Make the shift
Annual Report 2024

The future of community energy

Hepburn 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 100 km 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.

Contents

Hepburn Energy

A message from the board

Our lifecycle impact - 13 years in!

127,654MWh

Total energy generated, 127,654MWh abating 130,813 tonnes of CO2

$1,659,234

$1,659,234 direct member financial benefit

$6,187,459

$6,187,459 community value delivered through benefit-sharing projects and programs

97

97 community benefit-sharing projects and programs

Dear members,

Our two turbines, 'Gale' and 'Gusto', are halfway through their lifespan, and your board and staff are focused on ensuring the longevity of both the wind farm asset and the future of your energy cooperative. The turbines performed well, exceeding the availability guarantee at 97.55% this financial year, and are in good condition despite their age. Throughout the financial year, the cooperative improved governance across the entities, established a new constitution for the fully owned subsidiary Leonards Hill Wind Operations, and ensured legal and financial robustness for our operating model in dynamic market conditions.

As forewarned at the 2023 AGM and in member communications throughout the year, the Victorian wholesale electricity market has continued to experience significant volatility. A negative pricing turndown device has managed the risk during extreme market events by turning the wind farm off. However, these ongoing negative pricing events generally coinciding with daytime solar generation are causing generation and operational income to fall significantly. Partial mitigation measures have been employed (power purchase agreements at fixed rates, residential offerings through Flow Power and sales through EV chargers).

Developing Stage 1 of the battery storage project – which can also play a partial role in mitigating market risk has been a primary focus this financial year. The co-operative must maximise the opportunity of the grant from the Federal Government. Battery development is a rapidly changing and complex field, and the cooperative has undergone an iterative process with multiple consultants to arrive at a set of options.
This past year one of our long-term staff members Marie Lakey relocated to Melbourne and took another role. It has been wonderful to have Marie lead communications, research and projects for the co-operative over the past six years and we wish her continued success. Carlena D'Arma has taken on communications now in addition to managing membership and community projects. Our General Manager Taryn Lane had maternity leave during the period and returned to work in November after welcoming her baby girl.

Another change has been the transition of board members. Over the year, we said goodbye to Michael Sneddon, Emma Harvey, Paul Houghton and Linda Hancock. We'd like to thank Paul and Linda in particular for their years of contribution and we were pleased to welcome Sherrin Yeo as a director. We would also like to acknowledge the fantastic contribution of our member volunteers in our committees who are Turlough Guerin,John Franklin and Alexandra Ellis.

The co-operative now operates a local EV charging network with chargers now situated in all of the major towns in the Shire. The new charging infrastructure was made possible thanks to combined funding from the State Government, Hepburn Shire Council, Central Highlands Water, The Good Car Co and the Hepburn Energy Impact Fund. We would also like to acknowledge the generous members who elected to donate their 2023 financial returns, providing us with $17,062 towards public EV charging infrastructure. Just over half went to the Trentham charger installation and the balance will be spent on Clunes in the coming year.
We thank our members for their continued support and interest in the activities of the energy co-operative and we hope to see as many of you online at our AGM in November.

Your Board

Graham White, David Perry,
Mark Fogarty, Sherrin Yeo.

Performance highlights

- Battery storage project exploration
- Piloting Community Retailing Offer
- Hepburn Springs EV charging station delivered

	FY2024	FY2023	Variance	Variance %
Revenue and income				
Electricity sales	$421,391	$752,244	($330,853)	-44%
Renewable energy certificate sales	$238,078	$437,375	($199,297)	-46%
Movement in LGC's on hand	$84,419	$85,864	($1,445)	2%
EV charger income	$30,955	-	$30,955	-
PPA (Retail) income	$131,122	-	$131,122	-
Combined generation income	$905,965	$1,275,483	($369,518)	-29%
Grant revenue	$320,250	$205,940	$114,310	56%
Other revenue	$100,914	$264,235	($163,321)	-62%
Total revenue	$1,327,129	$1,745,658	($418,529)	-24%
Market value				
Electricity income per MWh(1) (excluding PPA's)	$56.22	$83.22	($27.00)	-32.4%
Renewable energy certificate income per certificate (excluding PPA's)	$46.46	$59.68	($13.22)	-22.2%
All-in value per MWh(2) (excluding PPA's)	$101.56	$141.10	($39.54)	-28.0%
PPA average all-in price received	$90.46	-	$90.46	-
All-in value per MWh (including PPA's)	$101.28	$141.10	($39.82)	-28.2%
Outgoings				
Operating expenses	$686,132	$641,273	$44,859	7%
Impact fund, sponsorships and local benefits (3)	$1,900	$34,043	($32,143)	-94%
Finance expenses	$26,974	$21,485	$5,489	0%
Total outgoings excluding depreciation and provisions	$715,006	$696,801	$18,205	3%
Financial Performance	$26,974			
Group EBITDA	$678,550	$1,057,104	($378,554)	-36%
EBITDA cents per share	7.34	11.42	(4.08)	-36%
Group earnings before depreciation (4)	$651,576	$1,035,619	($384,043)	-37%
Depreciation	$569,787	$548,654	$21,133	4%
Net profit before tax	$81,789	$486,965	($405,176)	-83%
Income tax expense	($7,506)	$127,471	($134,977)	-106%
Net profit after tax	$89,295	$359,494	($270,199)	-75%
Loan outstanding	-	$1	- 1.00	-100%
Operations	$89,295			
Wind farm availability (5)	97.6%	94.6%	3.0%	3%
Wind speed average both turbines (m/s)	6.9	7.00	(0.1)	-1%
Wind farm generation (MWh) (6)	8,945	9,039	(94)	-1%
Capacity factor	25.1%	25.2%	-0.1%	-1%

