

Make the shift Annual Report 2023

The future of community energy

Generating Results

Hepburn Energy owns and operates Australia's first community-owned wind farm. We create environmental, economic and social benefits for members, neighbours and community. Together with the local community, we are leading the transition to a clean energy future and working to showcase to other communities a successful community energy model.

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 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 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 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 - 12 years in!

118,709MWh

Total energy generated, 118,709MWh abating 123,926 tonnes of CO2

\$876,479

Public partnerships this year \$876,479

\$405,436

3rd dividend distribution \$405,436

Dear members,

A core focus area over FY2023 has been completing the development phase of our solar farm and community battery, both to be co-located at the wind farm. In May, we were successful in our application to the Federal Government’s Community Batteries for Household Solar initiative. This funding will enable us to progress Stage 1 of our planned battery development. Simultaneously, we’ve been preparing for the Federal Government’s Solar Banks program, which we expect to be released sometime in FY2024. Both the solar and community battery projects have required significant planning and coordination to align with funding opportunities. At the AGM in November 2022, members passed a rule change to enable the co-operative to be ready for these programs creating two new member classes, Community Solar and Community Battery.

The energy market has been highly volatile over the past year. This has been bad news for electricity customers and many generators. With periods of very high, low and negative pricing, the co-operative has been enacting strategies to stabilise our income; with solar and battery developments, several retail offers and deploying smart technology at the wind farm. The increasing occurrence of negative pricing events has signaled the importance of our co-located community battery to help maximise generation capacity and minimise losses either through curtailment or turn-down events.

We have now deployed our pilot retail offers for Community (residential customers), SMEs and our Micro Power Purchase Agreements (PPA) for commercial/industrial customers. These offers will help provide income certainty while offering participating customers a competitive price for 100% GreenPower electricity. We’d like to thank the members who have signed up for the trial community electricity offer.

This financial year has also been a busy time for our community work. We were excited to join locals and members at several face-to-face events, attending local EV and sustainability days and hosting our own ‘Hepburn Switch’ event. This event drew close to 100 community members to learn about our partnership programs, the EV Bulk-Buy, Heat Pump Hot Water Bulk-Buy and Hepburn Z-NET. These partnership projects made great inroads over the year, with community members purchasing eight EVs and 78 Heat Pump Hot Water systems. Our Impact Fund also supported the deployment of another two EV charging stations, one in Hepburn Springs and another in Creswick, through the Destination Charging Across Victoria program from the State Government.

Finally, another big change has been a transition in our board members. Over the year, we said goodbye to Stuart Read and Justine Watson, who after several years of dedicated service, are moving on to new projects. We’d like to thank Justine and Stuart for their contribution and we’re pleased to welcome Michael Sneddon to the board as an independent director. We would also like to express our gratitude to our working group members Turlough Guerin, John Franklin and Emma Harvey who all support the robustness of our governance model.

Your board,

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

Performance highlights

- Battery grant secured
- Completed NBI, Community Power Hub and other major projects
- Piloted Community Retailing Offer
- Delivered 2 new EV charging stations

	FY2023	FY2022	Variance	Variance %
Revenue and income				
Electricity Sales	\$752,244	\$701,326	\$50,918	7%
Renewable energy certificate sales	\$437,375	\$427,140	\$10,235	2%
Movement in LGC's on hand	\$85,864	\$21,419	\$64,445	301%
Combined generation income	\$1,275,483	\$1,149,885	\$125,598	11%
Grant revenue	\$205,940	\$90,000	\$115,940	129%
Other revenue	\$264,235	\$109,228	\$155,007	142%
Total revenue	\$1,745,658	\$1,349,113	\$396,545	29%
Market value				
Electricity generated (per MWh)	\$75.52	\$65.51	\$10.01	15.3%
Certificates created	\$59.68	\$51.83	\$7.85	15.1%
All-in value (1)	\$133.40	\$115.78	\$17.62	15.2%
Outgoings				
Operating expenses	\$641,274	\$630,967	\$10,307	2%
Impact fund, sponsorships and local benefits (2)	\$34,043	\$20,238	\$13,805	68%
Finance expenses	\$21,485	\$19,188	\$2,297	0%
Total outgoings excluding depreciation and provisions	\$696,802	\$670,393	\$26,409	4%
Financial Performance				
Group EBITDA	\$1,057,104	\$659,135	\$397,969	60%
EBITDA cents per share	11.42	6.97	4.45	64%
Group earnings before depreciation (3)	\$1,035,619	\$639,947	\$395,672	62%
Depreciation	\$548,654	\$545,569	\$3,085	1%
Net profit before tax	\$486,965	\$94,378	\$392,587	416%
Income tax expense	\$127,471	\$36,291	\$91,180	251%
Net profit after tax	\$359,494	\$58,087	\$301,407	519%
Loan outstanding	\$1	\$1	-	0%
Operations				
Wind farm availability (4)	94.6%	94.2%	0.4%	0%
Wind speed average both turbines (m/s)	7.0	7.20	(0.2)	-3%
Wind farm generation (MWh)	9,071	10,005	(934)	-9%
Capacity factor	25.2%	28.8%	-3.6%	-13%

Footnotes

1. All in price adjusted for margin loss factor in LGC generation
2. Community contributions expense in the statutory accounts includes movement in provision for community grants of \$13,238 (2022: \$38,773) and the provision for Impact Fund is after allowing for contributions by retailer partners.
3. 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.
4. Proportion of the year that the grid was available and the turbines were capable of generation. Periods where one turbine was out of service or wind farm operated at a reduced capacity are weighted accordingly.

Our Performance

Operations

This year the turbines generated 9,071MWh. July had the highest output across the 12 months, with 1,103MWh. The lowest month of generation was April with 348MWh. This was due to extreme market volatility leading up to the closure of a NSW coal-fired power plant at the end of April. A negative pricing turn-down device installed by our retail partner Flow Power, called a kWatch device, has managed the risk to the co-operative during these extreme market events by turning the wind farm off at these times.

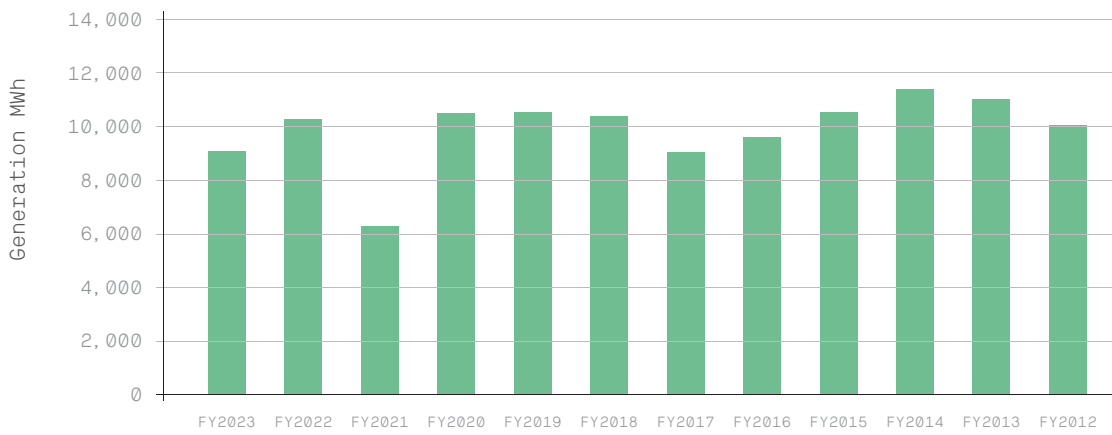
The capacity factor averaged 25.2% across the year and availability was 94.6%, just slightly up from 94.2% in the previous year. The co-operative’s availability guarantee with Vestas is for 97% across a calendar year and the overall availability during this period was below that, requiring them to pay \$48,640 for liquidated damages for the January 2021 - December 2022 period which fell across this financial year. In the last six months of the financial year, Vestas performed above the availability guarantee for three months and is showing a trend of improvement with new strategies for spare parts management and proactive maintenance activities.

Wind speed over the year averaged 7m/s, down from 7.2m/s the previous year and the month of July 2022 had the highest average wind speed with 7.9m/s.

Vestas and O’Brien’s performed annual and 12-year maintenance on site this year. In May, mould present inside the towers was inspected and laboratory tests were conducted to inform remediation, with cleaning scheduled for this coming summer.

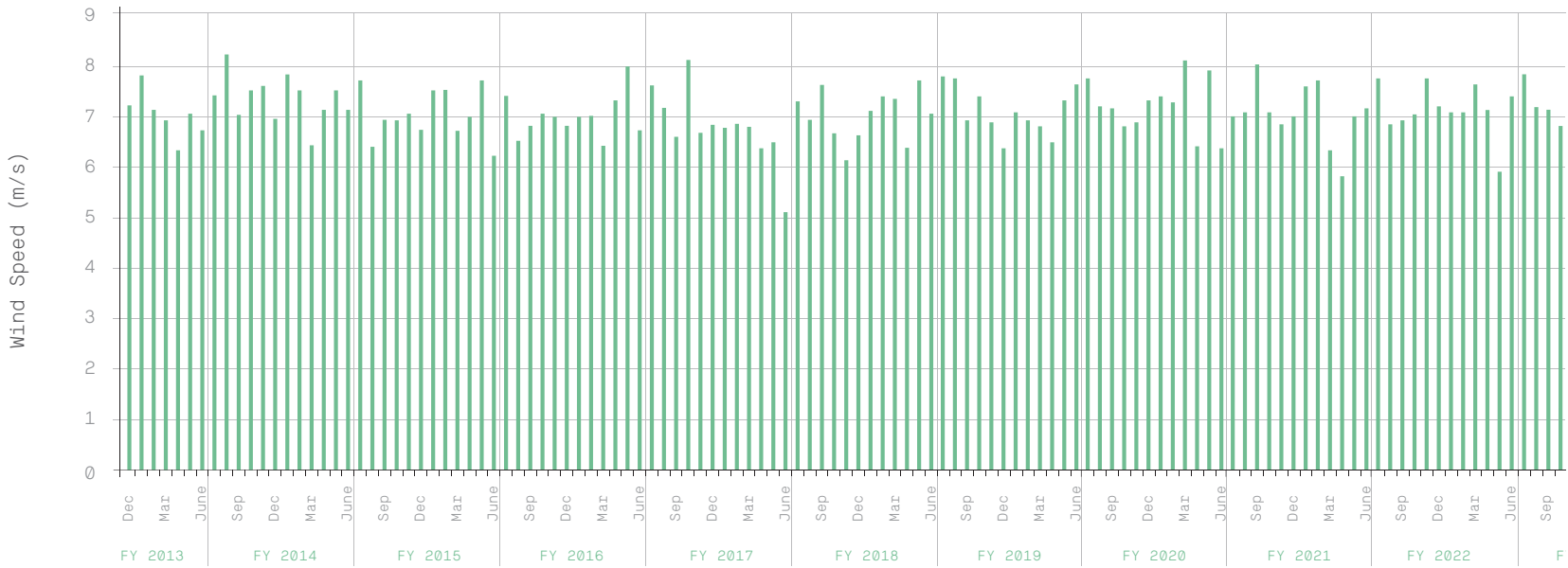
Major downtime events were related to grid outages (348 hours) and turbine failures (373 hours). Primarily, major storm events in October (118 hours) and November (114 hours) resulted in significant grid outage times across our local feeder. The reactive maintenance repairs associated with the turbine failures occurred: in August with the frequency converter which took 46 hours of maintenance; in December with the proactive replacement of a high-speed shaft bearing and rotor in Gale, resulting in an additional 53 hours of maintenance; and, in June with 63 hours to replace slip rings across both turbines after issues emerged from the 12 yearly maintenance.

