately 94.97 tonnes of CO2 per annum helping our shire get on track to zero-net emissions by 2030. You can see these projects in detail below.

Heat Pump Hot Water Bulk Buy

The Heat Pump Hot Water Bulk-Buy commenced in October and was completed in March 2022. This initiative was a partnership project between Hepburn Energy and the Trentham based energy efficiency provider, t2zero. The bulk-buy offered affordable, quality heat pumps and tanks to help households save on energy and get off gas. This program was fully subscribed, selling 25 systems representing approximately \$147,000 in investment. The co-operative is looking to run another round in early 2023.

Neighbourhood Battery 'Community Sparks'

Community Sparks is a project led by the Central Victorian Greenhouse Alliance, funded by the State Government's Neighbourhood Battery initiative. This project seeks to assess the feasibility of community batteries across the Hepburn Shire and six partnering shires. Over the 2022 financial year, Hepburn Energy delivered the social feasibility component of this project. This involved delivering a survey and focus group, and then producing a summary report which was used to create community education resources. You can view the report and resources on the Hepburn Shire Council's Participate Hepburn Page [here](#).

Community energy and efficiency projects

Hepburn Energy supported six community facilities to scope, develop and secure funding to deliver energy and efficiency projects across the Shire. These are listed in the table to the right.

Achievements

Hepburn Energy was again one of B Corp's Best for the World™, under Community and Environment categories. This recognition means that we were within the top 5% of B Corps globally.

In October, the Smart Energy Council hosted the Race to Zero Summit in the run-up to the G20 summit in Rome and the GOP26 meeting in Glasgow. Hepburn Energy's General Manager, Taryn Lane, chaired a key session at this event with Chris Bowen MP, Andrew Barr, Lily D'Ambrosio MP and Simon Holmes à Court. In November, Hepburn Energy's General Manager Taryn Lane was recognised on the Victorian Women's Honour Roll under the Trailblazer category.

Project	Output	CO2 saved pa (tonnes)	Hepburn Energy contribution	Total value
Daylesford Dharma School	Solar 25.5kW	35.5	\$5,000	\$22,970
Trentham Golf Club	Battery 27kWh	11.40	\$3,000	\$30,858
Daylesford Historical Society	Solar 10.35kWh	16.70	\$2,000	\$14,189
Doxa Malmsbury	Solar 11.7kWh & off-grid software	16.56	\$5,500	\$34,890
Attitude Aging Well	Solar 4.68kW and 2 RCAC's	7.04	\$1,877	\$19,754
Hepburn Kindergarten	Solar 5.07kW and 9.6kWh battery	7.77	\$584	\$17,169
Bullarto Public Hall	Energy efficiency assessment	N/A	\$1,000	\$1,000
Heat Pump Hot Water Bulk-Buy	25 x Heat Pump Hot Water Systems	N/A		\$175,000
Neighbourhood Battery Initiative	Social feasibility and community education materials	N/A	\$1,000	\$174,000
Totals	57.3kW solar, 36.6 kWh battery, 25 heat pumps, 2 RCACs	94.47		\$460,926

Hepburn Z-NET partnership projects

The collaborative community-wide partnership, Hepburn Z-NET, passed into its second phase over the financial year. Phase two will span from 2022 to 2024 and has a focus on working towards zero-net energy by 2025. To assess progress, the partnership conducted a whole-of-community electricity audit, finding that renewable electricity from solar and wind matched 42% of our Shire’s consumption. This was a 5% increase from the previous year. These new renewable energy sources offered a reduction from the 2018 emissions baseline of 70,715 tonnes of Co2 down to 35,640 tonnes. This resulted in a saving of 35,075 tonnes of Co2 across the community, or a 13.5% reduction on the full 2018 baseline of 262,041 (that includes all emissions sectors).

Hepburn Z-NET is guided by the Community Transition Plan, which contains both a detailed blueprint of existing emissions and an implementation plan to work towards zero-net emissions by 2030. This plan is overseen by a community Roundtable that reviews progress, looks for new opportunities and implements projects. Over the 2022 financial year there were 46 action areas making progress under this plan with a lot of movement in efficiency and renewables. There were also opportunities to bring agriculture and transport strategies through the ‘How Hepburn Shire farms can reach Z-NET’ Guide and EV charging projects. The financial benefit leveraged to date from the Z-NET activities is \$4,760,683 in community, philanthropic and government funding. The Z-NET website continues to be a one-stop-shop

for the community to engage with programs and projects which you can view [here](#).

As a key partner, Hepburn Energy has collaborated on several Hepburn Z-NET partnership projects, which you can read more about below.

A just climate transition
Hepburn Energy partnered with the University of New South Wales to deliver an Australian Research Council project looking at social justice frameworks for climate transition. This project commenced in 2022, with a desktop review and analysis being conducted on existing examples of such frameworks in the community climate space.

EV charging network
Australia’s largest EV charging network, Chargefox, partnered with Hepburn Energy and the Hepburn Shire Council to deliver three 50kW EV fast charging stations across the Hepburn Shire. Funded by the State Government’s Destination Charging Across Victoria program, these stations will be installed in Creswick, Hepburn Springs and Trentham by March 2023. Central Highlands Water will also be supporting this program, expanding the outcomes to an additional 24kW DC charger in Clunes.

Hepburn Solar Bulk-Buy
The Hepburn Solar Bulk-Buy continued their work across the shire, helping residents and businesses install solar. Over this period they installed 6 solar systems with a total capacity

of 35.62kW. The bulk-buy held two meetings in Daylesford in March and in Trentham in April. The program is currently under review and not taking orders for new solar systems.

Home Energy Assessments and Energy Savvy Upgrades

The Hepburn Home Energy Assessments and Energy Savvy Upgrades program finished at the end of the 2022 financial year. This program offered household energy assessments that were free for people experiencing energy stress. People on concessions could receive a co-contribution of up to \$880 dollars to go towards targeted upgrades. The program conducted 104 assessments and supported 65 upgrades over its duration.

Hepburn Z-NET Adaptation Extension

Hepburn Energy started working with the Hepburn Shire Council, Central Highlands Water and Djarra to extend the Hepburn Z-NET model to include climate adaptation. The Hepburn Z-NET community transition plan currently looks at mitigating emissions in stationary energy, agriculture, transport, waste and wastewater and land-use-change. By extending the pilot out to adaptation, the shire will be better placed to navigate the hurdles posed by climate change and build new tools and resources for other communities to draw on.

Impact Fund

Hepburn Energy’s new Impact Fund has replaced the former Community Grants program which funded 60 local projects with grants totaling over \$115,230 since 2011. The Impact Fund has twin goals, to contribute to the shire’s zero-net emissions target for 2030 and to enable a thriving, resilient community and ecosystem that can regenerate to climate change impacts. In 2022 the Impact Fund guidelines were updated to better reflect eligibility criteria and the process for applying. You can read the new guidelines [here](#).

Community Power Hub

Hepburn Energy’s Impact Fund was leveraged to help six community facilities participate in the State Governments Community Climate Change and Energy Action Program and the Hepburn Shire Councils Towards Zero Grants. These Government funding streams require ‘co-contributions’ (i.e the applicant contributing to the project funding pool). The co-operative provided small grants between \$500 - \$5,500 and liaised with other potential funders so these projects could satisfy co-contribution criteria.

Trentham Carbon Forestry Project

Trentham Sustainability Group is undertaking a regenerative forestry initiative called the Trentham Carbon Forestry Project, funded through the Hepburn Energy Impact Fund. This project aims to work with local landholders to increase sustainable woodlot management by building carbon sinks and enhancing biodiversity. The project has been delivered in partnership with wood4good, a central Victorian enterprise looking to support sustainable forestry practices.

Wattwatchers

Hepburn Energy continued its collaboration with Wattwatchers to support six Hepburn Shire schools to install demand management packages to help them monitor and save on energy. Through the Impact Fund, Hepburn Energy funded six schools a total of \$10,287 to install these packages at Daylesford Dharma School, St Michael’s, Daylesford College, Hepburn, Bullarto and Trentham Primary. You can learn more about the program [here](#).

Event Sponsorship

In the financial year the co-operative sponsored the Daylesford New Years Eve Parade for the annual parade with a prize for most sustainable float.



Significant items subsequent to preparation of the Statutory Accounts

No significant items to be reported.

Acknowledgments

Hepburn Energy benefits greatly from our relationships with many organisations whom we gratefully thank.

We are particularly grateful to Ron and Nathalie Liversidge, Vestas, Flow Power, Meridian Energy, Vestas, DELWP, Sustainability Victoria, The University of Newcastle, The University of Melbourne, BCCM, BAL Legal, Fulcrum3D, Middleton Group, Meralli Solar, Kinelli Solar, Enhar Consulting, O’Brien’s Electrical, DNV GL, Renew, The Difference Incubator, Share Connect, Central Victorian Greenhouse Alliance, Bendigo and Adelaide Bank, Powercor, Marsh Insurance Brokers, Re-Alliance, Friends of the Earth Melbourne, BREAZE, Hepburn Shire Council, Yes2Renewables, Coalition for Community Energy, Fire Management Consultants, SMA, Latitude Design, Marshall Day and CountPro. We are also indebted to countless others who have provided advice, reduced fees or support in other ways.



2022 Financials

Hepburn Community Wind Park Co-Operative Ltd

Hepburn Community Wind Park Co-operative Ltd

ABN 87 572 206 200

Financial Statements

For the Year Ended 30 June 2022



Prepared by CountPro Pty Ltd
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Hepburn Community Wind Park Co-operative Ltd
ABN 87 572 206 200

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For the Year Ended 30 June 2022

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Directors' Report
For the Year Ended 30 June 2022

Your directors present their report, together with the financial statements of the Group, being the Co-operative and its controlled entity, for the financial year ended 30 June 2022.