Footnotes

1. Electricity income calculated based on total electricity income including TUOS over net generation (DLEG). Prior year average has been adjusted to reflect the same basis of calculation (previously calculated based of the total generation uplifted by the DLF which totalled 9652 MWh compared to the DLEG net generation of 9039 MWh.
2. All in price adjusted for margin loss factor in LGC generation
3. Community contributions expense in the statutory accounts includes movement in provision for community grants of -$39,453 (2023: $13,238) and the provision for community fund is after allowing for contributions by Meridian Powershop, Red Energy and wind farm tours.
4. 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.
5. 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.
6. Wind farm generation is net generation (DLEG). Prior year reported generation has been adjusted to reflect the same basis of calculation (reduced from 9,071 MWh to 9,039 MWh to reflect net generation).

Our Performance

Operations

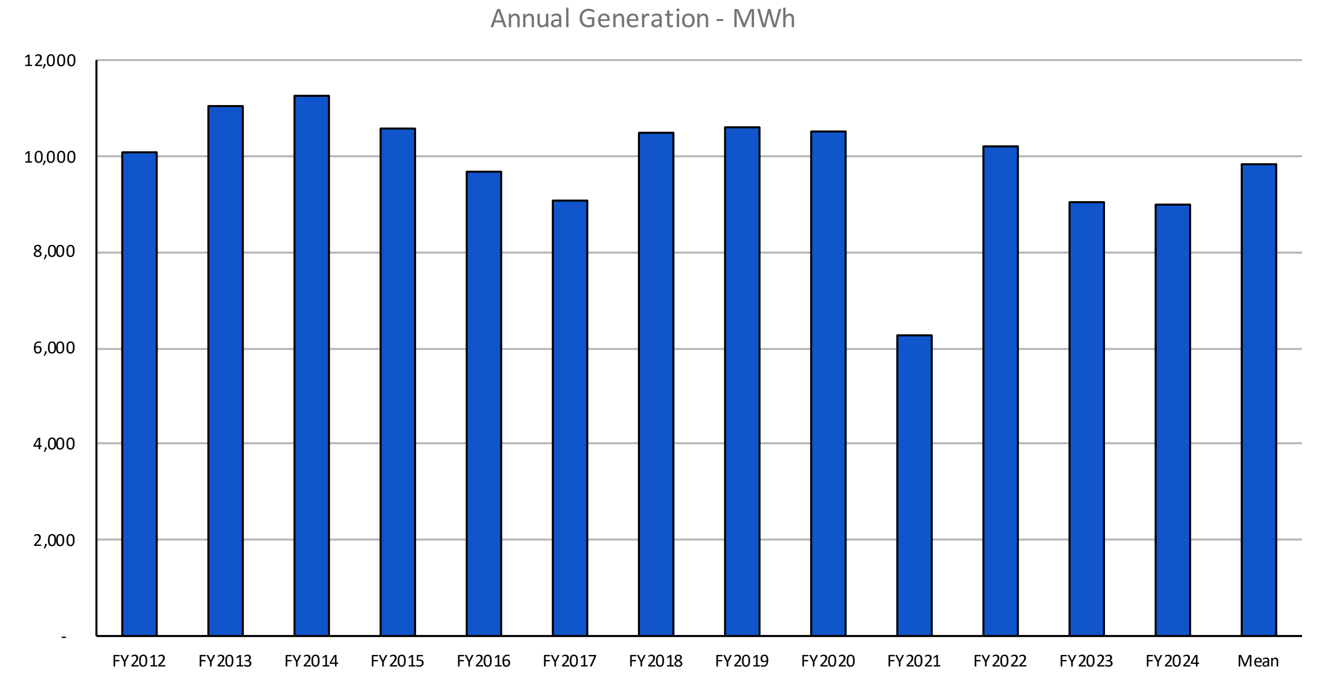
During this financial year, Vestas saw a significant improvement in its operations and maintenance performance, achieving an annual availability result of 97.55%. This exceeded the performance guarantee threshold of 97% and marked a 3% increase from the previous financial year.