Annual Generation MWh

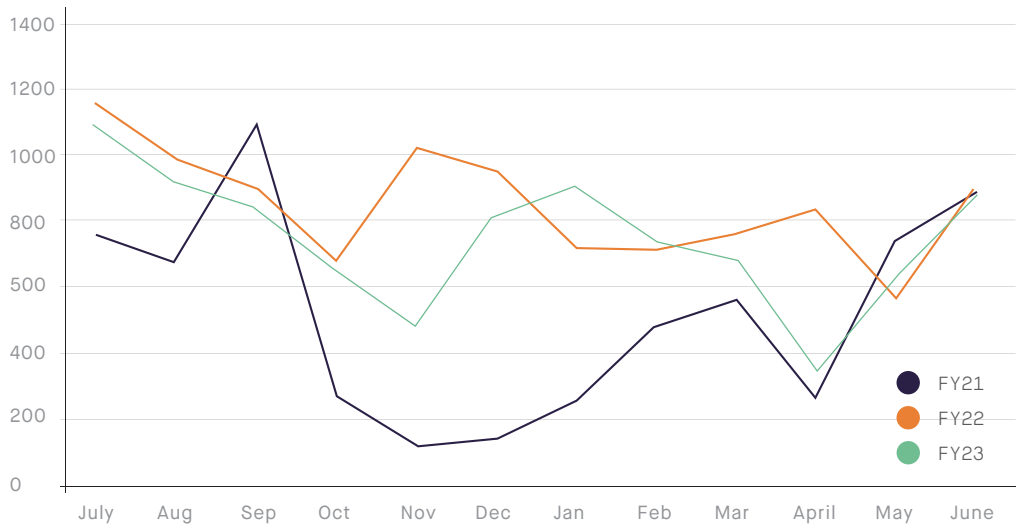


The annual generation can be seen as performing below the mean in this graph. Dips in generation across November and April are a result of worsening market volatility.

Monthly Mean Wind Speeds - m/s



Monthly Generation (MWh)



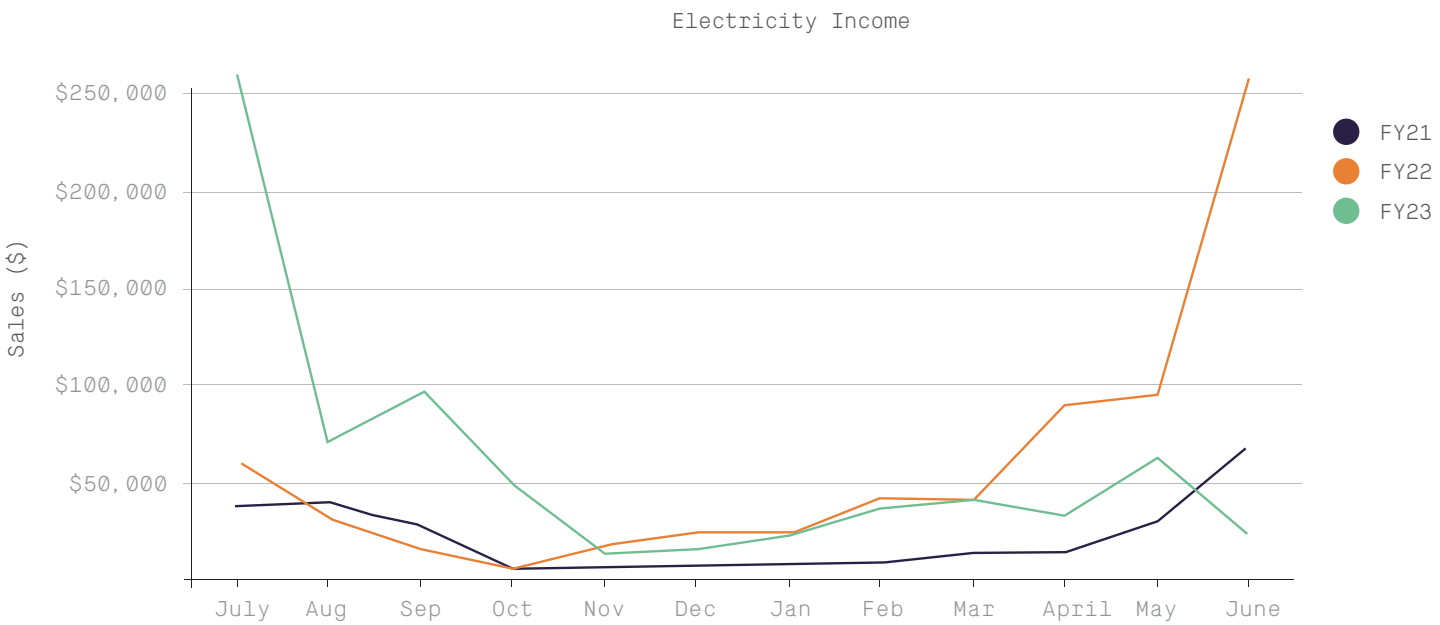
Income and expenses

Total revenue for the financial year came to \$1,745,658, an increase of 29% from the previous financial year. Contributing to this increased revenue were several grants received, project contributions and donations made. A large portion of the \$470,175 from grant and other income was from our first milestone payment for the Federal Government’s Community Battery for Household Solar Program. Another portion of this income came from the Destination Charging Across Victoria payments from the State Government, Hepburn Shire Council and Central Highlands Water to deliver four new electric vehicle charging stations across the Shire. Both of these projects will remain active into FY2024 and will be depreciated as assets once fully commissioned. The co-operative also had a \$91,124 increase in Impact Fund contributions, largely due to external donations made from Starfish Enterprises and member dividend donations. Over the financial year, interest income increased by \$36,517.

The final result for electricity and renewable energy certificates (LGCs) was an all-in price of \$133.40. This was up 15.2% on the previous financial year, resulting in an increase in total generation income of 10.9% to \$1,275,483.

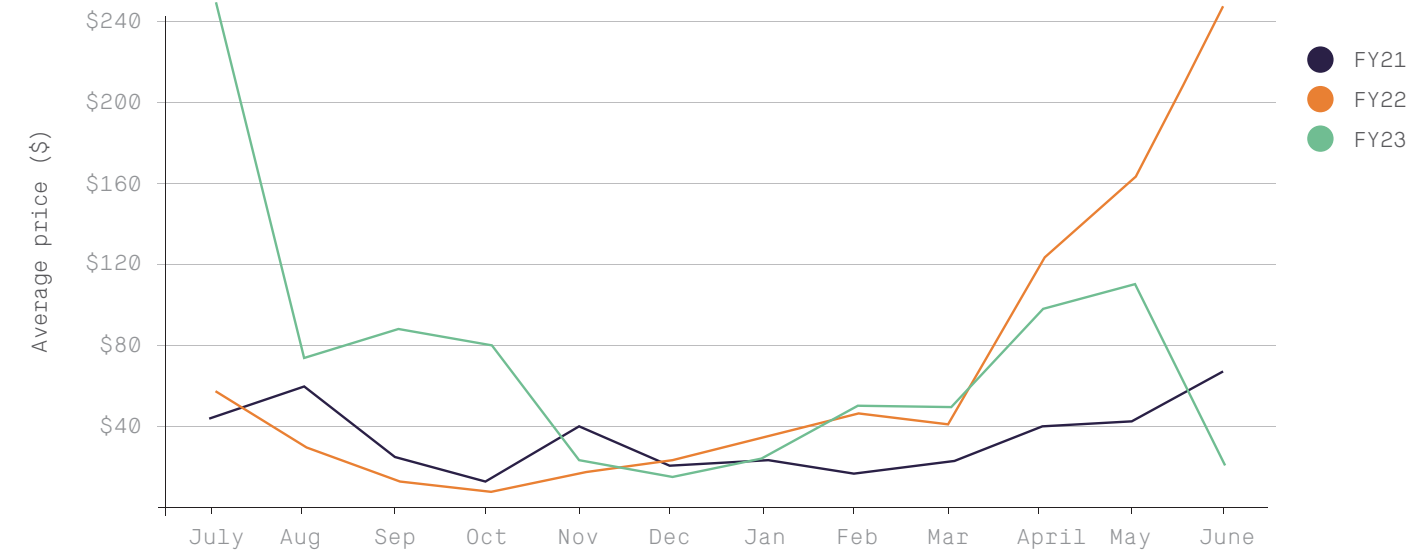
For the first time, a portion of the co-operative’s generation was under market allocation for Power Purchase Agreements to beta test our new retail electricity products with Flow Power. This equated to just under 10% of our annual generation, allocated across community, small-to-medium enterprise and commercial and industrial customers. These market allocations are included within the income generation price profile listed above.

The following graph shows the ongoing volatility of the electricity spot market over the financial year, with an early peak in July and significant negative pricing events throughout the Spring period. The May period saw a rise again after the closure of a NSW based coal fired power station.



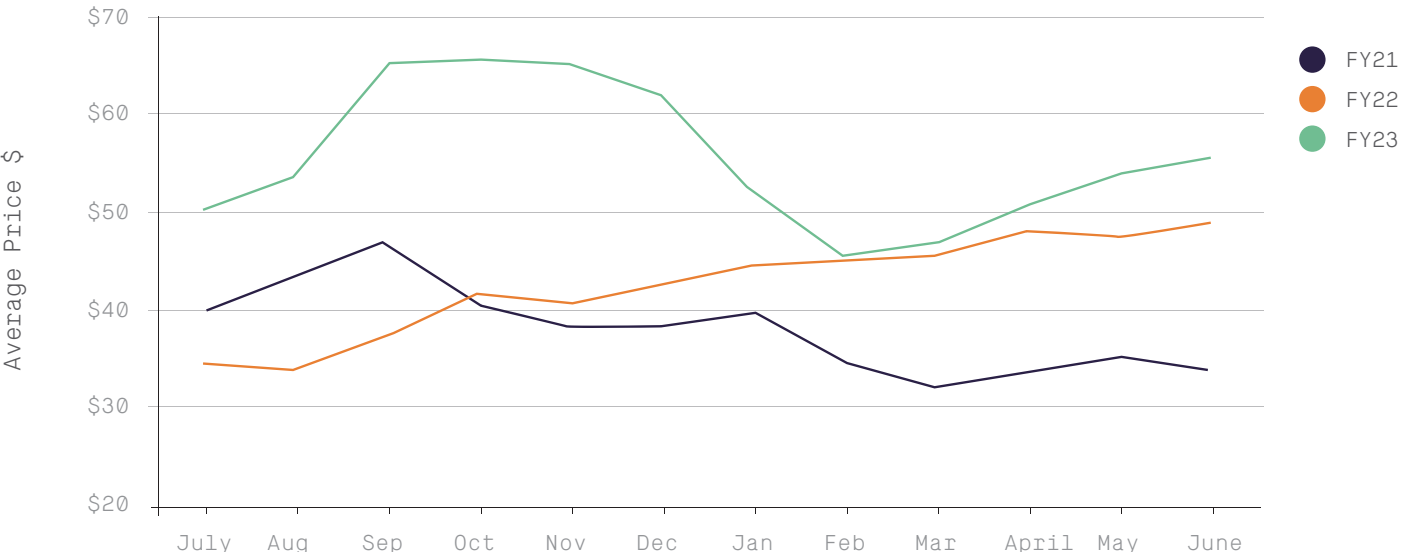
Our Performance

Electricity Average Price per MWh



Over the financial year, the average electricity price received was \$75.52 per MWh, up by 15.3% on the previous year (following an increase of 68% in the previous year) and is represented by the following graph.

LGC Average Price



The average LGC price received was \$59.68 which is up 15.1% compared to the prior year. The co-operative continued to maximise the income from LGC's by strategically holding stock to maximise the sale price. The average LGC spot price during the year was \$55.68 per LGC and the co-operative was able to perform above this. Direct sales of LGCs also occurred directly with partners such as ChargeFox.