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Names	Position
Graham White	Chairperson
Mark Fogarty	Director
Linda Hancock	Director
Paul Houghton	Director
David Perry	Director
Stuart Read	Director
Justine Watson	Director

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated. Additional information on directors, their experience, special responsibilities and dates of election are included on page 4.

Staff

At 30 June 2022, the Group employed three part time staff:

- Taryn Lane (General Manager)
- Carlena D'Arma (Community Officer)
- Marie Lakey (Communications and Projects Officer)

Principal activities

The principal activities of the Group over the course of the financial year were to:

- operate the wind farm comprising two wind turbines at Leonards Hill in Victoria,
- develop a solar farm and battery storage facility at Leonards Hill in Victoria, and
- optimise wind farm operations and the Co-operative functions.

No significant change in the nature of these activities occurred during the year.

Directors' Report
For the Year Ended 30 June 2022

Operating results and review of operations

The Group's earnings before interest, taxes, depreciation and amortisation were \$659,135 (2021: EBITDA of 1,014,961) representing earnings of 6.97 cents per share (2021: 10.73 cents per share).

After allowing for significant depreciation of capital items and interest expenses the result was a consolidated profit after tax for the year of \$58,087 (2021: consolidated profit of \$354,546).

In the previous year the Group received grants as part of the High Voltage Capital Assistance program, \$970,264 of grants received was recorded as income in the prior year.

The table below summarises the operating result of the Group:

	2022	2021
	\$	\$
Income	1,349,113	1,595,706
Expenses	(689,978)	(580,745)
Earnings before interest, taxes, depreciation and amortisation	659,135	1,014,961
Interest	(19,188)	(18,551)
Operating profit before depreciation, amortisation and income tax	639,947	996,410
Depreciation and amortisation	(545,569)	(510,079)
Operating profit before income tax	94,378	486,331
Income tax expense	(36,291)	(131,785)
Consolidated profit for the year	58,087	354,546

Dividends paid or recommended

No dividends were declared and paid during the 2022 financial year.

Significant changes in state of affairs

The following significant changes in the state of affairs of the Group occurred during the financial year:

During the year the Australian economy continued to be impacted by the COVID-19 pandemic and was also impacted by the Ukraine war. The spot market for electricity has continued to experience significant volatility.

The reductions in the market prices for LGCs and wholesale electricity during the year had a material impact on the revenue of the Group. However, high pricing events at the end of the financial year contributed too the positive outcome for the year.

Directors' Report
For the Year Ended 30 June 2022

Matters or circumstances arising after the end of the year

Subsequent to the end of the reporting period, the Australian economy has continued to be impacted by the COVID-19 pandemic and the Ukraine war.

On 13 September 2022 the Department of Land, Water and Planning issued Permit PA2000999 for the Hepburn Energy Park for the development of a 5MW AC solar farm and 10MWh battery storage facility, to be co-located at the Leonards Hill wind farm site.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Environmental issues

The Group's operations are subject to significant environmental regulations under the laws of the Commonwealth of Australia and the State of Victoria. As a condition of the wind farm's planning permit, the Group has implemented the following plans:

- (i) Environmental Management Plan
- (ii) Bird and Bat Monitoring Plan
- (iii) Preliminary Off-site Landscaping and Visual Screening Plan
- (iv) On-site Landscape and Visual Screening Plan
- (v) Heritage Management Protection Plan
- (vi) Fire Management Plan
- (vii) Noise Compliance Plan

Where applicable, these plans have been endorsed by Hepburn Shire Council as the responsible planning authority. The plans have been implemented by the Group to the satisfaction of the responsible authority.

Indemnification and insurance of officers

Insurance premiums were paid during the financial year for indemnity insurance for directors and officers of the Co-operative and its controlled entities.

Proceedings on behalf of the Co-operative

No person has applied for leave of court to bring proceedings on behalf of the Co-operative or its controlled entity or intervene in any proceedings to which the Co-operative or its controlled entity is a party for the purpose of taking responsibility on behalf of the Co-operative or its controlled entity for all or any part of those proceedings.

The Co-operative and its controlled entity were not a party to any such proceedings during the year.

Directors' Report
For the Year Ended 30 June 2022

Information on Directors

Director	Experience & Special Responsibilities	Elected
Graham White	<p>Graham is a Mechanical Engineer and has worked in aerospace and energy industries for over 40 years. He has a Bachelor of Engineering (Thermodynamics and Aeronautics) from Carleton University in Ottawa and a Masters in Engineering Science (Solar) from the University of Western Australia.</p> <p>Graham has worked extensively in a number of countries including significant periods in Canada, Australia, Papua New Guinea, New Zealand and India. Graham was the Managing Director of Garrad Hassan (Australasia), a renewable energy consultancy company for 15 years. During this period he was involved in many wind farm and solar projects, including tasks for the development of the Hepburn Wind project. Graham has recently retired and lives in Woodend.</p> <p>Chairperson. Member of the Operations Committee and Future Generation Working Group.</p>	<p>Appointed 19 May 2015</p> <p>Elected 7 November 2015</p> <p>Re-elected 3 November 2018</p> <p>Re-elected 2021</p> <p>Elected chairperson 25 September 2018</p>
Mark Fogarty	<p>Mark has over 20 years of experience in clean energy development, from origination, financing and regulatory perspectives. He is passionate about clean energy projects working with community and agricultural stakeholders. Mark's technical skills include legal, governance and financial management.</p> <p>Member of the Finance & Risk Committee and Future Generation Working Group</p>	<p>Appointed 19 December 2018</p> <p>Elected 16 November 2019</p>
Linda Hancock	<p>Linda has had a long career working in corporate social responsibility for social and environmental sustainability. She is currently a Chief Investigator of the Australian Research Council Centre for Excellence in Electro Materials Science (ACES). Linda has worked on the board of governors of ACOSS and VCOSS and has resided in Daylesford since the 1980s.</p> <p>Member of the Finance & Risk Committee and Future Generation Working Group.</p>	<p>Elected 10 November 2017</p> <p>Re-elected 2021</p>
Paul Houghton	<p>Paul's key areas of knowledge and experience are in business development, finance and project management. Over the past 15 years, Paul has managed his own accommodation business, developing close links within the local area. Paul has lived in Daylesford for 19 years.</p> <p>Member of the Finance & Risk Committee and Future Generation Working Group.</p>	<p>Elected 10 November 2017</p> <p>Re-elected 21 November 2020</p>

Directors' Report
For the Year Ended 30 June 2022

Director	Experience & Special Responsibilities	Elected
David Perry	David holds a PhD in Auditory Neuroscience, and a Bachelor Degree in Electrical Engineering, both from the University of Melbourne. He has worked across medicine, agriculture and energy and is CTO and co-founder of BOOMPower, a software company that helps asset managers understand, procure and verify solar and energy efficiency solutions. David and his partner live in Malmsbury. Member of the Operations Committee; Health, Safety & Environment Committee and Future Generation Working Group.	Elected 6 November 2011 Re-elected 15 November 2014 Re-elected 10 November 2017 Re-elected 21 November 2020
Stuart Read	Stuart has developed expertise in board governance through his role as Company Secretary of Superpartners, Australia's largest industry superannuation fund. Graduating from Melbourne University with a BA and LLB he has since completed two Graduate Diploma's – in organisational dynamics and corporate governance. Stuart is a Castlemaine resident. Member of the Finance & Risk Committee; Health, Safety & Environment Committee and the Communications Committee.	Elected 10 November 2017 Re-elected 16 November 2019
Justine Watson	Justine has been working in public sector executive teams, leading transformational and regulatory change programs. She serves on the board of the More To Life Foundation and is a founding member of the Compassionate Ballarat Steering Group and holds Australian Public Service Medal for Strategy Leadership. Justine currently lives in Daylesford. Member of the Communications Committee.	Appointed 19 December 2018 Elected 16 November 2019

Meetings of directors

During the financial year 6 meetings of directors were held (excluding meetings of committees). Attendances by each director during the year were as follows:

	Directors' Meetings	
	Meetings attended	Meetings eligible to attend
Graham White	6	6
Mark Fogarty	4	6
Linda Hancock	5	6
Paul Houghton	6	6
David Perry	5	6
Stuart Read	5	6
Justine Watson	4	6


Directors' Report
For the Year Ended 30 June 2022

Auditor's independence declaration

The auditor's independence declaration for the year ended 30 June 2022, in accordance with section 307C of the *Corporations Act 2001*, has been received and can be found on page 7 of the financial report.

Signed in accordance with a resolution of the Board of Directors:


Director:
Graham White


Director:
David Perry

Dated: 25 October 2022

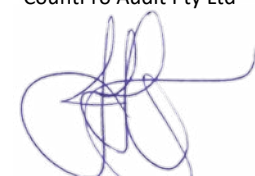
Hepburn Community Wind Park Co-operative Ltd
ABN 87 572 206 200

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Hepburn Community Wind Park Co-operative Ltd and Controlled Entities

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

CountPro Audit Pty Ltd
CountPro Audit Pty Ltd



Jason Hargreaves
Director

180 Eleanor Drive, Lucas, VIC 3350

Dated: 17 October 2022

Hepburn Community Wind Park Co-operative Ltd
ABN 87 572 206 200

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2022

	Note	Consolidated		Parent	
		2022	2021	2022	2021
		\$	\$	\$	\$
Revenue	3	1,349,113	1,595,706	339,072	532,507
Administrative expenses	4	(85,286)	(78,414)	(59,431)	(50,916)
Communications, public meetings and events	5	(7,694)	(2,320)	(7,694)	(2,320)
Personnel expenses	6	(154,533)	(110,375)	(154,533)	(110,375)
Depreciation and amortisation	7	(545,569)	(510,079)	(9,719)	(1,280)
Interest	8	(19,188)	(18,551)	(591)	-
Other operating expenses	9	(383,454)	(347,173)	(11,914)	(10,636)
Community contributions	10	(59,011)	(42,463)	(59,011)	(42,463)
Profit before income tax		94,378	486,331	36,179	314,517
Income tax (expense)/benefit	11	(36,291)	(131,785)	21,908	40,029
Profit for the year		58,087	354,546	58,087	354,546
Other comprehensive income:					
Other comprehensive income for the year, net of tax		-	-	-	-
Total comprehensive income for the year		58,087	354,546	58,087	354,546

The accompanying notes form part of these financial statements.