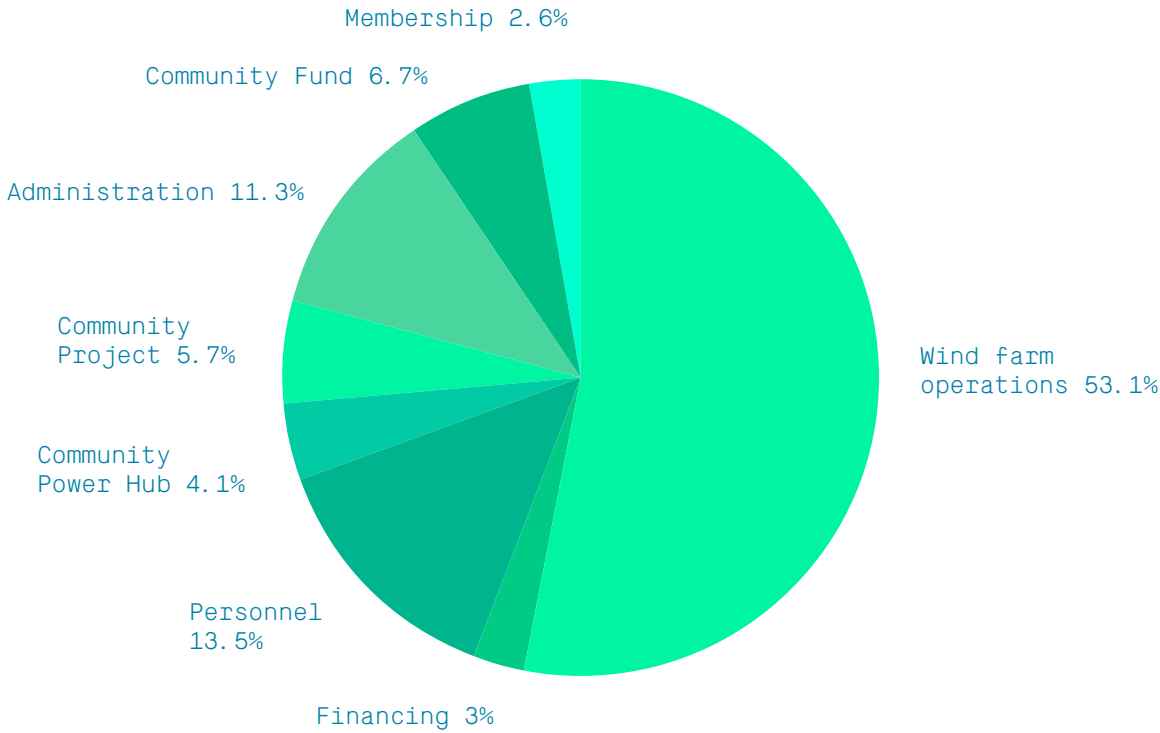
Expense Summary

Administrative expenses were down \$4,842, due to decreases in website costs of \$16,601, and an increase in consulting and legal fees of \$5,937. These expenses were funded through an additional grant that was received. Communication, public meetings and events expenses were up by \$10,862. This increase was primarily driven by increases in advertising costs of \$5,739 and public event costs increasing by \$4,135. Again, these additional costs were funded by grants received.

Personnel expenses increased by \$10,726 with the most significant changes being increased wages and salaries of \$7,231 and related superannuation expenses. Personnel expenses continued with the co-operative internal contribution being less than one full-time equivalent across three part-time staff, with externally funded projects paying for any additional staffing resource. This included extension funding from BREAZE and Sustainability Victoria to continue working on our solar farm and battery storage project and developing a regional guide to community energy (to be released in FY2024). Funding also came from the State Government for a project expanding Hepburn Z-NET into climate change adaptation. Additional member services were brought in-house during the financial year, such as the share registry service, which had a transitional impact on staffing hours.

Other operating expenses were down by \$6,439 with wind farm operation expenses having decreased by \$20,279. This was partially offset by increases in insurance and the payment in lieu of council rates (due to increased generation) and the bushfire levy.

The tax position for the year is an income tax expense of \$127,471, reflective of the profit earned in the year.



Securing our future

Solar farm and battery storage development

On 13 September 2022, Hepburn Energy received Permit PA2000999 from the Minister for Planning for the Hepburn Hybrid Energy Park. The permit allows use and development of a solar energy facility and utility installation and alteration of access to a road in the Principal Transport Network.

Another big achievement was being successful in our application to the Federal Government’s Stream 2 of the Community Batteries for Household Solar program. This outcome follows through on the Labor Government’s pre-election commitment to support the community battery project at the wind farm.

The solar and battery projects also progressed in other areas. In December, the co-operative signed a contract with our long-term partner DNV to undertake the final stages of grid connection during 2023 - 2024.

Another important achievement was passing a new rule change at the AGM in November 2022. This will enable the co-operative to prepare for these new projects and to align with Federal Government funding programs. In particular, the rule change created two new classes of shares for Community Solar and Community Battery. Staff and board members participated in a series of workshops with another co-operative, Co-operative Bonds, that considered how these additional share types may be implemented. The key partners for the solar and battery

projects at the wind farm over the past financial year have been Co-operative Bonds, Powercor, DNV, Meralli Solar, Kinelli Solar, Enhar, Marshall Day, O’Brien’s Electrical, and HWL Ebsworth. Additionally, this project wouldn’t be possible without the strong support from our landowners the Liversidge Family.

Our retailing future

In December, the co-operative wrapped up our New Energy Jobs Fund Round 5 project ‘Micro PPA model and Z-NET in Action’, which was funded by the State Government. This project included developing and delivering micro Power Purchase Agreements (PPA), our own residential and SME community retail offers, and a community engagement program around these initiatives. As part of this program, we delivered our new website on July 4 2022. As of June 30 2023, the co-operative is beta testing the three products on offer, including the PPA, SME and the residential product.

We are very grateful to our members who have joined our new community electricity offer. This pilot round provides customers with 100% GreenPower, free demand management hardware (a kWatch and SmartPlug), with two offers, a Time of Use and a Single Rate. This offer seeks to incentivise customers to engage with the energy market by using their energy app.

Our commercial and industrial micro-PPA onboarded our first customer in 2022, sustainable housing developer Assemble. Assemble has been delivering several sustainable buildings in the inner suburbs of Melbourne designed to provide more affordable and environmentally sound housing. The co-operative’s Micro-PPA with Assemble’s 38 Albermarle St building in Kensington started providing residents with a competitive electricity offer in September last year. You can find out more about the Hepburn Energy and Assemble partnership here: <https://www.assembleconnect.com.au/energy>



Image credit: Fraser McNally, Creative Producer at Assemble

Lobbying

Dirty Dozen

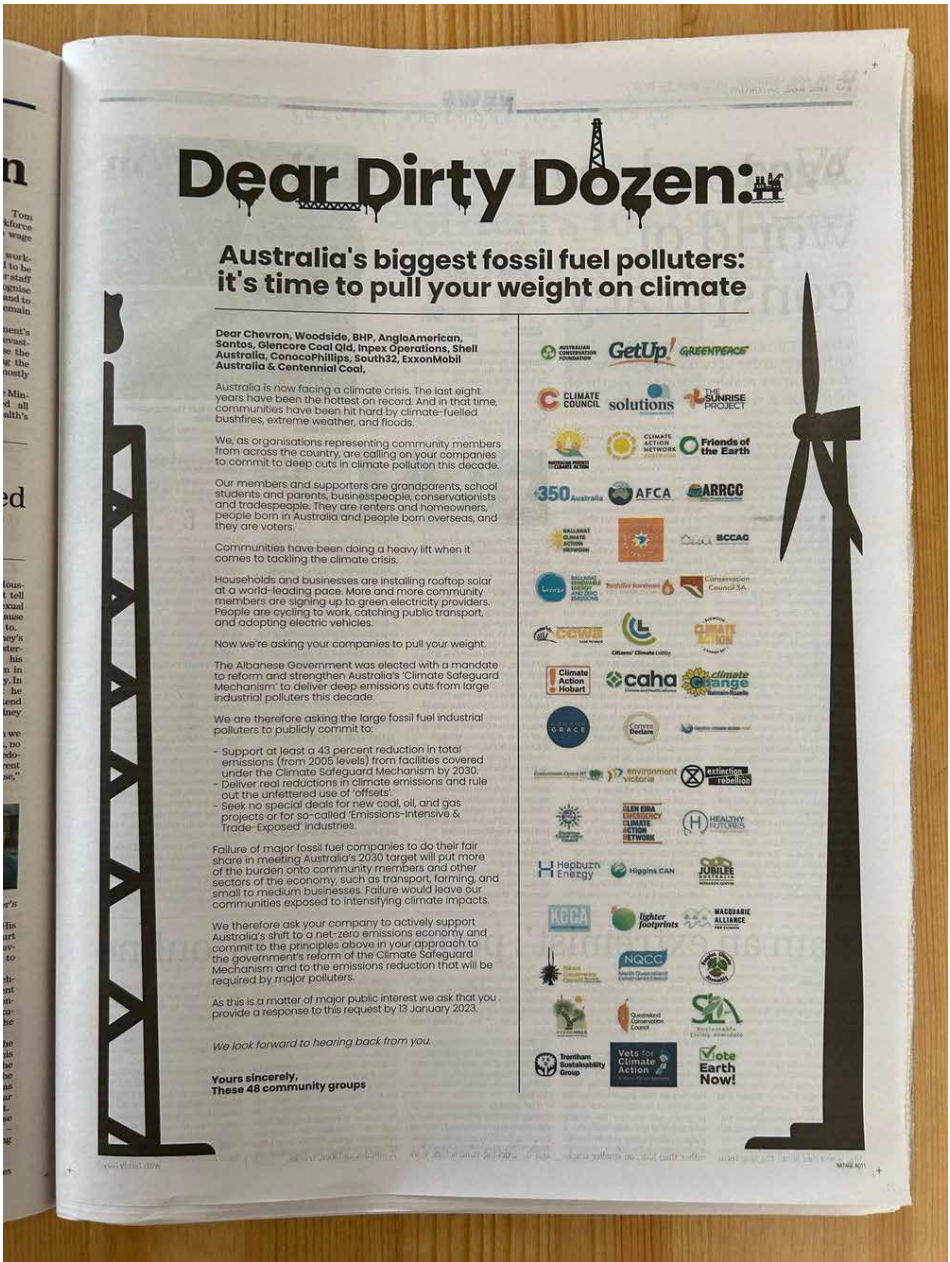
The Dirty Dozen campaign seeks to shine a light on the disproportionate climate impacts of Australia’s twelve biggest fossil fuel companies. Hepburn Energy supported this campaign in December 2022 by signing on to a full-page advertisement in The Age and The Australian Financial Review.

Lobbying at Parliament

The co-operatives General Manager, Taryn Lane, attended Parliament for a full day of lobbying coordinated by Rewiring Australia and Smart Energy Australia. The key ask was for funding to support household electrification over 10 years, with a specific focus on supporting low to middle-income households.

Submissions & consultations

Over the financial year Hepburn Energy participated in three submission and policy processes, the Victorian Energy Sector Cybersecurity Work Program, the Proposed changes to GreenPower and the ARENA Community Batteries for Household Solar program.



Our stakeholders

Engaging with our membership

Member returns

There were two member return offers in 2023, a dividend and a member share buyback.

A dividend of 4.3c was distributed on May 18. There was a total of 9,428,754 shares at the record date, creating a net distribution of \$405,436. As in previous years, members had the opportunity to alter their preferred dividend plan; to receive a cash dividend, reinvest the dividend into more Hepburn Energy Ordinary shares or donate the dividend to the Hepburn Energy Impact Fund. The 2023 distribution was divided into \$366,471 cash dividends paid, 21,850 shares reinvested and \$17,062 donated.

The Hepburn Energy board approved an approximate \$200,000 share buyback pool for 2023. The offer included the repurchase of shares by the cooperative at a price of \$1 per share. 135 members applied to participate in the share buyback offer with a total of 928,351 shares bid in. With the pro-rata calculation applied, 22.2% of the bid in shares were bought back, except for three members who held the minimum 100 shares before participating and whose shareholdings and memberships were cancelled. The member share buyback was distributed on June 1 and reduced Hepburn Energy’s Ordinary shares by 199,938.