Statement of Financial Position
As At 30 June 2022

	Note	Consolidated		Parent	
		2022	2021	2022	2021
		\$	\$	\$	\$
Assets					
Current Assets					
Cash and cash equivalents	12	428,378	741,232	122,696	186,220
Current tax assets	20(a)	35,251	-	113,206	119,800
Trade and other receivables	13	412,882	181,153	73,481	5,080
Inventories	14	55,670	34,251	-	-
Other financial assets	15	1,682,008	1,677,337	1,682,008	1,677,337
Total Current Assets		2,614,189	2,633,973	1,991,391	1,988,437
Non-Current Assets					
Investments in subsidiaries	16	-	-	20	20
Loans to related entities	17	-	-	8,066,961	7,998,849
Property, plant and equipment	18	7,617,088	7,949,515	57,275	20,004
Right-of-use assets	19(a)	723,043	749,272	8,438	16,877
Deferred tax assets	20(b)	22,186	1,465	5,944	4,980
Total Non-Current Assets		8,362,317	8,700,252	8,138,638	8,040,730
Total Assets		10,976,506	11,334,225	10,130,029	10,029,167
Liabilities					
Current Liabilities					
Current tax liabilities	20(c)	-	44,071	-	-
Trade and other payables	21	91,034	496,416	26,475	12,960
Provisions	22	121,288	80,426	121,288	80,426
Lease liabilities	19(b)	17,893	16,778	8,628	8,249
Total Current Liabilities		230,215	637,691	156,391	101,635
Non-Current Liabilities					
Borrowings	23	1	1	-	-
Lease liabilities	19(b)	372,652	377,629	-	8,628
Provisions	22	402,146	400,968	2,146	968
Total Non-Current Liabilities		774,799	778,598	2,146	9,596
Total Liabilities		1,005,014	1,416,289	158,537	111,231
Net Assets		9,971,492	9,917,936	9,971,492	9,917,936

The accompanying notes form part of these financial statements.

Statement of Financial Position
As At 30 June 2022

	Note	Consolidated		Parent	
		2022	2021	2022	2021
		\$	\$	\$	\$
Equity					
Issued capital	24	9,465,911	9,470,442	9,465,911	9,470,442
Retained earnings		505,581	447,494	505,581	447,494
Total Equity		9,971,492	9,917,936	9,971,492	9,917,936

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2022

	Consolidated			
	Members capital	Share premium reserve	Retained earnings	Total
	\$	\$	\$	\$
2022				
Balance at 1 July 2021	9,459,495	10,947	447,494	9,917,936
Profit attributable to members of the group	-	-	58,087	58,087
Shares issued during the year	1,100	110	-	1,210
Shares bought back during the year	(5,741)	-	-	(5,741)
Prior year adjustment	(700)	700	-	-
Balance at 30 June 2022	9,454,154	11,757	505,581	9,971,492
2021				
Balance at 1 July 2020	9,940,110	9,301	361,366	10,310,777
Profit attributable to members of the group	-	-	354,546	354,546
Shares issued during the year	16,460	1,646	-	18,106
Shares bought back during the year	(497,075)	-	-	(497,075)
Dividends paid or provided for	-	-	(268,418)	(268,418)
Balance at 30 June 2021	9,459,495	10,947	447,494	9,917,936
	Parent			
	Members capital	Share premium reserve	Retained earnings	Total
	\$	\$	\$	\$
2021				
Balance at 1 July 2021	9,459,495	10,947	447,494	9,917,936
Profit attributable to members of the parent entity	-	-	58,087	58,087
Shares issued during the year	1,100	110	-	1,210
Shares bought back during the year	(5,741)	-	-	(5,741)
Prior year adjustment	(700)	700	-	-
Balance at 30 June 2022	9,454,154	11,757	505,581	9,971,492
2021				
Balance at 1 July 2020	9,940,110	9,301	361,366	10,310,777
Profit attributable to members of the parent entity	-	-	354,546	354,546
Shares issued during the year	16,460	1,646	-	18,106
Shares bought back during the year	(497,075)	-	-	(497,075)
Dividends paid or provided for	-	-	(268,418)	(268,418)
Balance at 30 June 2021	9,459,495	10,947	447,494	9,917,936

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Year Ended 30 June 2022

		Consolidated		Parent	
	Note	2022	2021	2022	2021
		\$	\$	\$	\$
Cash flows from operating activities:					
Receipts from customers		1,101,944	1,014,183	87,340	31,006
Payments to suppliers and employees		(690,508)	(634,019)	(241,844)	(246,518)
Interest received		4,742	21,905	4,709	21,861
Income tax (paid)/received		(136,332)	(65,490)	27,539	81,779
Net cash provided by/(used in) operating activities	25	279,846	336,579	(122,256)	(111,872)
Cash flows from investing activities:					
Purchase of property, plant and equipment		(583,498)	(630,235)	(38,551)	-
Repayments of/(proceeds from) related party loans		-	-	106,485	(583,734)
Payments for financial assets		(4,671)	(92,263)	(4,671)	(92,263)
Net cash provided/(used in) by investing activities		(588,169)	(722,498)	63,263	(675,997)
Cash flows from financing activities:					
Proceeds from share applications		1,210	6,160	1,210	6,160
Payments for share buy-backs		(5,741)	(497,075)	(5,741)	(497,075)
Dividends paid		-	(245,553)	-	(245,553)
Net cash used in financing activities		(4,531)	(736,468)	(4,531)	(736,468)
Net (decrease) in cash and cash equivalents held		(312,854)	(1,122,387)	(63,524)	(1,524,337)
Cash and cash equivalents at beginning of year		741,232	1,863,619	186,220	1,710,557
Cash and cash equivalents at end of financial year	12	428,378	741,232	122,696	186,220

The accompanying notes form part of these financial statements.

Notes to the Financial Statements
For the Year Ended 30 June 2022

The financial report includes the consolidated financial statements and notes of Hepburn Community Wind Park Co-operative Ltd and its controlled entity (the group) and the separate financial statements and notes of Hepburn Community Wind Park Co-operative Ltd as an individual parent entity (Parent). Hepburn Community Wind Park Co-operative is a for profit co-operative incorporated and domiciled in Australia.

The financial report was authorised for issue on 25 October 2022 by the directors of the Co-operative.

1 Summary of significant accounting policies

(a) Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Simplified Disclosures and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Hepburn Community Wind Park Co-operative Ltd at the end of the reporting period. A controlled entity is any entity over which Hepburn Community Wind Park Co-operative Ltd has the power to govern the financial and operating policies so as to obtain benefits from its activities.

Where controlled entities have entered or left during the year, the financial performance of those entities is included only for the period that they were controlled. A list of controlled entities is contained in Note 31 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the Group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

Notes to the Financial Statements
For the Year Ended 30 June 2022

(d) Inventories

The Group receives Large-scale Generation Certificates (LGCs) arising from its generation of renewable energy, which it holds available for sale. The LGCs have been valued using the Mercari Mid Point Index Spot Price at which the LGCs could be sold immediately following the balance date.

All other items of inventory are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(e) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Property

Land and buildings are measured at cost less accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis. Cost includes expenditure that is directly attributable to the asset.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a prime cost or diminishing value basis over the asset's useful life to commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Land is not depreciated.

Plant and grid connection assets are depreciated at a rate of 4% prime cost basis.
Office equipment assets are depreciated at rates of 13.33% - 66.66% diminishing value basis.

The asset's residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount.

Notes to the Financial Statements
For the Year Ended 30 June 2022

(f) Intangibles and amortisation

Amortisation is based on the cost of an asset less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(g) Financial instruments

Classification

On initial recognition the group classifies its financial assets, according to the basis on which they are measured, at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the group changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principle and interest on the principle amount outstanding.

The group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for financial assets measured at amortised cost.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the group's historical experience and informed credit assessment and including forward looking information.

The group uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

Notes to the Financial Statements
For the Year Ended 30 June 2022

The Group uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the group in full, without recourse by the group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the group in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables and contract assets

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The group has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expenses. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Group renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

(h) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(i) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Notes to the Financial Statements
For the Year Ended 30 June 2022

(j) Income tax

Hepburn Community Wind Park Co-operative Ltd and its wholly owned Australian subsidiaries have formed an income tax consolidated group. All members of the income tax consolidated group are taxed as a single entity.

The income tax expense (benefit) for the year comprises current income tax expense (benefit) and deferred tax expense (benefit). Each entity in the income tax consolidated group reports its contribution to the income tax expense (benefit) of the consolidated group. Tax losses incurred by members of the income tax consolidated group are applied to reduce any tax payable by the other entities in the income tax group prior to giving rise to deferred tax assets.

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (benefit) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting year. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Notes to the Financial Statements
For the Year Ended 30 June 2022

(k) Leases

At inception of a contract, the Group assesses whether a lease exists i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- the contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement (if the supplier has a substantive substitution right then there is no identified asset),
- the group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use, and
- the group has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Right-of-use asset

At the lease commencement, the Group recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Group believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

Lessee accounting

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Group's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured when there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Group's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Notes to the Financial Statements
For the Year Ended 30 June 2022

(l) Revenue and other income

Revenue is recognised under AASB 15 on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the group expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

- 1. Identify the contract with the customer
- 2. Identify the performance obligations
- 3. Determine the transaction price
- 4. Allocate the transaction price to the performance obligations
- 5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Group have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Grant income

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are initially credited to deferred income at fair value and are credited to income as the expenditure on the assets required to satisfy the grant conditions are met.

(m) Borrowing costs

Borrowing costs are recorded as intangible assets and are amortised over the shorter of the life of the related borrowings or five years.

Notes to the Financial Statements
For the Year Ended 30 June 2022

(n) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the relevant taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(o) Comparative figures

Comparative figures are consistent with prior years unless otherwise stated in the notes.

2 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Key estimates - impairment of property, plant and equipment

At the end of each reporting period the Group assesses impairment by evaluating conditions specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets based on various assumptions. These determinations and assessment may change as further information is obtained.

Key estimates - employee provisions

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Notes to the Financial Statements

For the Year Ended 30 June 2022

Key judgments - lease liability

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Association's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Association's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

	Consolidated		Parent	
	2022	2021	2022	2021
	\$	\$	\$	\$
3 Revenue				
Revenue from contracts with customers				
<i>Revenue from ordinary operations</i>				
Sale of goods	1,128,466	507,619	-	-
<i>Other revenue from contracts with customers</i>				
Grants	-	970,264	-	-
Total revenue from contracts with customers	1,128,466	1,477,883	-	-
Other revenue				
Community fund contributions	67,556	12,130	67,556	12,050
Dividend income	-	-	174,598	489,548
Interest income	6,413	11,443	6,368	11,403
Grants	90,000	40,000	75,000	-
Movement in inventories	21,419	27,935	-	-
Other income	35,259	26,315	15,550	19,506
	220,647	117,823	339,072	532,507
Total revenue	1,349,113	1,595,706	339,072	532,507

Notes to the Financial Statements

For the Year Ended 30 June 2022

	Consolidated		Parent	
	2022	2021	2022	2021
	\$	\$	\$	\$
Disaggregation of revenue from contracts with customers				
(a) Timing of revenue recognition				
At a point in time	1,128,466	1,477,883	-	-
	1,128,466	1,477,883	-	-
(b) Type of contract				
Sale of goods - Electricity	695,304	260,289	-	-
Sale of goods - Large-scale Generation Certificates	427,140	213,804	-	-
Sale of Goods - Transmission use of system income	6,022	33,526	-	-
Hight Voltage Capital Assistance Program grants	-	970,264	-	-
	1,128,466	1,477,883	-	-
4 Administrative expenses				
Accounting fees	16,840	16,715	8,620	8,408
Audit fees	5,825	6,150	2,912	3,075
Bank charges	661	790	412	190
Bookkeeping	7,397	7,626	3,698	3,768
Legal services	2,500	1,510	2,500	-
Management accounting expense	20,900	19,750	10,450	9,875
Office supplies and information technology	7,282	6,286	7,234	6,286
Secretarial fees	276	355	-	82
Share registry	6,132	18,750	6,132	18,750
Website expenses	17,473	482	17,473	482
	85,286	78,414	59,431	50,916

Notes to the Financial Statements
For the Year Ended 30 June 2022

	Consolidated		Parent	
	2022	2021	2022	2021
	\$	\$	\$	\$
5 Communications, public meetings and events				
Advertising	4,594	-	4,594	-
Contributions to landowner	100	-	100	-
Public events and meetings	2,648	1,965	2,648	1,965
Other communication expenses	352	355	352	355
	7,694	2,320	7,694	2,320
6 Personnel expenses				
Wages, salaries and contractors	136,983	113,530	136,983	113,530
Superannuation contributions	13,698	10,597	13,698	10,597
Movement in leave provisions	3,268	4,022	3,268	4,022
Workcover	584	534	584	534
HCAP capitalised wages	-	(18,308)	-	(18,308)
	154,533	110,375	154,533	110,375
7 Depreciation and amortisation				
Depreciation - plant and equipment	506,199	479,563	1,280	1,280
Depreciation - right-of-use asset	39,370	30,516	8,439	-
	545,569	510,079	9,719	1,280
8 Interest				
Interest paid	-	26	-	-
Interest expense on lease liabilities	19,188	18,525	591	-
	19,188	18,551	591	-
9 Other operating expenses				
Insurance	59,664	51,981	10,343	9,636
Licence fees	5,021	1,450	1,571	1,000
Municipal payment in lieu of rates	7,733	13,858	-	-
Wind farm operation	311,036	279,884	-	-
	383,454	347,173	11,914	10,636

Notes to the Financial Statements
For the Year Ended 30 June 2022

	Consolidated		Parent	
	2022	2021	2022	2021
	\$	\$	\$	\$
10 Community contributions				
Community fund grants	9,000	9,545	9,000	9,545
Energy fund	9,183	2,899	9,183	2,899
Local benefit program	900	1,400	900	1,400
Sponsorships	1,155	-	1,155	-
Provision for community fund programme	38,773	28,619	38,773	28,619
	59,011	42,463	59,011	42,463
11 Income tax expense				
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:				
Prima facie tax expense on profit before income tax at 25% (2021: 26%)	23,595	126,446	9,045	81,774
Add / (less) tax effect of:				
- Non-deductible expenses	3,003	2,481	3,003	2,481
- Non-taxable inter-company dividends	-	-	(43,649)	(127,282)
- Movement in non deductible provisions	9,693	7,441	9,693	7,441
- Non assessable cashflow boost	-	4,642	-	4,642
- Change in company tax rate	-	(59)	-	(199)
Income tax expense/(benefit)	36,291	131,785	(21,908)	(40,029)
12 Cash and cash equivalents				
Operating accounts	361,764	619,489	56,082	64,477
Short-term bank deposits	39,239	69,208	39,239	69,208
Community fund accounts	27,375	52,535	27,375	52,535
	428,378	741,232	122,696	186,220

Notes to the Financial Statements
For the Year Ended 30 June 2022

	Consolidated		Parent	
	2022	2021	2022	2021
	\$	\$	\$	\$
13 Trade and other receivables				
Trade receivables and accrued income	385,853	167,316	70,516	550
	385,853	167,316	70,516	550
Accrued interest income	2,179	508	2,165	506
GST receivable	-	-	-	4,024
Prepayments	24,050	13,329	-	-
Other receivables	800	-	800	-
	27,029	13,837	2,965	4,530
	412,882	181,153	73,481	5,080
14 Inventories				
Large-scale Generation Certificates	55,670	34,251	-	-
	55,670	34,251	-	-
15 Other financial assets				
Bank Term Deposits	1,682,008	1,677,337	1,682,008	1,677,337
	1,682,008	1,677,337	1,682,008	1,677,337
16 Investments in subsidiaries				
Leonards Hill Wind Operations Pty Ltd	-	-	20	20
	-	-	20	20
17 Loans to related entities				
Leonards Hill Wind Operations Pty Ltd	-	-	8,066,961	7,998,849
	-	-	8,066,961	7,998,849

Notes to the Financial Statements
For the Year Ended 30 June 2022

	Consolidated		Parent	
	2022	2021	2022	2021
	\$	\$	\$	\$
18 Property, plant and equipment				
Wind farm development, compliance and project management				
At cost	326,870	326,870	-	-
Accumulated depreciation	(123,625)	(110,551)	-	-
	203,245	216,319	-	-
Wind farm construction				
At cost	11,154,801	11,154,801	-	-
Accumulated depreciation	(5,147,309)	(4,701,270)	-	-
	6,007,492	6,453,531	-	-
Office and other equipment				
At cost	15,315	15,315	-	-
Accumulated depreciation	(12,494)	(11,140)	-	-
	2,821	4,175	-	-
Future energy generation projects				
At cost	360,338	186,566	63,960	25,409
Accumulated depreciation	(6,685)	(5,405)	(6,685)	(5,405)
	353,653	181,161	57,275	20,004
Rapid earth fault current limiter				
At cost	1,111,307	1,111,307	-	-
Accumulated depreciation	(61,430)	(16,978)	-	-
	1,049,877	1,094,329	-	-
Total property, plant and equipment	7,617,088	7,949,515	57,275	20,004

Notes to the Financial Statements
For the Year Ended 30 June 2021

(a) Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Wind farm development, compliance and project management	Wind farm construction	Office and other equipment	Future energy generation projects	Rapid earth fault current limiter	Total
	\$	\$	\$	\$	\$	\$
Year Ended 30 June 2022						
Balance at the beginning of year	216,319	6,453,531	4,175	181,161	1,094,329	7,949,515
Additions	-	-	-	173,772	-	173,772
Depreciation expense	(13,074)	(446,039)	(1,354)	(1,280)	(44,452)	(506,199)
Balance at end of year	203,245	6,007,492	2,821	353,653	1,049,877	7,617,088
Year Ended 30 June 2021						
Balance at the beginning of year	229,394	6,899,569	5,708	113,404	141,042	7,389,117
Additions	-	-	659	69,037	970,265	1,039,961
Depreciation expense	(13,075)	(446,038)	(2,192)	(1,280)	(16,978)	(479,563)
Balance at end of year	216,319	6,453,531	4,175	181,161	1,094,329	7,949,515

Notes to the Financial Statements
For the Year Ended 30 June 2022

19 Leases

The Group as a lessee

The group has leases over land and office space. Information relating to the leases in place and associated balances and transactions are provided below.