Annual General Meeting

The 2022 Hepburn Energy Annual General Meeting (AGM) was held online on Wednesday 23 November with 53 members joining. During the AGM members passed a Special Resolution Rule Change. This will enable the co-operative to align with new Federal Government funding programs, including the Solar Banks and Community Batteries for Household Solar programs. The rule change created two new classes of shares for ‘Community Solar’ and ‘Community Battery’ and changed the name of our current membership type to ‘Ordinary’ membership. These new classes of shares will not be eligible for dividends from the existing wind farm or new assets, but rather as subscriptions to battery and solar electricity services under the community electricity offer.

Syndex transfer

Another substantial project for the co-operative has been the transition of the previously outsourced members register and its management to the Syndex platform. 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. This new system is anticipated to go live in 2024. This portal enables members to view their membership and shareholding details and previous member return transactions.

New office

In June, Hepburn Energy staff moved into a new office on 107 Vincent Street, Daylesford. As staff work part-time, all meetings require an appointment first.

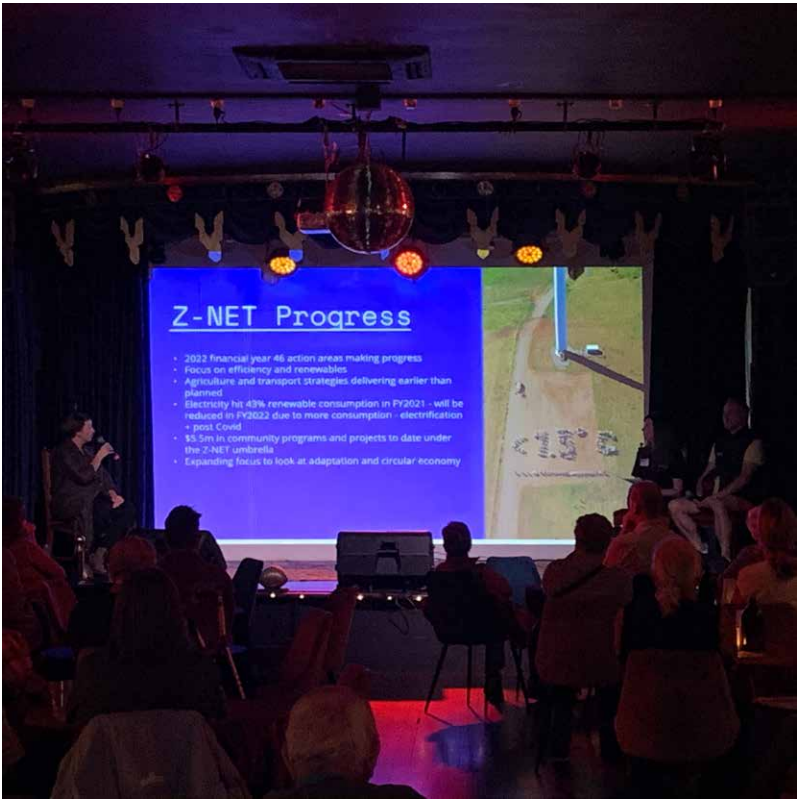


Engaging with
our community

Hepburn Switch

On April 30 the co-operative hosted our first in-person event since the pandemic, Hepburn Switch. Hepburn Switch was held at the Palais in Hepburn Springs and aimed to promote the transition to electricity for households within the Hepburn Shire and its surrounds. Formal proceedings were opened by Councillor Drylie from Hepburn Shire Council. Hepburn Energy’s general manager, Taryn Lane, presented information on our community solar and battery projects, our retail offer and our partnership with Flow Power and the progress of our community partnership, Hepburn Z-NET, in which we aim to become the first zero-net emission shire in Australia. There were two guest speakers from each of our bulk buy partners; Jess Johnstone from the Good Car Company and Jürgen Rhyon from t2zero, and a discussion panel and Q&A with the audience. Manned information tables provided details on the co-operative, our open bulk buys, Hepburn Shire Council & ZNET, Renew magazine and Sustainability Victoria. Two electric vehicles were available for test drives throughout the event.

Other events that we participated in included the Malmsbury EV Expo on 15 April, the Ballarat Electric Vehicle Event on 6 May and last year, the Hepburn Shire Council’s Sustainable Expo Day on 29 October.



Community value

Project	Purchased/installed	Emissions reductions (CO2)	Community value
EV Bulk Buy	8 Electric Vehicles purchased	22 tonnes (per annum)	\$348,220
Heat Pump Hot Water Bulk Buy	78 Heat pump hot water systems installed	407 tonnes (over lifetime)	\$528,159

Our Action for Hepburn Z-NET

This year we led collaborative partnerships with bulk-buy providers Good Car Company and t2zero, and extended the opportunity throughout Central Victoria with the support of Macedon Ranges Sustainability Group (MRSB), BREAZE (Ballarat Renewable Energy and Zero Emissions), Trentham Sustainability Group, Moorabool Environment Group and Transition Creswick.

- The combined bulk buy impact was:
- \$876,479 of community value
 - 78 heat pump hot water systems saving 407 tonnes of CO2
 - 8 EVs saving 22 tonnes of CO2 per annum

EV Bulk Buy
Hepburn Energy partnered with the Good Car Company again, in 2023, for a second electric vehicle bulk buy.

The bulk buy aimed to raise awareness of electric vehicles (EVs), share knowledge about owning and driving an EV, and was designed to grow Central Victoria’s electric vehicle community. The 7-week program was launched at the MRSB Malmsbury EV Expo on April 15. Further community events were held in Hepburn Springs with Hepburn Switch and, with the support of BREAZE, a Show and Shine event in Ballarat. There were EV test drives available at all events and over the bulk buy period throughout Central Victoria via an online booking system.

There were more than 300 online expressions of interest during the bulk buy and each of these participants received the Good Car Co. information package and the opportunity to test drive their cars.

Eight electric vehicles were sold through the bulk buy with a total value of \$348,220. This will result in at least 22 tonnes of CO2 emissions saved yearly and provide \$2,400 towards public charging infrastructure via the Hepburn Energy Impact Fund.



Heat Pump Hot Water Bulk Buy
Our 2023 heat pump hot water bulk-buy delivered a second successful partnership with t2zero.

The offer provided information webinars, support and products to help residents improve their energy efficiency and lower emissions. There were 141 expressions of interest in the program, 133 quotes sent and over 100 attendees to information webinars.

The program has seen a total of 78 heat pump hot water systems supplied and installed through Central Victoria, with a value of \$528,159. This translates to a huge reduction of 407 tonnes of CO2 emissions over their lifetime and the provision of two free systems for local community groups.

Z-NET Roundtable
In October, Hepburn Z-NET reached out to community members to see if they would like to join the Hepburn Z-NET roundtable. There was a very positive response with the group growing from 9 to 17 members. This goes to show the growing interest in Hepburn Z-NET’s efforts to tackle climate change and emissions.

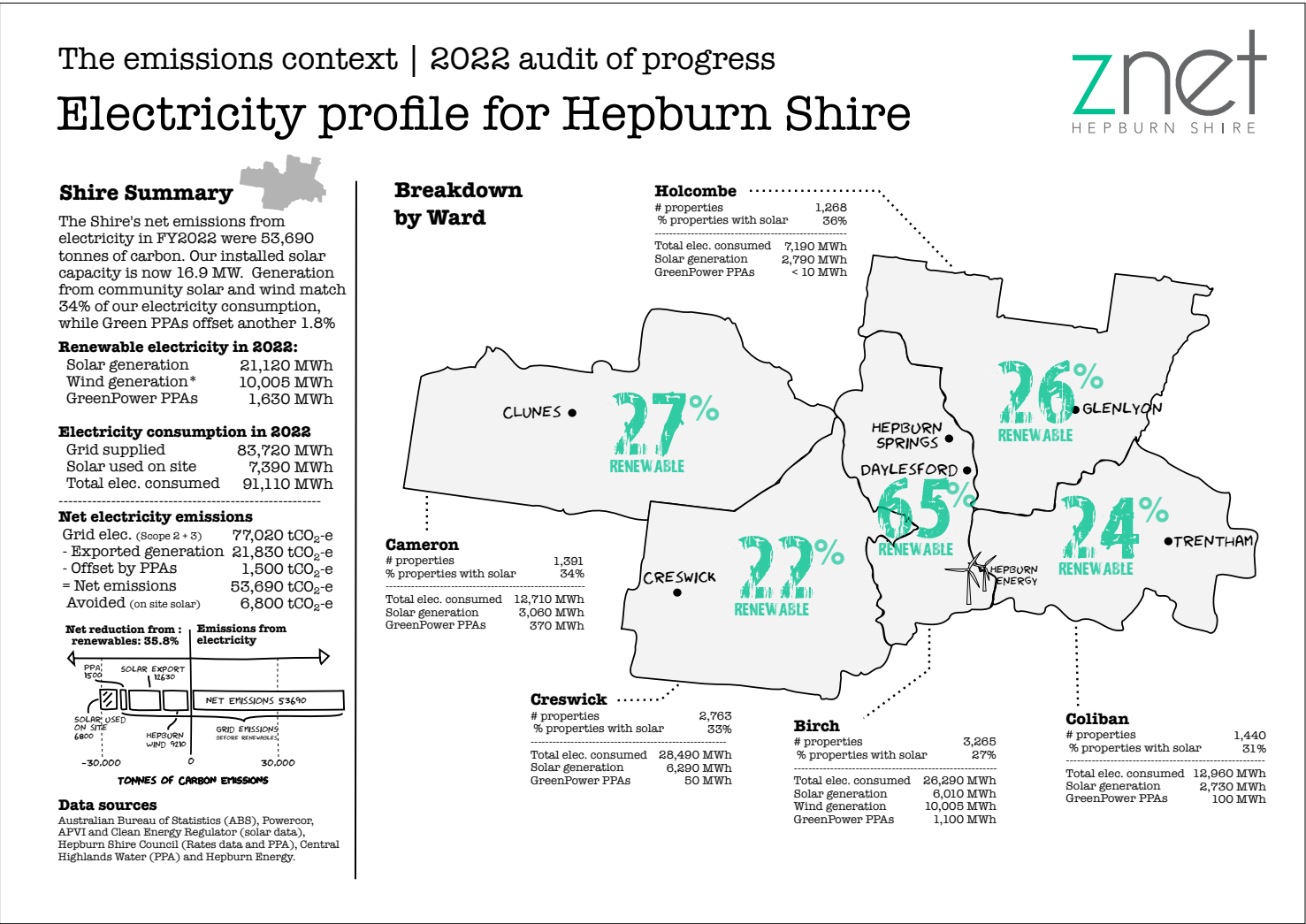
Electricity audit and Implementation Plan
2023 marked the second year of the Hepburn Z-NET collaborations Phase 2, which is being carried out from 2022 to the end of 2024. This Phase focuses on achieving zero-net energy. As part of the collaborative partnership, an annual electricity audit was conducted which found that the Shire’s net emissions from

electricity for 2022 were 53,690 tonnes of carbon.

The annual electricity audit considers the growth of local rooftop solar and wind generation as applied to local consumption. This year, it has a new inclusion of the 100% GreenPower Power Purchase Agreements contracted by large local consumers, Central Highlands Water and the Hepburn Shire Council. Generation from community solar and wind match 34% of our electricity consumption, while GreenPower PPAs offset another 1.8%, to a total of 35.8% for the year.

Although huge gains have been made in recent years from local rooftop solar, this year saw a significant increase in consumption across the Shire, especially compared to the two years of low consumption during COVID. Consumption has been increasing yearly by between 2.5–3.5% on average and this trend is anticipated to grow due to the electrification of homes and vehicles. This dynamic creates further impetus for a faster transition and for a focus on energy efficiency activities.