Terms and conditions of leases

The Group lease the farm land that the wind turbines are constructed on. The lease was renewed in July 2020 for a five year term, with the option of four more terms of five years. The Group has entered into a lease of office space for 12 months from 1 July 2021. The lease has an option of one additional term of one year.

	Consolidated		Parent	
	2022	2021	2022	2021
	\$	\$	\$	\$
(a) Right-of-use assets				
Right -of-use asset over land	806,509	793,368	-	-
Less accumulated depreciation	(91,904)	(60,973)	-	-
	714,605	732,395	-	-
Right-of-use asset over buildings	16,877	16,877	16,877	16,877
Less accumulated depreciation	(8,439)	-	(8,439)	-
	8,438	16,877	8,438	16,877
	723,043	749,272	8,438	16,877

Notes to the Financial Statements

For the Year Ended 30 June 2022

Movement in the carrying amounts for each class of right-of-use asset between the beginning and the end of the current financial year:

	Right-of-use asset over land	Right-of-use asset over building	Total
Consolidated	\$	\$	\$
Year ended 30 June 2022			
Balance at beginning of year	732,395	16,877	749,272
Revaluation due to changes in lease payments	13,141	-	13,141
Depreciation charge	(30,931)	(8,439)	(39,370)
Balance at end of year	714,605	8,438	723,043
Year ended 30 June 2021			
Initial adoption of AASB 16	762,911	-	762,911
Additions to right-of-use assets	-	16,877	16,877
Depreciation charge	(30,516)	-	(30,516)
Balance at end of year	732,395	16,877	749,272

(b) Lease liabilities

Current

	Consolidated 2022	Consolidated 2021	Parent 2022	Parent 2021
	\$	\$	\$	\$
Lease liabilities	17,893	16,778	8,628	8,249
	17,893	16,778	8,628	8,249

Non current

	Consolidated 2022	Consolidated 2021	Parent 2022	Parent 2021
	\$	\$	\$	\$
Lease liabilities	372,652	377,629	-	8,628
	372,652	377,629	-	8,628
	390,545	394,407	8,628	16,877

Notes to the Financial Statements

For the Year Ended 30 June 2022

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	Consolidated				Lease liabilities included in this Statement Of Financial Position
	< 1 year	1 - 5 years	> 5 years	Total undiscounted lease liabilities	
	\$	\$	\$	\$	\$
2022					
Lease liabilities	36,424	110,336	496,513	643,273	390,545
2021					
Lease liabilities	35,491	115,435	506,372	657,298	394,407

(c) Lease amounts in Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the Group is a lessee are shown below:

	Consolidated		Parent	
	2022	2021	2022	2021
	\$	\$	\$	\$
Interest expense on lease liabilities	19,188	18,525	591	-
Depreciation of right-of-use assets	39,370	30,516	8,439	-
	58,558	49,041	9,030	-

Notes to the Financial Statements
For the Year Ended 30 June 2022

	Consolidated		Parent	
	2022	2021	2022	2021
	\$	\$	\$	\$
20 Tax assets and liabilities				
(a) Current tax assets				
Provision for income tax	35,251	-	113,206	119,800
	35,251	-	113,206	119,800
(b) Deferred tax assets				
Deferred tax assets/(liabilities) comprise the tax effect of:				
Expenses not deductible until paid	7,967	6,957	7,967	6,957
Right-of-use asset	16,876	11,283	47	-
Differences in accounting and tax depreciation rates	(2,112)	(2,738)	(1,529)	(1,850)
Income not assessable until received	(545)	(14,037)	(541)	(127)
	22,186	1,465	5,944	4,980
(c) Current tax liabilities				
Provision for income tax	-	44,071	-	-
	-	44,071	-	-
21 Trade and other payables				
Trade payables	11,467	411,591	11,332	1,729
Accrued expense	-	64,250	-	-
GST payable	66,205	9,344	1,781	-
PAYG withholding payable	8,072	7,344	8,072	7,344
Superannuation payable	3,709	2,933	3,709	2,933
Other payables	1,581	954	1,581	954
	91,034	496,416	26,475	12,960

Notes to the Financial Statements
For the Year Ended 30 June 2022

	Consolidated		Parent	
	2022	2021	2022	2021
	\$	\$	\$	\$
22 Provisions				
Current				
Provision for leave entitlements	26,013	23,924	26,013	23,924
Provision for impact fund programme (i)	95,275	56,502	95,275	56,502
	121,288	80,426	121,288	80,426
Non current				
Provision for leave entitlements	2,146	968	2,146	968
Provision for making good leased land	400,000	400,000	-	-
	402,146	400,968	2,146	968
	523,434	481,394	123,434	81,394
(i) Impact fund				
The Co-operative operates a Impact Fund for the purpose of making contributions to local community groups. The Co-operative maintains a separate bank account on behalf of the Impact Fund. The balance of the Impact Fund account and transactions during the year are included in the statement of financial position and statement of comprehensive income of the Co-operative. The amounts applied to (by) the Impact Fund and the provision for the balance of funds available for use by the Impact Fund are set out below:				
	Consolidated		Parent	
	2022	2021	2022	2021
	\$	\$	\$	\$
Opening community fund balance	56,502	27,883	56,502	27,883
Contribution by Co-operative	30,000	30,000	30,000	30,000
Contributions by energy retailers	238	538	238	538
Other contributions	67,318	11,512	67,318	11,512
Site tours	-	400	-	400
Interest income	6	14	6	14
Grants to community groups	(16,673)	(9,545)	(16,673)	(9,545)
Sponsorships to community groups	(1,155)	-	(1,155)	-
Local benefit program	(900)	(1,400)	(900)	(1,400)
Energy fund	(1,510)	(2,900)	(1,510)	(2,900)
Energy fund asset purchases	(38,551)	-	(38,551)	-
	95,275	56,502	95,275	56,502

Notes to the Financial Statements
For the Year Ended 30 June 2022

	Consolidated		Parent	
	2022	2021	2022	2021
	\$	\$	\$	\$
23 Borrowings				
Bank Loans				
Bendigo and Adelaide Bank	1	1	-	-
	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>

The limit of the bank loan facility from Bendigo and Adelaide Bank at 30 June 2022 was \$500,000 (30 June 2021: \$500,000).

The Bendigo and Adelaide Bank holds the following securities in relation to the bank loan:

- Registered Mortgage Debenture over Leonards Hill Wind Operations Pty Ltd.
- Unlimited Guarantee and Indemnity from Hepburn Community Wind Park Co-operative Ltd.
- Mortgage of Lease incorporating right of access over property situated at Leonards Hill, Victoria in the name of Leonards Hill Wind Operations Pty Ltd.
- Registered Charge over Hepburn Community Wind Park Co-operative Ltd.

Notes to the Financial Statements
For the Year Ended 30 June 2022

	Consolidated		Parent	
	2022	2021	2022	2021
	\$	\$	\$	\$
24 Issued capital				
9,454,154 ordinary shares (2021: 9,459,495)	9,454,154	9,459,495	9,454,154	9,459,495
Share premium reserve	11,757	10,947	11,757	10,947
	<u>9,465,911</u>	<u>9,470,442</u>	<u>9,465,911</u>	<u>9,470,442</u>

Ordinary shares participate in dividends and the proceeds on winding up of the Co-operative in proportion to the number of shares held. At a meeting of shareholders of the Co-operative each member is entitled to one vote when a poll is called, regardless of the number of shares held.

Issued capital may be required to be treated as a liability if there is a right for members to request redemption, or if a member's funds must be repaid, for example as a result of the member not meeting the active member test. The rules of the Co-operative do not provide for members to request redemption, however, repayment of issued capital may be required within twelve months after a member has been inactive or uncontactable for three years. No issued capital is currently repayable and, accordingly, issued capital has been treated as equity.

Ordinary shares for which application was made after 1 July 2011 have been issued at a premium to the nominal value of \$1.00 per share. Any premium paid for shares issued are allocated to the share premium reserve.

	Consolidated		Parent	
	2022	2021	2022	2021
	No.	No.	No.	No.
(a) Ordinary shares				
At the beginning of the reporting period	9,459,495	9,940,110	9,459,495	9,940,110
Shares issued during the year	1,100	16,460	1,100	16,460
Shares bought back during the year	(5,741)	(497,075)	(5,741)	(497,075)
Prior year adjustment	(700)	-	(700)	-
At the end of the reporting period	<u>9,454,154</u>	<u>9,459,495</u>	<u>9,454,154</u>	<u>9,459,495</u>

Notes to the Financial Statements
For the Year Ended 30 June 2022

25 Cash flow information

Reconciliation of net profit for the year to cash flows provided by operating activities:

Profit for the year	58,087	354,546	58,087	354,546
Non-cash flows in profit:				
Depreciation and amortisation	506,199	479,563	1,280	1,280
Depreciation right-of-use asset	39,370	30,516	8,439	-
Inter-company dividends	-	-	(174,598)	(489,548)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:				
(Increase)/decrease in trade and other receivables	(231,729)	(533,017)	(72,425)	9,908
(Increase)/decrease in inventories	(21,419)	(27,935)	-	-
(Increase)/decrease in deferred taxes	(100,042)	66,295	(963)	(4,096)
(Increase)/decrease in current tax assets	-	-	6,594	45,846
Increase/(decrease) in lease liabilities	(17,003)	(8,126)	(8,249)	-
Increase/(decrease) in trade and other payables	4,343	(47,066)	17,539	(51,611)
(Increase)/decrease in provision for employee entitlements	3,267	4,023	3,267	4,023
(Increase)/decrease in provision for community fund grants	38,773	17,780	38,773	17,780
Cashflow from operations	279,846	336,579	(122,256)	(111,872)

26 Matters or circumstances arising after the end of the year

The Australian economy has continued to be impacted by the COVID-19 pandemic and the Ukraine war.

On 13 September 2022 the Department of Land, Water and Planning issued Permit PA2000999 for the Hepburn Energy Park for the development of a 5MW AC solar farm and 10MWh battery storage facility, to be co-located at the Leonards Hill wind farm site.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Notes to the Financial Statements
For the Year Ended 30 June 2022

27 Financial risk management

The Group's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, bank loans and overdrafts, loans to and from subsidiaries and leases.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Consolidated		Parent	
	2022	2021	2022	2021
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	428,378	741,232	122,696	186,220
Trade and other receivables	412,882	181,153	73,481	5,080
Other financial investments	1,682,008	1,677,337	1,682,008	1,677,337
Loans to related parties	-	-	8,066,961	7,998,849
Total financial assets	2,523,268	2,599,722	9,945,146	9,867,486
Financial Liabilities				
Trade and other payables	91,034	496,416	26,475	12,960
Borrowings	1	1	-	-
Total financial liabilities	91,035	496,417	26,475	12,960

28 Auditors' remuneration

Remuneration of the auditor, CountPro Audit Pty Ltd, for:

Audit and review of the financial statements	5,825	6,150	2,912	3,075
	5,825	6,150	2,912	3,075

Remuneration of related entity, CountPro Pty Ltd, for:

Accounting services	16,840	16,715	8,620	8,408
Management accounting services	20,900	19,750	10,450	9,875
	37,740	36,465	19,070	18,283
	43,565	42,615	21,982	21,358

Accounting and other non-assurance services include financial statement preparation, management reporting and a range of accounting and taxation services. Phillip Brown, Director of CountPro Pty Ltd, is engaged to provide these services. No person involved in the provision of audit services is involved in the provision of non-assurance services to the company.

Notes to the Financial Statements
For the Year Ended 30 June 2022

29 Related party transactions

Related parties

The Group's main related parties are as follows:

Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 30: Key Management Personnel Compensation.

Other related parties

Other related parties include immediate family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel, individually or collectively with their immediate family members.

Transactions with related parties

There were no transactions with related parties during the financial year.

30 Key management personnel compensation

The total remuneration paid to key management personnel of the Co-operative and its controlled entities was \$91,674 (2021: \$88,169).

31 Controlled entities

		2022	2021
	Country of Incorporation	Percentage Owned (%)*	Percentage Owned (%)*
Leonards Hill Wind Operations Pty Ltd	Australia	100	100

* Percentage of voting power is in proportion to ownership

32 Contingent assets and liabilities

In the opinion of the Directors, the Group did not have any contingent assets or liabilities at 30 June 2022 or 30 June 2021.

Notes to the Financial Statements
For the Year Ended 30 June 2022

33 Capital commitments

The Group has a capital commitment to the solar farm and battery storage facility located at the Leonards Hill wind farm site, approximantely \$207,000 was remaining to be spent on the project at 30 June 2022.

The Group also has a capital commitment for an EV Charging station in Daylesford for \$189,000, partially funded by DELWP (\$89,000), Hepburn Shire Council (\$45,000) with the balance to be paid by the Hepburn Impact Fund.

34 Co-operative details

The registered office and principal place of business of the Co-operative is:


Hepburn Community Wind Park Co-operative Ltd
Office 3
22-24 Howe Street
Daylesford Victoria 3460


Directors' Declaration

The directors of the Co-operative declare that:

- 1. The financial statements and notes, as set out on pages 8 to 38 are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards - Simplified Disclosures; and
 - b. give a true and fair view of the financial position as at 30 June 2022 and of the performance for the year ended on that date of the Co-operative and its controlled entities.
- 2. In the directors' opinion, there are reasonable grounds to believe that the Co-operative and its controlled entities will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director: 
Graham White

Director: 
David Perry

Dated: 25 October 2022



Hepburn Community Wind Park Co-operative Ltd

Independent Audit Report to the members of Hepburn Community Wind Park Co-operative Ltd

Opinion

We have audited the financial report of Hepburn Community Wind Park Co-operative Ltd (the Co-operative) and its controlled entities (the Group), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards - Simplified Disclosures and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Co-operative, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors for the Financial Report

The directors of the Co-operative are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

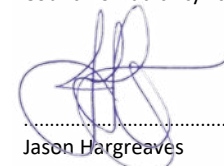
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

CountPro Audit Pty Ltd
CountPro Audit Pty Ltd


Jason Hargreaves
Director

180 Eleanor Drive, Lucas, VIC 3350

Dated: 25 October 2022

2022 Financials

Leonards Hill Wind

Operations Pty Ltd Ltd

Leonards Hill Wind Operations Pty Ltd
ABN 86 141 239 894

Financial Statements
For the Year Ended 30 June 2022



Prepared by CountPro Pty Ltd
180 Eleanor Drive
Lucas VIC 3350
www.countpro.com.au

Leonards Hill Wind Operations Pty Ltd
ABN 86 141 239 894

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For the Year Ended 30 June 2022

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Directors' Report
For the Year Ended 30 June 2022

Your directors present their report on Leonards Hill Wind Operations Pty Ltd for the financial year ended 30 June 2022.

Directors

The names of the directors in office at any time during, or since the end of, the year are:

David Perry	Appointed as a director 14 November 2014
Graham White	Appointed as a director 7 November 2015

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal activities

The principal activities of Leonards Hill Wind Operations Pty Ltd during the financial year were to:

- operate the wind farm comprising two wind turbines at Leonards Hill in Victoria,
- develop a solar farm and battery storage facility at Leonards Hill in Victoria, and
- optimise wind farm operations.

No significant changes in the nature of the entity's activity occurred during the financial year.

Operating results

The profit of the Company for the year after providing for income tax amounted to \$174,598 (2021: profit of \$489,548).

Dividends paid or recommended

Dividends were paid to the parent entity totalling \$174,598 during the year (2021: \$489,548).

Significant changes in state of affairs

The following significant changes in the state of affairs of the Company occurred during the financial year:

During the year the Australian economy continued to be impacted by the COVID-19 pandemic and was also impacted by the Ukraine war. The spot market for electricity has continued to experience significant volatility.

The reductions in the market prices for LGCs and wholesale electricity during the year had a material impact on the revenue of the Company. However, pricing events at the end of the financial year contributed too the positive outcome for the year.

Directors' Report
For the Year Ended 30 June 2022

Matters or circumstances arising after the end of the year

Subsequent to the end of the reporting period, the Australian economy has continued to be impacted by the COVID-19 pandemic and the Ukraine war.

On 13 September 2022, the Department of Land, Water and Planning issued Permit PA2000999 to the Hepburn Energy Park, for the development of a 5MW AC solar farm and 10MWh battery storage facility, to be co-located at the Leonards Hill wind farm site.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Environmental issues

The Company's operations are subject to significant environmental regulations under the laws of the Commonwealth of Australia and State of Victoria. As a condition of the wind farm's planning permit, the company has implemented the following plans:

- (i) Environmental Management Plan
- (ii) Bird and Bat Monitoring Plan
- (iii) Preliminary Off-site Landscaping and Visual Screening Plan
- (iv) On-site Landscape and Visual Screening Plan
- (v) Heritage Management Protection Plan
- (vi) Fire Management Plan
- (vii) Noise Compliance Plan

Where applicable, these plans have been endorsed by Hepburn Shire Council as the responsible planning authority. The plans have been implemented by the company to the satisfaction of the responsible authority.

Indemnification and insurance of officers

Insurance premiums were paid during the financial year for indemnity insurance for directors and officers of the company.

Proceedings on behalf of the company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

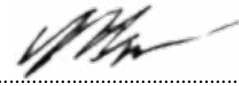
Leonards Hill Wind Operations Pty Ltd
ABN 86 141 239 894

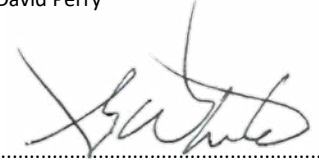
Directors' Report
For the Year Ended 30 June 2022

Auditor's independence declaration

The auditor's independence declaration for the year ended 30 June 2022, in accordance with section 307C of the *Corporations Act 2001*, has been received and can be found on page 4 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director: 
David Perry

Director: 
Graham White

Dated: 25 October 2022



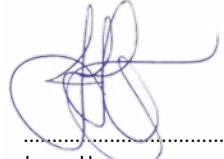
Leonards Hill Wind Operations Pty Ltd
ABN 86 141 239 894

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Leonards Hill Wind Operations Pty Ltd

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.


CountPro Audit Pty Ltd


Jason Hargreaves
Director

180 Eleanor Drive, Lucas, VIC 3350

Dated: 17 October 2022

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2022

	Note	2022 \$	2021 \$
Revenue	3	1,184,639	1,552,747
Administrative expenses	4	(25,855)	(27,498)
Depreciation and amortisation expense	5	(535,850)	(508,799)
Interest	6	(18,597)	(18,551)
Other operating expenses	7	(371,540)	(336,537)
Profit before income tax		232,797	661,362
Income tax expense	8	(58,199)	(171,814)
Profit for the year		174,598	489,548
Other comprehensive income:			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		174,598	489,548

The accompanying notes form part of these financial statements.