Since the baseline year of 2018, rooftop solar has increased from 10.5MW of installed capacity to 16.9MW - a 62% increase. The largest increase for the year occurred in Creswick Ward with an uplift of 4% to 33% of homes with rooftop solar, with the Holcombe Ward leading solar uptake for the Shire, with 36% rooftop penetration.



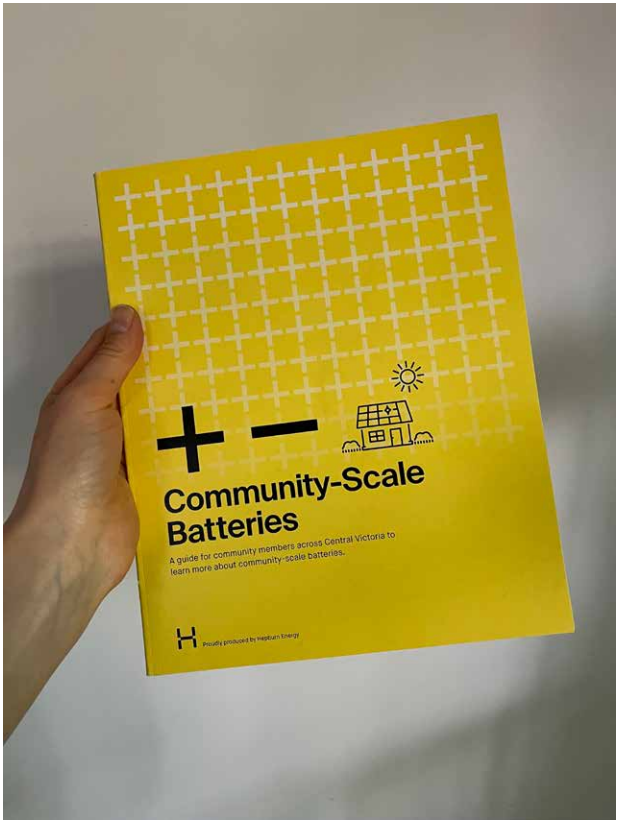
Public EV chargers

The public EV chargers saw a consistent uplift in usage. This was primarily at Daylesford Town Hall’s mid-speed 25kW charger with 1080 charges over the year, an average of 3 per day. The Creswick fast 50kW charger came online on 12 May and had 92 charges as of June 30. The total electricity usage of the chargers under Hepburn Energy’s 100% GreenPower product was 21MWh for the financial year.



Community Sparks

Hepburn Energy supported the Central Victorian Greenhouse Alliance (CVGA) to deliver their Neighbourhood Battery Initiative project ‘Community Sparks’. As part of this project, we delivered a social feasibility study, community engagement resources, and a comprehensive booklet. The booklet highlighted some considerations for community groups interested in these projects such as viability, grant funding and project complexity. You can find all outputs from this project on the website here: <https://hepburnznet.org.au/program/community-sparks/>



Adaptation Extension

The co-operative collaborated with the Hepburn Shire Council, Central Highlands Water and Djarra to extend the Hepburn Z-NET model to include climate adaptation with funding from the State Government. A new comprehensive tool has been developed that maps out potential adaptation pathways to address key risks. This tool will be shared publicly in the coming financial year to receive community input and advice on adaptation strategies.

Circular Economy

The co-operative funded and worked with sustainability and systems consultancy Good Human, and the Hepburn Shire Council to deliver a program looking at opportunities around the Circular Economy for the Hepburn Shire. As part of this project Hepburn Energy staff supported an online webinar, the development of a Circular Economy Readiness Survey and a face-to-face workshop in Daylesford. This phase of the project is now complete and you can review the key findings and outcomes on the Hepburn Shire Council’s Participate Hepburn website here: <https://participate.hepburn.vic.gov.au/connecting-circular-economy-hepburn-shire>

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. The project is now looking towards conducting consultations with relevant stakeholders.

Impact Fund

The Impact Fund supported the Destination Charging Across Victoria partnership program led by Chargefox which has installed EV charging stations in Creswick and Hepburn Springs (at the time of writing), with two more stations at Clunes and Trentham in the pipeline. This State Government program has been supporting communities in tourist or high-traffic destinations to install 50kW fast charging infrastructure to enable the rollout of electric vehicles. Further co-funding and in-kind support has been provided by Hepburn Shire Council and Central Highlands Water.

Event Sponsorship

The co-operative supported an Agroecology Open Day hosted by Jonai Farms and Meatsmiths on Sunday 5 February this year. This event shared knowledge around agroecology principles, contributing to the Hepburn Z-NET priority area of supporting thriving environmentally sound food systems. In addition to this event Hepburn Energy supported the annual New Year’s Eve Parade by sponsoring a sustainability prize with a value of \$500.



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.

Significant items subsequent to preparation of the Statutory Accounts

No significant items to be reported.



2023 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 2023



Prepared by CountPro Pty Ltd
180 Eleanor Drive
Lucas VIC 3350
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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 2023

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Directors' Report
For the Year Ended 30 June 2023

Your directors present their report, together with the financial statements of the Group, being the Company and its controlled entity, for the financial year ended 30 June 2023.

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	Resigned 23 November 2022
Justine Watson	Director	Resigned 25 April 2023
Michael Sneddon	Director	Appointed 20 December 2022

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 pages 4 to 5.

Staff

At 30 June 2023, 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 2023

Operating results and review of operations

The Group's earnings before interest, taxes, depreciation and amortisation were \$1,057,104 (2022: EBITDA of \$659,135) representing earnings of 11.42 cents per share (2022: 6.97 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 \$359,494 (2022: consolidated profit of \$58,087).

The table below summarises the operating result of the Group:

	2023	2022
	\$	\$
Income	1,745,658	1,349,113
Expenses	(688,554)	(689,978)
Earnings before interest, taxes, depreciation and amortisation	1,057,104	659,135
Interest	(21,485)	(19,188)
Operating profit before depreciation, amortisation and income tax	1,035,619	639,947
Depreciation and amortisation	(548,654)	(545,569)
Operating profit before income tax	486,965	94,378
Income tax expense	(127,471)	(36,291)
Consolidated profit for the year	359,494	58,087

Dividends paid or recommended

Dividends were declared and paid during the 2023 financial year of 4.30 cents per share totalling \$405,384.

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, cost of living pressures and the Ukraine war. The spot market for electricity has continued to experience significant volatility. A negative pricing turndown device has managed the risk to the co-operative during extreme market events by turning the wind farm off.

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.

On 17 May 2023, Hepburn Energy was awarded \$500,000 by the Federation Government for Stage 1 of the Hepburn Energy Community Battery

For the Year Ended 30 June 2023

No 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.

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:

- 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.

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

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

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

For the Year Ended 30 June 2023

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 2023

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 Resigned 23 November 2022
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 Resigned 25 April 2023
Michael Sneddon	Michael has been practising as a lawyer for over 35 years, predominantly for clients engaged in technology industries, in both private practice (including as a major international law firm) and as the General Counsel of an ASX listed entity. He is the Principal of the law firm Acumen Legal, He has also served on the boards of various organisations for over 30 years. Member of the Finance & Risk Committee	Appointed 20 December 2022

Directors' Report
For the Year Ended 30 June 2023

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	3	6
Linda Hancock	5	6
Paul Houghton	4	6
David Perry	6	6
Stuart Read	2	2
Justine Watson	1	5
Michael Sneddon	2	2

Auditor's independence declaration

The auditor's independence declaration for the year ended 30 June 2023, 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: 28/08/2023



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 2023, 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: 21 August 2023

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 2023

	Note	Consolidated		Parent	
		2023	2022	2023	2022
		\$	\$	\$	\$
Revenue	3	1,745,658	1,349,113	704,126	339,072
Administrative expenses	4	(80,444)	(85,286)	(53,842)	(59,431)
Communications, public meetings and events	5	(18,556)	(7,694)	(18,556)	(7,694)
Personnel expenses	6	(165,259)	(154,533)	(165,259)	(154,533)
Depreciation and amortisation	7	(548,654)	(545,569)	(12,161)	(9,719)
Interest	8	(21,485)	(19,188)	(2,331)	(591)
Other operating expenses	9	(377,014)	(383,454)	(17,286)	(11,914)
Community contributions	10	(47,281)	(59,011)	(47,281)	(59,011)
Profit before income tax		486,965	94,378	387,410	36,179
Income tax (expense)/benefit	11	(127,471)	(36,291)	(27,916)	21,908
Profit for the year		359,494	58,087	359,494	58,087
Other comprehensive income:					
Other comprehensive income for the year, net of tax		-	-	-	-
Total comprehensive income for the year		359,494	58,087	359,494	58,087

The accompanying notes form part of these financial statements.

Statement of Financial Position
As At 30 June 2023

	Note	Consolidated		Parent	
		2023	2022	2023	2022
		\$	\$	\$	\$
Assets					
Current assets					
Cash and cash equivalents	12	654,757	428,378	294,638	122,696
Current tax assets	16(a)	-	35,251	17,048	113,206
Trade and other receivables	13	170,981	412,882	46,433	73,481
Inventories	14	141,534	55,670	-	-
Other financial assets	15	1,611,753	1,682,008	1,611,753	1,682,008
Total current assets		2,579,025	2,614,189	1,969,872	1,991,391
Non-current assets					
Deferred tax assets	16(b)	14,377	22,186	4,593	5,944
Investments in subsidiaries	17	-	-	20	20
Loans to related entities	18	-	-	7,766,350	8,066,961
Property, plant and equipment	19	7,572,305	7,617,088	213,752	57,275
Right-of-use assets	20(a)	805,651	723,043	99,722	8,438
Total non-current assets		8,392,333	8,362,317	8,084,437	8,138,638
Total assets		10,971,358	10,976,506	10,054,309	10,130,029
Liabilities					
Current liabilities					
Current tax liabilities	16(c)	76,049	-	-	-
Trade and other payables	21	131,127	91,034	85,511	26,475
Provisions	22	141,745	121,288	141,745	121,288
Lease liabilities	20(b)	22,212	17,893	11,894	8,628
Total current liabilities		371,133	230,215	239,150	156,391
Non-current liabilities					
Borrowings	23	1	1	-	-
Lease liabilities	20(b)	472,172	372,652	87,107	-
Provisions	22	400,147	402,146	147	2,146
Total non-current liabilities		872,320	774,799	87,254	2,146
Total liabilities		1,243,453	1,005,014	326,404	158,537
Net assets		9,727,905	9,971,492	9,727,905	9,971,492

The accompanying notes form part of these financial statements.

Statement of Financial Position
As At 30 June 2023

	Note	Consolidated		Parent	
		2023	2022	2023	2022
		\$	\$	\$	\$
Equity					
Issued capital	24	9,268,214	9,465,911	9,268,214	9,465,911
Retained earnings		459,691	505,581	459,691	505,581
Total equity		9,727,905	9,971,492	9,727,905	9,971,492

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
For the Year Ended 30 June 2023

	Consolidated			
	Members capital	Share premium reserve	Retained earnings	Total
	\$	\$	\$	\$
2023				
Balance at 1 July 2022	9,454,154	11,757	505,581	9,971,492
Profit attributable to members of the group	-	-	359,494	359,494
Shares issued during the year	24,905	305	-	25,210
Shares bought back during the year	(219,937)	-	-	(219,937)
Shares forfeited during the year	(2,700)	(270)	-	(2,970)
Dividends paid	-	-	(405,384)	(405,384)
Balance at 30 June 2023	9,256,422	11,792	459,691	9,727,905
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

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
For the Year Ended 30 June 2023

	Parent			
	Members capital	Share premium reserve	Retained earnings	Total
	\$	\$	\$	\$
2023				
Balance at 1 July 2022	9,454,154	11,757	505,581	9,971,492
Profit attributable to members of the parent entity	-	-	359,494	359,494
Shares issued during the year	24,905	305	-	25,210
Shares bought back during the year	(219,937)	-	-	(219,937)
Shares forfeited during the year	(2,700)	(270)	-	(2,970)
Dividends paid	-	-	(405,384)	(405,384)
Balance at 30 June 2023	9,256,422	11,792	459,691	9,727,905
2022				
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

The accompanying notes form part of these financial statements.