Statement of Financial Position
As At 30 June 2022

	Note	2022 \$	2021 \$
Assets			
Current Assets			
Cash and cash equivalents	9	305,682	555,012
Trade and other receivables	10	339,401	180,097
Inventories	11	55,670	34,251
Total Current Assets		700,753	769,360
Non-Current Assets			
Deferred tax assets	12(a)	16,242	-
Property, plant and equipment	13	7,559,813	7,929,511
Right-of-use assets	14(a)	714,605	732,395
Total Non-Current Assets		8,290,660	8,661,906
Total Assets		8,991,413	9,431,266
Liabilities			
Current Liabilities			
Provision for income tax	12(b)	77,956	163,871
Trade and other payables	15	64,558	487,480
Lease liabilities	14(b)	9,265	8,529
Total Current Liabilities		151,779	659,880
Non-Current Liabilities			
Deferred tax liabilities	12(c)	-	3,515
Borrowings	16	8,066,962	7,998,850
Lease liabilities	14(b)	372,652	369,001
Provisions	17	400,000	400,000
Total Non-Current Liabilities		8,839,614	8,771,366
Total Liabilities		8,991,393	9,431,246
Net Assets		20	20
Equity			
Issued capital	18	20	20
Total Equity		20	20

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
For the Year Ended 30 June 2022

	Issued capital	Retained earnings	Total
	\$	\$	\$
2022			
Balance at 1 July 2021	20	-	20
Profit attributable to members	-	174,598	174,598
Dividends paid	-	(174,598)	(174,598)
Balance at 30 June 2022	20	-	20
2021			
Balance at 1 July 2020	20	-	20
Profit attributable to members	-	489,548	489,548
Dividends paid	-	(489,548)	(489,548)
Balance at 30 June 2021	20	-	20

The accompanying notes form part of these financial statements.

Statement of Cash Flows
For the Year Ended 30 June 2022

	2022	2021
Note	\$	\$
Cash flows from operating activities:		
Receipts from customers	1,014,604	983,177
Payments to suppliers and employees	(448,663)	(387,502)
Interest received	33	44
Income tax paid	(163,871)	(147,269)
Net cash provided by operating activities	402,103	448,450
Cash flows from investing activities:		
Payments for property, plant and equipment	(544,947)	(630,235)
Net cash used in investing activities	(544,947)	(630,235)
Cash flows from financing activities:		
Net (repayments of) / proceeds from related party loans	(106,486)	583,734
Net cash (used in) / provided by financing activities	(106,486)	583,734
Net (decrease) / increase in cash and cash equivalents held	(249,330)	401,949
Cash and cash equivalents at beginning of year	555,012	153,063
Cash and cash equivalents at end of financial year	305,682	555,012

The accompanying notes form part of these financial statements.

Notes to the Financial Statements
For the Year Ended 30 June 2022

The financial statements are for Leonards Hill Wind Operations Pty Ltd as an individual entity. Leonards Hill Wind Operations Pty Ltd is a for profit proprietary company, incorporated and domiciled in Australia.

The financial statements were authorised for issue on 25 October 2022 by the Directors of the Company.

1 Summary of significant accounting policies

(a) Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Simplified Disclosures and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(c) Inventories

The company receives Large-scale Generation Certificates (LGCs) arising from its generation of renewable energy, which it holds available for sale. The LGCs have been valued using the Mercari Mid Point Index Spot Price at which the LGCs could be sold immediately following the balance date.

All other items of inventory are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Notes to the Financial Statements
For the Year Ended 30 June 2022

(d) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Property

Land and buildings are measured at cost less accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis. Cost includes expenditure that is directly attributable to the asset.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a prime cost or diminishing value basis over the asset's useful life to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Land is not depreciated.

The asset's residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount.

(e) Intangibles and amortisation

Amortisation is based on the cost of an asset less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Notes to the Financial Statements
For the Year Ended 30 June 2022

(f) Financial instruments

Classification

On initial recognition the company classifies its financial assets, according to the basis on which they are measured, at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principle and interest on the principle amount outstanding.

The company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the financial assets measured at amortised cost

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the company's historical experience and informed credit assessment and including forward looking information.

The company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Notes to the Financial Statements
For the Year Ended 30 June 2022

Credit losses are measured as the present value of the difference between the cash flows due to the company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables and contract assets

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The company has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expenses. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

(g) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Notes to the Financial Statements
For the Year Ended 30 June 2022

(h) Income tax

The company is a member of the Hepburn Community Wind Park Co-operative Ltd income tax consolidated group. All members of the income tax consolidated group are taxed as a single entity.

The income tax expense (benefit) for the year comprises current income tax expense (benefit) and deferred tax expense (benefit). Each entity in the income tax consolidated group reports its contribution to the income tax expense (benefit) of the consolidated group. Tax losses incurred by members of the income tax consolidated group are applied to reduce any tax payable by the other entities in the income tax group prior to giving rise to deferred tax assets.

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (benefit) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting year. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Notes to the Financial Statements
For the Year Ended 30 June 2022

(i) Leases

At inception of a contract, the Company assesses whether a lease exists i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- the contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement (If the supplier has a substantive substitution right then there is no identified asset),
- the company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use, and
- the company has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Right-of-use asset

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

Lessee accounting

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured when there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Notes to the Financial Statements
For the Year Ended 30 June 2022

(j) Revenue and other income

Revenue is recognised under AASB 15 on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

- 1. Identify the contract with the customer
- 2. Identify the performance obligations
- 3. Determine the transaction price
- 4. Allocate the transaction price to the performance obligations
- 5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Grant income

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are initially credited to deferred income at fair value and are credited to income as the expenditure on the assets required to satisfy the grant conditions are met.

(k) Borrowing costs

Borrowing costs are recorded as intangible assets and are amortised over the shorter of the life of the related borrowings or five years.

Notes to the Financial Statements
For the Year Ended 30 June 2022

(l) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the relevant taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(m) Comparative figures

Comparative figures are consistent with prior years unless otherwise stated in the notes.

2 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Key estimates - impairment of property, plant and equipment

At the end of each reporting period The Company assesses impairment by evaluating conditions specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets based on various assumptions. These determinations and assessment may change as further information is obtained.

Notes to the Financial Statements

For the Year Ended 30 June 2022

Key judgments - lease liability

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Association's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Association's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

	2022 \$	2021 \$
3 Revenue		
Revenue from contracts with customers		
<i>Revenue from ordinary operations</i>		
Sale of goods	1,128,466	507,619
<i>Other revenue from contracts with customers</i>		
Grants	-	970,264
	<u>1,128,466</u>	<u>1,477,883</u>
Other revenue		
Interest income	45	40
Grants	15,000	40,000
Movement in inventories	21,419	27,935
Other income	19,709	6,889
	<u>56,173</u>	<u>74,864</u>
	<u>1,184,639</u>	<u>1,552,747</u>

Disaggregation of revenue from contracts with customers

(a) Timing of revenue recognition

At a point in time	1,128,466	1,477,883
	<u>1,128,466</u>	<u>1,477,883</u>

Notes to the Financial Statements

For the Year Ended 30 June 2022

(b) Type of contract

Sale of goods - Electricity	695,304	260,289
Sale of goods - Large-scale Generation Certificates	427,140	213,804
Sale of goods - Transmission use of system income	6,022	33,526
High Voltage Capital Assistance Program grants	-	970,264
	<u>1,128,466</u>	<u>1,477,883</u>

4 Administrative expenses

Accounting fees	8,220	8,308
Audit fees	2,913	3,075
Bank charges	249	599
Bookkeeping	3,699	3,858
Legal services	-	1,510
Management accounting expense	10,450	9,875
Office supplies and information technology	48	-
Secretarial fees	276	273
	<u>25,855</u>	<u>27,498</u>

5 Depreciation and amortisation

Depreciation - plant and equipment	504,919	478,283
Depreciation - right-of-use asset	30,931	30,516
	<u>535,850</u>	<u>508,799</u>

Notes to the Financial Statements
For the Year Ended 30 June 2022

	2022 \$	2021 \$
6 Interest		
Bank interest	-	26
Interest expense on lease liabilities	18,597	18,525
	18,597	18,551
7 Other operating expenses		
Insurance	49,321	42,345
Licence fees	3,450	450
Municipal payment in lieu of rates	7,733	13,858
Wind farm operation	311,036	279,884
	371,540	336,537
8 Income tax expense		
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax payable on profit from ordinary activities before income tax at 25% (2021: 26%)	58,199	171,954
Less tax effect of change in company tax rate on deferred taxes	-	(140)
	58,199	171,814
9 Cash and cash equivalents		
Operating accounts	305,682	555,012
	305,682	555,012
10 Trade and other receivables		
Trade receivables	315,337	166,766
Accrued interest income	14	2
Prepayments	24,050	13,329
	339,401	180,097

Notes to the Financial Statements
For the Year Ended 30 June 2022

	2022 \$	2021 \$
11 Inventories		
Large-scale Generation Certificates	55,670	34,251
	55,670	34,251
12 Tax assets and liabilities		
(a) Deferred tax assets		
Deferred tax assets (liabilities) comprise the tax effect of:		
- Right-of-use asset	16,829	-
- Differences in accounting and tax depreciation rates	(583)	-
- Income not assessable until received	(4)	-
	16,242	-
(b) Current tax liabilities		
Provision for income tax	77,956	163,871
	77,956	163,871
(c) Deferred tax liabilities		
Deferred tax liabilities (assets) comprise the tax effect of:		
- Right-of-use asset	-	(11,284)
- Difference in accounting and tax depreciation rates	-	889
- Income not assessable until received	-	13,910
	-	3,515