Statement of Cash Flows
For the Year Ended 30 June 2023

	Note	Consolidated		Parent	
		2023	2022	2023	2022
		\$	\$	\$	\$
Cash flows from operating activities:					
Receipts from customers		1,875,497	1,101,944	409,079	87,340
Payments to suppliers and employees		(764,746)	(690,508)	(316,422)	(241,844)
Interest received		31,770	4,742	31,636	4,709
Interest paid		(207)	-	(207)	-
Income tax (paid)/received		(8,363)	(136,332)	69,593	27,539
Net cash provided by/(used in) operating activities	25	1,133,951	279,846	193,679	(122,256)
Cash flows from investing activities:					
Purchase of property, plant and equipment		(427,966)	(583,498)	(141,407)	(38,551)
Repayments of related party loans		-	-	599,276	106,485
Proceeds/(payments) from financial assets		70,255	(4,671)	70,255	(4,671)
Net cash provided/(used in) by investing activities		(357,711)	(588,169)	528,124	63,263
Cash flows from financing activities:					
Proceeds from share applications		3,360	1,210	3,360	1,210
Payments for share buy-backs		(216,835)	(5,741)	(216,835)	(5,741)
Dividends paid		(336,386)	-	(336,386)	-
Net cash used in financing activities		(549,861)	(4,531)	(549,861)	(4,531)
Net increase/(decrease) in cash and cash equivalents held		226,379	(312,854)	171,942	(63,524)
Cash and cash equivalents at beginning of year		428,378	741,232	122,696	186,220
Cash and cash equivalents at end of financial year	12	654,757	428,378	294,638	122,696

The accompanying notes form part of these financial statements.

Notes to the Financial Statements
For the Year Ended 30 June 2023

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 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 the Group 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 2023

(d)	Inventories
	<p>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.</p> <p>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.</p>
(e)	Property, plant and equipment
	<p>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.</p> <p>Property</p> <p>Land and buildings are measured at cost less accumulated depreciation and impairment losses.</p> <p>Plant and equipment</p> <p>Plant and equipment are measured on the cost basis. Cost includes expenditure that is directly attributable to the asset.</p> <p>Depreciation</p> <p>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 Group 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.</p> <p>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.</p> <p>The asset's residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.</p> <p>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.</p> <p>Gains and losses on disposals are determined by comparing proceeds with the carrying amount.</p>

Notes to the Financial Statements
For the Year Ended 30 June 2023

(f)	Intangibles and amortisation
	<p>Amortisation is based on the cost of an asset less its residual value.</p> <p>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.</p> <p>Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.</p>
(g)	Financial instruments
	<p>Classification</p> <p>On initial recognition the group classifies its financial assets, according to the basis on which they are measured, at amortised cost.</p> <p>Financial assets are not reclassified subsequent to their initial recognition unless the group changes its business model for managing financial assets.</p> <p>Amortised cost</p> <p>Assets measured at amortised cost are financial assets where:</p> <ul style="list-style-type: none">- 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. <p>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.</p> <p>Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.</p> <p>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.</p> <p>Impairment of financial assets</p> <p>Impairment of financial assets is recognised on an expected credit loss (ECL) basis for financial assets measured at amortised cost.</p> <p>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.</p> <p>The group uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.</p>

Notes to the Financial Statements
For the Year Ended 30 June 2023

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 2023

(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 2023

(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 2023

(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.

(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.

Notes to the Financial Statements
For the Year Ended 30 June 2023

(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 2023

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	
	2023	2022	2023	2022
	\$	\$	\$	\$
3 Revenue				
Revenue from contracts with customers				
Revenue from ordinary operations				
Sale of goods	1,189,619	1,128,466	-	-
	1,189,619	1,128,466	-	-
Other revenue				
Community fund contributions	158,680	67,556	158,680	67,556
Dividend income	-	-	298,665	174,598
Interest income	42,931	6,413	42,797	6,368
Grants	205,940	90,000	190,000	75,000
Profit on disposal of right of use asset	164	-	164	-
Forfeited shares	2,970	-	2,970	-
Movement in inventories	85,864	21,419	-	-
Other income	59,490	35,259	10,850	15,550
	556,039	220,647	704,126	339,072
Total revenue	1,745,658	1,349,113	704,126	339,072

Notes to the Financial Statements
For the Year Ended 30 June 2023

		Consolidated		Parent	
		2023	2022	2023	2022
		\$	\$	\$	\$
Disaggregation of revenue from contracts with customers					
(a) Timing of revenue recognition					
At a point in time		1,189,619	1,128,466	-	-
		1,189,619	1,128,466	-	-
(b) Type of contract					
Sale of goods - Electricity		728,953	695,304	-	-
Sale of goods - Large-scale Generation Certificates		437,375	427,140	-	-
Sale of Goods - Transmission use of system income		23,291	6,022	-	-
		1,189,619	1,128,466	-	-
4 Administrative expenses					
Accounting fees		18,000	16,840	9,365	8,620
Audit fees		6,750	5,825	3,675	2,912
Bank charges		491	661	491	412
Bookkeeping		7,653	7,397	3,826	3,698
Consulting fees		2,925	-	2,925	-
Legal services		5,512	2,500	5,512	2,500
Management accounting expense		21,550	20,900	10,775	10,450
Office supplies and information technology		7,878	7,282	7,878	7,234
Secretarial fees		812	276	522	-
Share registry		8,001	6,132	8,001	6,132
Website expenses		872	17,473	872	17,473
		80,444	85,286	53,842	59,431

Notes to the Financial Statements
For the Year Ended 30 June 2023

		Consolidated		Parent	
		2023	2022	2023	2022
		\$	\$	\$	\$
5 Communications, public meetings and events					
Advertising		10,333	4,594	10,333	4,594
Contributions to landowner		-	100	-	100
Public events and meetings		6,783	2,648	6,783	2,648
Other communication expenses		1,440	352	1,440	352
		18,556	7,694	18,556	7,694
6 Personnel expenses					
Wages, salaries and contractors		144,214	136,983	144,214	136,983
Superannuation contributions		15,093	13,698	15,093	13,698
Movement in leave provisions		5,219	3,268	5,219	3,268
Workcover		733	584	733	584
		165,259	154,533	165,259	154,533
7 Depreciation and amortisation					
Depreciation - plant and equipment		506,798	506,199	2,139	1,280
Depreciation - right-of-use asset		41,856	39,370	10,022	8,439
		548,654	545,569	12,161	9,719
8 Interest					
Interest expense on lease liabilities		21,278	19,188	2,124	591
Interest paid		207	-	207	-
		21,485	19,188	2,331	591
9 Other operating expenses					
Insurance		70,519	59,664	14,239	10,343
Licence fees		5,700	5,021	2,400	1,571
Municipal payment in lieu of rates		9,392	7,733	-	-
Office expenses		647	-	647	-
Wind farm operation		290,756	311,036	-	-
		377,014	383,454	17,286	11,914

Notes to the Financial Statements
For the Year Ended 30 June 2023

	Consolidated		Parent	
	2023	2022	2023	2022
	\$	\$	\$	\$
10 Community contributions				
Community fund grants	11,880	9,000	11,880	9,000
Energy fund	20,063	9,183	20,063	9,183
Local benefit program	1,400	900	1,400	900
Sponsorships	700	1,155	700	1,155
Provision for community fund programme	13,238	38,773	13,238	38,773
	47,281	59,011	47,281	59,011
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% (2022: 25%)				
	121,741	23,595	96,852	9,045
Add / (less) tax effect of:				
- Non-deductible expenses	2,970	3,003	2,970	3,003
- Non-taxable inter-company dividends	-	-	(74,666)	(43,649)
- Movement in non deductible provisions	3,310	9,693	3,310	9,693
- Technology investment boost	(550)	-	(550)	-
Income tax expense/(benefit)	127,471	36,291	27,916	(21,908)
12 Cash and cash equivalents				
Operating accounts	546,830	361,764	186,711	56,082
Short-term bank deposits	29,780	39,239	29,780	39,239
Community fund accounts	78,147	27,375	78,147	27,375
	654,757	428,378	294,638	122,696

Notes to the Financial Statements
For the Year Ended 30 June 2023

	Consolidated		Parent	
	2023	2022	2023	2022
	\$	\$	\$	\$
13 Trade and other receivables				
Trade receivables	125,049	385,853	21,931	70,516
	125,049	385,853	21,931	70,516
Accrued interest income	13,340	2,179	13,326	2,165
Prepayments	30,092	24,050	8,676	-
Other receivables	2,500	800	2,500	800
	45,932	27,029	24,502	2,965
	170,981	412,882	46,433	73,481
14 Inventories				
Large-scale Generation Certificates	141,534	55,670	-	-
	141,534	55,670	-	-
15 Other financial assets				
Bank Term Deposits	1,611,753	1,682,008	1,611,753	1,682,008
	1,611,753	1,682,008	1,611,753	1,682,008

Notes to the Financial Statements

For the Year Ended 30 June 2023

		Consolidated		Parent	
		2023	2022	2023	2022
		\$	\$	\$	\$
16 Tax assets and liabilities					
(a) Current tax assets					
Provision for income tax		-	35,251	17,048	113,206
		-	35,251	17,048	113,206
(b) Deferred tax assets					
Deferred tax assets/(liabilities) comprise the tax effect of:					
Expenses not deductible until paid		9,313	7,967	9,313	7,967
Right-of-use asset		22,184	16,876	(180)	47
Differences in accounting and tax depreciation rates		(1,625)	(2,112)	(1,209)	(1,529)
Income not assessable until received		(15,495)	(545)	(3,331)	(541)
		14,377	22,186	4,593	5,944
(c) Current tax liabilities					
Provision for income tax		76,049	-	-	-
		76,049	-	-	-
17 Investments in subsidiaries					
Leonards Hill Wind Operations Pty Ltd		-	-	20	20
		-	-	20	20
18 Loans to related entities					
Leonards Hill Wind Operations Pty Ltd		-	-	7,766,350	8,066,961
		-	-	7,766,350	8,066,961

Notes to the Financial Statements

For the Year Ended 30 June 2023

		Consolidated		Parent	
		2023	2022	2023	2022
		\$	\$	\$	\$
19 Property, plant and equipment					
Wind farm development, compliance and project management					
At cost		326,870	326,870	-	-
Accumulated depreciation		(136,700)	(123,625)	-	-
		190,170	203,245	-	-
Wind farm construction					
At cost		11,154,801	11,154,801	-	-
Accumulated depreciation		(5,593,347)	(5,147,309)	-	-
		5,561,454	6,007,492	-	-
Office and other equipment					
At cost		23,146	15,315	-	-
Accumulated depreciation		(13,588)	(12,494)	-	-
		9,558	2,821	-	-
Future energy generation projects					
At cost		814,522	360,338	222,576	63,960
Accumulated depreciation		(8,824)	(6,685)	(8,824)	(6,685)
		805,698	353,653	213,752	57,275
Rapid earth fault current limiter					
At cost		1,111,307	1,111,307	-	-
Accumulated depreciation		(105,882)	(61,430)	-	-
		1,005,425	1,049,877	-	-
Total property, plant and equipment		7,572,305	7,617,088	213,752	57,275

Notes to the Financial Statements
For the Year Ended 30 June 2023

(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:

	Consolidated					Total
	Wind farm development, compliance and project management	Wind farm construction	Office and other equipment	Future energy generation projects	Rapid earth fault current limiter	
	\$	\$	\$	\$	\$	\$
Year Ended 30 June 2023						
Balance at the beginning of year	203,245	6,007,492	2,821	353,653	1,049,877	7,617,088
Additions	-	-	7,831	454,184	-	462,015
Depreciation expense	(13,075)	(446,038)	(1,094)	(2,139)	(44,452)	(506,798)
Balance at end of year	190,170	5,561,454	9,558	805,698	1,005,425	7,572,305
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

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Notes to the Financial Statements
For the Year Ended 30 June 2023

20 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 23 March 2023. The lease has an option of two more terms of three years.

	Consolidated		Parent	
	2023	2022	2023	2022
	\$	\$	\$	\$
(a) Right-of-use assets				
Right -of-use asset over land	829,667	806,509	-	-
Less accumulated depreciation	(123,738)	(91,904)	-	-
	705,929	714,605	-	-
Right-of-use asset over buildings	103,415	16,877	103,415	16,877
Less accumulated depreciation	(3,693)	(8,439)	(3,693)	(8,439)
	99,722	8,438	99,722	8,438
	805,651	723,043	99,722	8,438

Notes to the Financial Statements

For the Year Ended 30 June 2023

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
Parent	\$	\$	\$
Year ended 30 June 2023			
Balance at beginning of year	-	8,438	8,438
Depreciation charge	-	(10,022)	(10,022)
Additions to right-of-use assets	-	103,415	103,415
Reductions in right-of-use assets due to changes in lease liability	-	(2,273)	(2,273)
Profit on disposal of right-of-use assets	-	164	164
Balance at end of year	-	99,722	99,722
Year ended 30 June 2022			
Balance at beginning of year	-	16,877	16,877
Depreciation charge	-	(8,439)	(8,439)
Balance at end of year	-	8,438	8,438

	Right-of-use asset over land	Right-of-use asset over building	Total
Consolidated	\$	\$	\$
Year ended 30 June 2023			
Balance at beginning of year	714,605	8,438	723,043
Revaluation due to changes in lease payments	23,158	-	23,158
Additions to right-of-use assets	-	103,415	103,415
Depreciation charge	(31,834)	(10,022)	(41,856)
Reductions in right-of-use assets due to changes in lease liability	-	(2,273)	(2,273)
profit on disposal of right-of-use assets	-	164	164
Balance at end of year	705,929	99,722	805,651
Year ended 30 June 2022			
Initial adoption of AASB 16	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

Notes to the Financial Statements

For the Year Ended 30 June 2023

	Consolidated		Parent	
	2023	2022	2023	2022
	\$	\$	\$	\$
(b) Lease liabilities				
Current				
Lease liabilities	22,212	17,893	11,894	8,628
	22,212	17,893	11,894	8,628
Non current				
Lease liabilities	472,172	372,652	87,107	-
	472,172	372,652	87,107	-
	494,384	390,545	99,001	8,628

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	
	\$	\$	\$	\$	\$
2023					
Lease liabilities	41,162	174,623	527,082	742,867	494,384
2022					
Lease liabilities	36,424	110,336	496,513	643,273	390,545

(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	
	2023	2022	2023	2022
	\$	\$	\$	\$
Interest expense on lease liabilities	21,278	19,188	2,123	591
Depreciation of right-of-use assets	41,856	39,370	10,022	8,439
	63,134	58,558	12,145	9,030

Notes to the Financial Statements
For the Year Ended 30 June 2023

21 Trade and other payables

	Consolidated		Parent	
	2023	2022	2023	2022
	\$	\$	\$	\$
Trade payables	52,123	11,467	24,535	11,332
	52,123	11,467	24,535	11,332
GST payable	32,675	66,205	14,647	1,781
PAYG withholding payable	8,148	8,072	8,148	8,072
Superannuation payable	3,873	3,709	3,873	3,709
Dividends payable	30,085	-	30,085	-
Share buyback payable	3,102	-	3,102	-
Other payables	1,121	1,581	1,121	1,581
	79,004	79,567	60,976	15,143
	131,127	91,034	85,511	26,475

Notes to the Financial Statements
For the Year Ended 30 June 2023

22 Provisions

	Consolidated		Parent	
	2023	2022	2023	2022
	\$	\$	\$	\$
Current				
Provision for leave entitlements	33,232	26,013	33,232	26,013
Provision for impact fund programme (i)	108,513	95,275	108,513	95,275
	141,745	121,288	141,745	121,288
Non current				
Provision for leave entitlements	147	2,146	147	2,146
Provision for making good leased land	400,000	400,000	-	-
	400,147	402,146	147	2,146
	541,892	523,434	141,892	123,434

(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	
	2023	2022	2023	2022
	\$	\$	\$	\$
Opening community fund balance	95,275	56,502	95,275	56,502
Contribution by Co-operative	30,000	30,000	30,000	30,000
Contributions by energy retailers	-	238	-	238
Other contributions	158,685	67,318	158,685	67,318
Interest income	4	6	4	6
Grants to community groups	(23,364)	(16,673)	(23,364)	(16,673)
Sponsorships to community groups	(700)	(1,155)	(700)	(1,155)
Local benefit program	(1,400)	(900)	(1,400)	(900)
Energy fund	(8,580)	(1,510)	(8,580)	(1,510)
Energy fund asset purchases	(141,407)	(38,551)	(141,407)	(38,551)
	108,513	95,275	108,513	95,275

Notes to the Financial Statements
For the Year Ended 30 June 2023

	Consolidated		Parent	
	2023	2022	2023	2022
	\$	\$	\$	\$
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 2023 was \$500,000 (30 June 2022: \$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 2023

	Consolidated		Parent	
	2023	2022	2023	2022
	\$	\$	\$	\$
24 Issued capital				
9,256,422 ordinary shares (2022: 9,454,154)	9,256,422	9,454,154	9,256,422	9,454,154
Share premium reserve	11,792	11,757	11,792	11,757
	<u>9,268,214</u>	<u>9,465,911</u>	<u>9,268,214</u>	<u>9,465,911</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	
	2023	2022	2023	2022
	No.	No.	No.	No.
(a) Ordinary shares				
At the beginning of the reporting period	9,454,154	9,459,495	9,454,154	9,459,495
Shares issued during the year (i)	24,905	1,100	24,905	1,100
Shares cancelled during the year	(2,700)	-	(2,700)	-
Shares bought back during the year (ii)	(219,937)	(5,741)	(219,937)	(5,741)
Prior year adjustment	-	(700)	-	(700)
At the end of the reporting period	<u>9,256,422</u>	<u>9,454,154</u>	<u>9,256,422</u>	<u>9,454,154</u>

(i) shares issued during the year includes dividends re-invested totalling 21,850 shares (2022: nil).

(ii) Hepburn Wind invited eligible members to participate in a member share buy back, under which Hepburn Wind offered to purchase up to 200,008 shares at a price of \$1.00. The offer was fully taken up.

Notes to the Financial Statements
For the Year Ended 30 June 2023

	Consolidated		Parent	
	2023	2022	2023	2022
	\$	\$	\$	\$
25 Cash flow information				
Reconciliation of net profit for the year to cash flows provided by operating activities:				
Profit for the year	359,494	58,087	359,494	58,087
Non-cash flows in profit:				
Depreciation and amortisation	506,798	506,199	2,139	1,280
Depreciation right-of-use asset	41,856	39,370	10,022	8,439
Inter-company dividends	-	-	(298,665)	(174,598)
Shares forfeited	(2,970)	-	(2,970)	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:				
(Increase)/decrease in trade and other receivables	241,901	(231,729)	27,048	(72,425)
(Increase)/decrease in inventories	(85,864)	(21,419)	-	-
(Increase)/decrease in deferred taxes	119,109	(100,042)	1,351	(963)
(Increase)/decrease in current tax assets	-	-	96,158	6,594
Increase/(decrease) in lease liabilities	(20,625)	(17,003)	(10,933)	(8,249)
Increase/(decrease) in trade and other payables	(27,143)	4,343	8,640	17,539
(Increase)/decrease in provision for employee entitlements	5,220	3,267	5,220	3,267
(Increase)/decrease in provision for community fund grants	(3,825)	38,773	(3,825)	38,773
Cashflow from operations	1,133,951	279,846	193,679	(122,256)

26 Matters or circumstances arising after the end of the year

No 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 2023

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	
	2023	2022	2023	2022
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	654,757	428,378	294,638	122,696
Trade and other receivables	170,981	412,882	46,433	73,481
Other financial investments	1,611,753	1,682,008	1,611,753	1,682,008
Loans to related parties	-	-	7,766,350	8,066,961
Total financial assets	2,437,491	2,523,268	9,719,174	9,945,146
Financial liabilities				
Trade and other payables	131,127	91,034	85,511	26,475
Borrowings	1	1	-	-
Total financial liabilities	131,128	91,035	85,511	26,475
28 Auditors' remuneration				
Remuneration of the auditor, CountPro Audit Pty Ltd, for:				
Audit and review of the financial statements	6,750	5,825	3,675	2,912
	6,750	5,825	3,675	2,912
Remuneration of related entity, CountPro Pty Ltd, for:				
Accounting services	18,000	16,840	9,365	8,620
Management accounting services	21,550	20,900	10,775	10,450
	39,550	37,740	20,140	19,070
	46,300	43,565	23,815	21,982

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 2023

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 Company and its controlled entities was \$89,367 (2022: \$91,674).

31 Controlled entities

		2023	2022
		Percentage	Percentage
	Country of Incorporation	Owned (%)*	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 2023 or 30 June 2022.

Notes to the Financial Statements
For the Year Ended 30 June 2023

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, approximately \$250,000 was remaining to be spent on the project at 30 June 2023.

34 Co-operative details

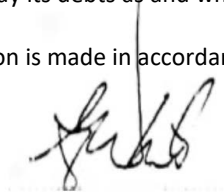
The registered office and principal place of business of the Co-operative is:
Hepburn Community Wind Park Co-operative Ltd
107 Vincent Street
Daylesford VIC 3460


Directors' Declaration

The directors of the Company declare that:

- 1. The financial statements and notes, as set out on pages 8 to 40 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 2023 and of the performance for the year ended on that date of the Company and its controlled entities.
- 2. In the directors' opinion, there are reasonable grounds to believe that the Company 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: 28/08/2023

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 2023, 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 2023 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: 28 August 2023

2022 Financials

Leonards Hill Wind

Operations Pty Ltd

Leonards Hill Wind Operations Pty Ltd

ABN 86 141 239 894

Financial Statements

For the Year Ended 30 June 2023

Leonards Hill Wind Operations Pty Ltd
ABN 86 141 239 894

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For the Year Ended 30 June 2023

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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	
Directors' Report For the Year Ended 30 June 2023	
Your directors present their report on Leonards Hill Wind Operations Pty Ltd for the financial year ended 30 June 2023.	
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 \$298,665 (2022: profit of \$174,598).	
Dividends paid or recommended	
Dividends were paid to the parent entity totalling \$298,665 during the year (2022: \$174,598).	
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, cost of living pressures and the Ukraine war. The spot market for electricity has continued to experience significant volatility. A negative pricing turndown device has managed the risk to the company during extreme market events by turning the wind farm off.	
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.	
On 17 May 2023, Hepburn Energy was awarded \$500,000 by the Federation Government for Stage 1 of the Hepburn Energy Community Battery	

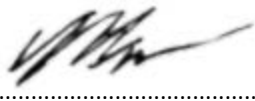
Leonards Hill Wind Operations Pty Ltd ABN 86 141 239 894	
Directors' Report For the Year Ended 30 June 2023	
Matters or circumstances arising after the end of the year	
No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect 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.	

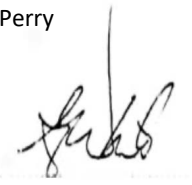
Directors' Report
For the Year Ended 30 June 2023

Auditor's independence declaration

The auditor's independence declaration for the year ended 30 June 2023, 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: 28/08/2023



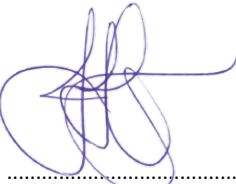
Leonards Hill Wind Operations Pty Ltd
ABN 86 141 239 894

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 2023, 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: 21 August 2023

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2023

	Note	2023 \$	2022 \$
Revenue	3	1,340,197	1,184,639
Administrative expenses	4	(26,602)	(25,855)
Depreciation and amortisation expense	5	(536,493)	(535,850)
Interest	6	(19,154)	(18,597)
Other operating expenses	7	(359,728)	(371,540)
Profit before income tax		398,220	232,797
Income tax expense	8	(99,555)	(58,199)
Profit for the year		298,665	174,598
Other comprehensive income:			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		298,665	174,598

The accompanying notes form part of these financial statements.