Notes to the Financial Statements
For the Year Ended 30 June 2022

	2022	2021
	\$	\$
13 Property, plant and equipment		
Wind farm development, compliance and project management		
At cost	326,870	326,870
Accumulated depreciation	(123,625)	(110,551)
	203,245	216,319
Wind farm construction		
At cost	11,154,801	11,154,801
Accumulated depreciation	(5,147,309)	(4,701,270)
	6,007,492	6,453,531
Office and other equipment		
At cost	15,315	15,315
Accumulated depreciation	(12,494)	(11,140)
	2,821	4,175
Future energy generation projects		
At cost	296,378	161,157
	296,378	161,157
Rapid earth fault current limiter		
At cost	1,111,307	1,111,307
Accumulated depreciation	(61,430)	(16,978)
	1,049,877	1,094,329
Total property, plant and equipment	7,559,813	7,929,511

Notes to the Financial Statements
For the Year Ended 30 June 2022

(a) Movements in carrying amounts of property, plant and equipment

The movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Wind farm development, compliance and project management	Wind farm construction	Office and other equipment	Future energy generation projects	Rapid earth fault current limiter	Total
	\$	\$	\$	\$	\$	\$
Year ended 30 June 2022						
Balance at the beginning of year	216,319	6,453,531	4,175	161,157	1,094,329	7,929,511
Additions	-	-	-	135,221	-	135,221
Depreciation expense	(13,074)	(446,039)	(1,354)	-	(44,452)	(504,919)
Balance at the end of the year	203,245	6,007,492	2,821	296,378	1,049,877	7,559,813
Year ended 30 June 2021						
Balance at the beginning of year	229,394	6,899,569	5,708	92,120	141,042	7,367,833
Additions	-	-	659	69,037	970,265	1,039,961
Depreciation expense	(13,075)	(446,038)	(2,192)	-	(16,978)	(478,283)
Balance at the end of the year	216,319	6,453,531	4,175	161,157	1,094,329	7,929,511

Notes to the Financial Statements
For the Year Ended 30 June 2022

14 Leases

Company as a lessee

The Company has lease over land. Information relating to the leases in place and associated balances and transactions are provided below.

Terms and conditions of leases

The company leases the farm land that the wind turbines are constructed on. The lease was renewed in July 2020 for a five year term, with the option of four more terms of five years.

	2022 \$	2021 \$
(a) Right-of-use assets		
Right-of-use asset over land	806,509	793,368
Less accumulated depreciation	(91,904)	(60,973)
	<u>714,605</u>	<u>732,395</u>
The movement in carrying amounts for each class of right-of-use assets between the beginning and the end of the current financial year:		
	2022 \$	2021 \$
Balance at the beginning of the year	732,395	762,911
Revaluation due to changes in lease payments	13,141	-
Depreciation charge	(30,931)	(30,516)
	<u>714,605</u>	<u>732,395</u>

Notes to the Financial Statements
For the Year Ended 30 June 2022

	2022 \$	2021 \$
(b) Lease liabilities		
Current		
Lease liabilities	9,265	8,529
	<u>9,265</u>	<u>8,529</u>
Non current		
Lease of land	372,652	369,001
	<u>372,652</u>	<u>369,001</u>
	<u>381,917</u>	<u>377,530</u>

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year \$	1 - 5 years \$	> 5 years \$	Total undiscounted lease liabilities \$	Lease liabilities included in this Statement Of Financial Position \$
2022					
Lease liabilities	27,584	110,336	496,513	634,433	381,917
2021					
Lease liabilities	26,651	106,605	506,372	639,628	377,530

(c) Lease amounts in Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the Company is a lessee are shown below:

	2022 \$	2021 \$
Interest expense on lease liabilities	18,597	18,525
Depreciation of right-of-use assets	30,931	30,516
	<u>49,528</u>	<u>49,041</u>

Notes to the Financial Statements
For the Year Ended 30 June 2022

	2022	2021
	\$	\$
15 Trade and other payables		
Trade payables	134	409,862
Accrued expense	-	64,250
GST payable	64,424	13,368
	<u>64,558</u>	<u>487,480</u>
16 Borrowings		
Loans from related entity:		
Hepburn Community Wind Park Co-operative Ltd	8,066,961	7,998,849
Bank loans:		
Bendigo & Adelaide Bank Ltd	1	1
	<u>8,066,962</u>	<u>7,998,850</u>

The limit of the bank loan facility from Bendigo & Adelaide Bank Ltd at 30 June 2022 was \$500,000 (30 June 2021: \$500,000).

The Bendigo & Adelaide Bank Ltd holds the following security in relation to the bank loan facility:

- Registered Mortgage Debenture over Leonards Hill Wind Operations Pty Ltd.
- Unlimited Guarantee and Indemnity from Hepburn Wind Park Co-operative Ltd.
- Mortgage of Lease incorporating right of access over property situated at Leonards Hill, Victoria.
- Registered Charge over Hepburn Community Wind Park Co-operative Ltd.

Notes to the Financial Statements
For the Year Ended 30 June 2022

	2022	2021
	\$	\$
17 Provisions		
Provision for making good leased land	400,000	400,000
	<u>400,000</u>	<u>400,000</u>
18 Issued capital		
20 ordinary shares (2021: 20 ordinary shares)	20	20
	<u>20</u>	<u>20</u>
19 Dividends		
Dividends were declared and paid to the parent entity during the 2022 financial year totalling \$174,598 (2021: \$489,548).		
20 Cash flow information		
Reconciliation of net result for the year to cash flows provided by operating activities:		
Profit for the year	174,598	489,548
Non-cash flows in profit:		
Depreciation and amortisation	504,919	478,283
Depreciation right-of-use asset	30,931	30,516
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(159,304)	(542,925)
(Increase)/decrease in inventories	(21,419)	(27,935)
Increase/(decrease) in lease liabilities	(8,754)	(8,126)
Increase/(decrease) in trade and other payables	(13,196)	4,544
Increase/(decrease) in income taxes payable	(85,915)	16,602
Increase/(decrease) in deferred taxes payable	(19,757)	7,943
	<u>402,103</u>	<u>448,450</u>

Notes to the Financial Statements
For the Year Ended 30 June 2022

21 Matters or circumstances arising after the end of the year

Subsequent to the end of the reporting period, the Australian economy has continued to be significantly impacted by the COVID-19 pandemic. The wholesale electricity prices has continued to be significantly reduced and there is inherent uncertainty in relation to when the impact of the pandemic on prices may end.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

22 Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, bank loans and overdrafts, loans to and from subsidiaries and leases.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	2022 \$	2021 \$
Financial Assets		
Cash and cash equivalents	305,682	555,012
Trade and other receivables	339,401	180,097
Total financial assets	645,083	735,109
Financial Liabilities		
Trade and other payables	64,558	487,480
Borrowings	8,066,962	7,998,850
Total financial liabilities	8,131,520	8,486,330

Notes to the Financial Statements
For the Year Ended 30 June 2022

	2022 \$	2021 \$
23 Auditors' remuneration		
Remuneration of the auditor, CountPro Audit Pty Ltd, for: Audit and review of the financial statements	2,913	3,075
	2,913	3,075
Remuneration of related entity, CountPro Pty Ltd, for: Accounting services Management accounting services	8,220 10,450	8,308 9,875
	18,670	18,183
	21,583	21,258

Accounting and other non-assurance services include financial statement preparation, management reporting and a range of accounting and taxation services. Phillip Brown, Director of CountPro Pty Ltd, is engaged to provide these services. No person involved in the provision of audit services is involved in the provision of non-assurance services to the company.

24 Related party transactions

Related parties

The Company's main related parties are as follows:

Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel.

Other related parties

Other related parties include immediate family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel, individually or collectively with their immediate family members.

Other companies in the Group

The Company is a wholly owned subsidiary of Hepburn Wind Park Co-operative Ltd (the Parent).

Notes to the Financial Statements
For the Year Ended 30 June 2022

Transactions with related parties

The following transactions occurred with related parties during the financial year.

Payments to related parties

The company recorded dividends during the year of \$174,598 (2021: \$489,548) to the Parent. The dividends were offset against amounts owing between the entities.

Loans from related parties

The Company has loans payable to the Parent originally arising from the contributions by the Parent towards the establishment of the wind farm. The amount owing to the Parent at 30 June 2022 is \$8,066,971 (30 June 2021: \$7,998,849). The loan is an unsecured loan and no interest is charged on the loan. During the 2022 financial year there were net drawdowns on the loan resulting in an increase in the loan of \$68,122 (2021: net repayments resulting in a reduction in the loan of \$1,073,282).

Other transactions with related parties

The Parent provides staff and administrative support to the Company to facilitate the operation of the wind farm at no charge to the Company.

25 Contingent assets and liabilities

In the opinion of the directors the Company did not have any contingent assets or liabilities at 30 June 2022 or 30 June 2021.

26 Capital commitments

The Company has a capital commitment to the solar farm and battery storage facility located at the Leonards Hill wind farm site, approximately \$207,000 was remaining to be spent on the project at 30 June 2022.

27 Company details


The registered office and principal place of business of the company is:
Leonards Hill Wind Operations Pty Ltd
Office 3
22-24 Howe Street
Daylesford VIC 3460

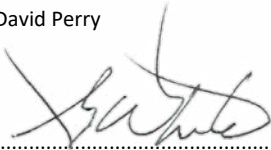
Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 5 to 29, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards - Simplified Disclosures; and
 - b. give a true and fair view of the financial position as at 30 June 2022 and of the performance for the year ended on that date of the Company.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director: 
David Perry

Director: 
Graham White

Dated: 25 October 2022

Leonards Hill Wind Operations Pty Ltd

Independent Audit Report to the members of Leonards Hill Wind Operations Pty Ltd

Opinion

We have audited the financial report of Leonards Hill Wind Operations Pty Ltd (the Company), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2022 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards - Simplified Disclosures and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

CountPro Audit Pty Ltd
CountPro Audit Pty Ltd

Jason Hargreaves
Director

180 Eleanor Drive, Lucas, VIC 3350

Dated: 25 October 2022