Statement of Financial Position
As At 30 June 2023

	Note	2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	9	360,119	305,682
Trade and other receivables	10	124,548	339,401
Inventories	11	141,534	55,670
Total current assets		626,201	700,753
Non-current assets			
Deferred tax assets	12(a)	9,784	16,242
Property, plant and equipment	13	7,358,553	7,559,813
Right-of-use assets	14(a)	705,929	714,605
Total non-current assets		8,074,266	8,290,660
Total assets		8,700,467	8,991,413
Liabilities			
Current liabilities			
Provision for income tax	12(b)	93,097	77,956
Trade and other payables	15	45,616	64,558
Lease liabilities	14(b)	10,318	9,265
Total current liabilities		149,031	151,779
Non-current liabilities			
Borrowings	16	7,766,351	8,066,962
Lease liabilities	14(b)	385,065	372,652
Provisions	17	400,000	400,000
Total non-current liabilities		8,551,416	8,839,614
Total liabilities		8,700,447	8,991,393
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 2023

	Issued capital \$	Retained earnings \$	Total \$
2023			
Balance at 1 July 2022	20	-	20
Profit attributable to members	-	298,665	298,665
Dividends paid	-	(298,665)	(298,665)
Balance at 30 June 2023	20	-	20
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

The accompanying notes form part of these financial statements.

Statement of Cash Flows
For the Year Ended 30 June 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities:			
Receipts from customers		1,466,418	1,014,604
Payments to suppliers and employees		(448,324)	(448,663)
Interest received		134	33
Income tax paid		(77,956)	(163,871)
Net cash provided by operating activities	20	940,272	402,103
Cash flows from investing activities:			
Payments for property, plant and equipment		(286,559)	(544,947)
Net cash used in investing activities		(286,559)	(544,947)
Cash flows from financing activities:			
Net repayments of related party loans		(599,276)	(106,486)
Net cash used in financing activities		(599,276)	(106,486)
Net increase / (decrease) in cash and cash equivalents held		54,437	(249,330)
Cash and cash equivalents at beginning of year		305,682	555,012
Cash and cash equivalents at end of financial year	9	360,119	305,682

The accompanying notes form part of these financial statements.

Notes to the Financial Statements
For the Year Ended 30 June 2023

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 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 2023

(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 2023

(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 2023

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 2023

(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 2023

(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 2023

(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 2023

(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 2023

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.

3 Revenue

Revenue from contracts with customers

Revenue from ordinary operations

Sale of goods	2023 \$	2022 \$
	1,189,619	1,128,466
	1,189,619	1,128,466
Other revenue		
Interest income	134	45
Grants	15,940	15,000
Movement in inventories	85,864	21,419
Other income	48,640	19,709
	150,578	56,173
	1,340,197	1,184,639

Disaggregation of revenue from contracts with customers

(a) Timing of revenue recognition

At a point in time	2023 \$	2022 \$
	1,189,619	1,128,466
	1,189,619	1,128,466

Notes to the Financial Statements

For the Year Ended 30 June 2023

(b) Type of contract

Sale of goods - Electricity	2023 \$	2022 \$
	728,953	695,304
Sale of goods - Large-scale Generation Certificates	437,375	427,140
Sale of goods - Transmission use of system income	23,291	6,022
	1,189,619	1,128,466

4 Administrative expenses

Accounting fees	2023 \$	2022 \$
	8,635	8,220
Audit fees	3,075	2,913
Bank charges	-	249
Bookkeeping	3,827	3,699
Management accounting expense	10,775	10,450
Office supplies and information technology	-	48
Secretarial fees	290	276
	26,602	25,855

5 Depreciation and amortisation

Depreciation - plant and equipment	2023 \$	2022 \$
	504,659	504,919
Depreciation - right-of-use asset	31,834	30,931
	536,493	535,850

6 Interest

Interest expense on lease liabilities	2023 \$	2022 \$
	19,154	18,597
	19,154	18,597

7 Other operating expenses

Insurance	2023 \$	2022 \$
	56,280	49,321
Licence fees	3,300	3,450
Municipal payment in lieu of rates	9,392	7,733
Wind farm operation	290,756	311,036
	359,728	371,540

Notes to the Financial Statements

For the Year Ended 30 June 2023

	2023 \$	2022 \$
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% (2022: 25%)	99,555	58,199
	<u>99,555</u>	<u>58,199</u>
9 Cash and cash equivalents		
Operating accounts	360,119	305,682
	<u>360,119</u>	<u>305,682</u>
10 Trade and other receivables		
Trade receivables	103,118	315,337
Accrued interest income	14	14
Prepayments	21,416	24,050
	<u>124,548</u>	<u>339,401</u>
11 Inventories		
Large-scale Generation Certificates	141,534	55,670
	<u>141,534</u>	<u>55,670</u>
12 Tax assets and liabilities		
(a) Deferred tax assets		
Deferred tax assets (liabilities) comprise the tax effect of:		
- Right-of-use asset	22,364	16,829
- Differences in accounting and tax depreciation rates	(416)	(583)
- Income not assessable until received	(12,164)	(4)
	<u>9,784</u>	<u>16,242</u>
(b) Current tax liabilities		
Provision for income tax	93,097	77,956
	<u>93,097</u>	<u>77,956</u>

Notes to the Financial Statements

For the Year Ended 30 June 2023

	2023 \$	2022 \$
13 Property, plant and equipment		
Wind farm development, compliance and project management		
At cost	326,870	326,870
Accumulated depreciation	(136,700)	(123,625)
	<u>190,170</u>	<u>203,245</u>
Wind farm construction		
At cost	11,154,801	11,154,801
Accumulated depreciation	(5,593,347)	(5,147,309)
	<u>5,561,454</u>	<u>6,007,492</u>
Office and other equipment		
At cost	23,146	15,315
Accumulated depreciation	(13,588)	(12,494)
	<u>9,558</u>	<u>2,821</u>
Future energy generation projects		
At cost	591,946	296,378
	<u>591,946</u>	<u>296,378</u>
Rapid earth fault current limiter		
At cost	1,111,307	1,111,307
Accumulated depreciation	(105,882)	(61,430)
	<u>1,005,425</u>	<u>1,049,877</u>
Total property, plant and equipment	<u>7,358,553</u>	<u>7,559,813</u>

Notes to the Financial Statements
For the Year Ended 30 June 2023

(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 2023						
Balance at the beginning of year	203,245	6,007,492	2,821	296,378	1,049,877	7,559,813
Additions	-	-	7,831	295,568	-	303,399
Depreciation expense	(13,075)	(446,038)	(1,094)	-	(44,452)	(504,659)
Balance at the end of the year	190,170	5,561,454	9,558	591,946	1,005,425	7,358,553
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

Notes to the Financial Statements
For the Year Ended 30 June 2023

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.

(a) Right-of-use assets

Right-of-use asset over land

Less accumulated depreciation

2023	2022
\$	\$
829,667	806,509
(123,738)	(91,904)
705,929	714,605

The movement in carrying amounts for each class of right-of-use assets between the beginning and the end of the current financial year:

Balance at the beginning of the year

Revaluation due to changes in lease payments

Depreciation charge

714,605	732,395
23,158	13,141
(31,834)	(30,931)
705,929	714,605

Notes to the Financial Statements

For the Year Ended 30 June 2023

	2023	2022
	\$	\$
(b) Lease liabilities		
Current		
Lease liabilities	10,318	9,265
	<u>10,318</u>	<u>9,265</u>
Non current		
Lease of land	385,065	372,652
	<u>385,065</u>	<u>372,652</u>
	<u>395,383</u>	<u>381,917</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
	\$	\$	\$	\$	\$
2023					
Lease liabilities	29,267	117,066	497,532	643,865	395,383
2022					
Lease liabilities	27,584	110,336	496,513	634,433	381,917

(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:

	2023	2022
	\$	\$
Interest expense on lease liabilities	19,154	18,597
Depreciation of right-of-use assets	31,834	30,931
	<u>50,988</u>	<u>49,528</u>

Notes to the Financial Statements

For the Year Ended 30 June 2023

	2023	2022
	\$	\$
15 Trade and other payables		
Trade payables	27,588	134
GST payable	18,028	64,424
	<u>45,616</u>	<u>64,558</u>
16 Borrowings		
Loans from related entity:		
Hepburn Community Wind Park Co-operative Ltd	7,766,350	8,066,961
Bank loans:		
Bendigo & Adelaide Bank Ltd	1	1
	<u>7,766,351</u>	<u>8,066,962</u>

The limit of the bank loan facility from Bendigo & Adelaide Bank Ltd at 30 June 2023 was \$500,000 (30 June 2022: \$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 2023

	2023	2022
	\$	\$
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 (2022: 20 ordinary shares)	20	20
	<u>20</u>	<u>20</u>
19 Dividends		
Dividends were declared and paid to the parent entity during the 2023 financial year totalling \$298,655 (2022: \$174,598).		
20 Cash flow information		
Reconciliation of net result for the year to cash flows provided by operating activities:		
Profit for the year	298,665	174,598
Non-cash flows in profit:		
Depreciation and amortisation	504,659	504,919
Depreciation right-of-use asset	31,834	30,931
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	214,853	(159,304)
(Increase)/decrease in inventories	(85,864)	(21,419)
Increase/(decrease) in lease liabilities	(9,692)	(8,754)
Increase/(decrease) in trade and other payables	(35,782)	(13,196)
Increase/(decrease) in income taxes payable	15,141	(85,915)
Increase/(decrease) in deferred taxes payable	6,458	(19,757)
	<u>940,272</u>	<u>402,103</u>

Notes to the Financial Statements
For the Year Ended 30 June 2023

21 Matters or circumstances arising after the end of the year

No matters or circumstances have arisen since the end of the financial year which significantly affected or may 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:

	2023	2022
	\$	\$
Financial Assets		
Cash and cash equivalents	360,119	305,682
Trade and other receivables	124,548	339,401
Total financial assets	<u>484,667</u>	<u>645,083</u>
Financial Liabilities		
Trade and other payables	45,616	64,558
Borrowings	7,766,351	8,066,962
Total financial liabilities	<u>7,811,967</u>	<u>8,131,520</u>

Notes to the Financial Statements

For the Year Ended 30 June 2023

	2023	2022
	\$	\$
23 Auditors' remuneration		
Remuneration of the auditor, CountPro Audit Pty Ltd, for:		
Audit and review of the financial statements	3,075	2,913
	3,075	2,913
Remuneration of related entity, CountPro Pty Ltd, for:		
Accounting services	8,635	8,220
Management accounting services	10,775	10,450
	19,410	18,670
	22,485	21,583

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 2023

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 \$298,665 (2022: \$174,598) 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 2023 is \$7,766,350 (30 June 2022: \$8,066,961). The loan is an unsecured loan and no interest is charged on the loan. During the 2023 financial year there were net repayments on the loan resulting in a reduction in the loan of \$300,611 (2022: net drawdowns resulting in an increase in the loan of \$68,122).

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 2023 or 30 June 2022.

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 \$250,000 was remaining to be spent on the project at 30 June 2023.

27 Company details

The registered office and principal place of business of the company is:


Leonards Hill Wind Operations Pty Ltd
107 Vincent 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 28, 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 2023 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: 28/08/2023

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 2023, 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 2023 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

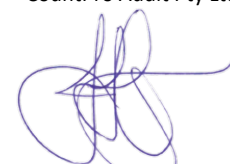
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that 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: 28 August 2023