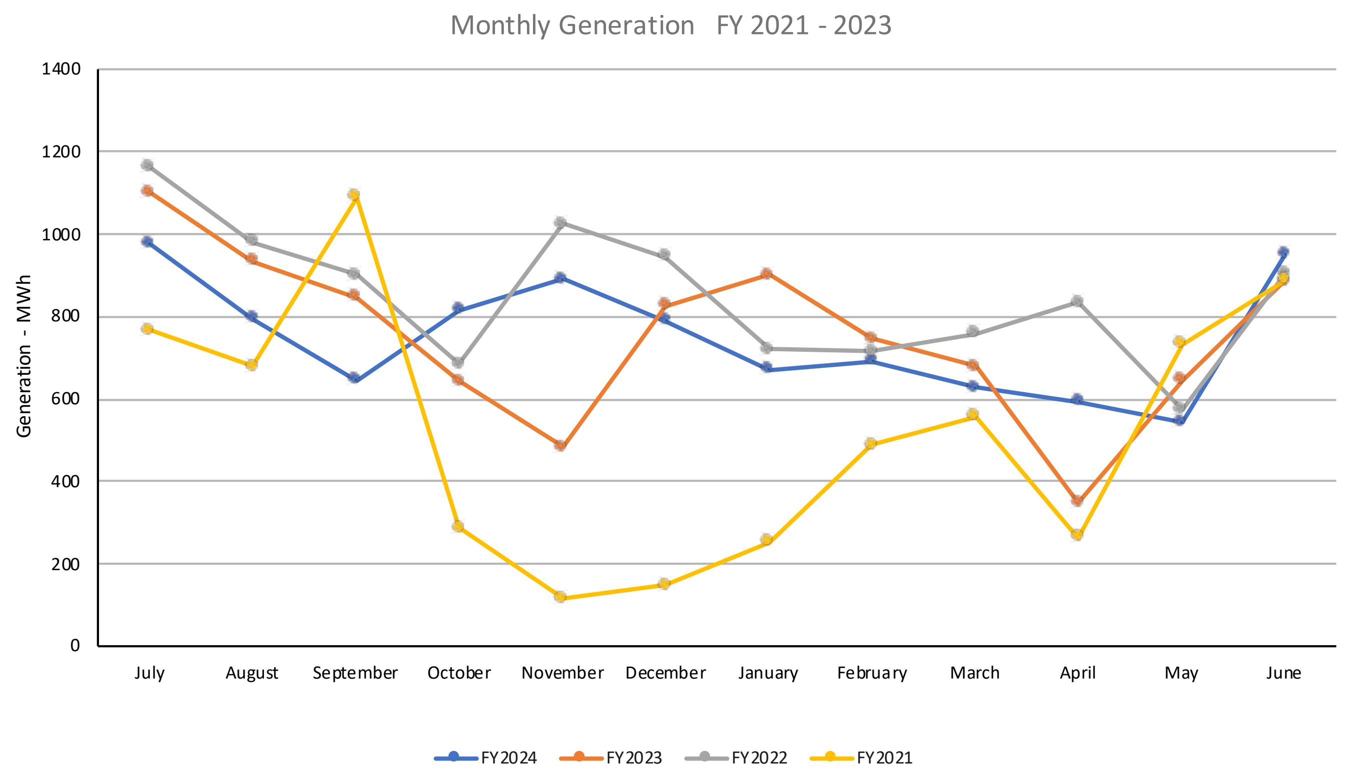
Generation was lower due to the impacts of negative pricing and increased market volatility over the year, with overall generation of 9,026MWh. After accounting for importing and distribution loss factors, the total generation was 8,945MWh. July 2023 was the highest generation month of the year at 977MWh and May was the lowest at 548MWh. Curtailment from negative pricing also impacted the overall capacity factor being 25.06% over the financial year. The following graph shares the annual generation since project operation.

The wind resource was lower overall this financial year, with Gale receiving an average of 7.19m/s and Gusto receiving an average of 6.68m/s for a combined total of 6.93m/s. Gale had a peak month in November with 7.78m/s and May was the lowest month with 5.6m/s received for Gusto. This was below the lifetime average of 7.05m/s combined wind speed since operations began.

In relation to major outages throughout the financial year, the following occurred: there were 703 hours of grid failure, with a significant peak in May of 282 hours and June of 175 hours. Powercor was contacted to investigate, and they found a fault in the local feeder, which was repaired in mid-June. At the time of writing, Powercor was installing new switch gear at the Ballarat North zone substation, which should further reduce downtimes by enabling instantaneous switching between the two main lines that serve Daylesford. The 13-year service was completed on Gale and Gusto throughout May. The major reoccurring maintenance issues were the frequency converters at the wind farm.

The co-operative initiated conversations with Vestas this financial year regarding end-of-life and options regarding lifetime extension and repowering. The best options for the co-operative will be an ongoing discussion and considered in the years to come. This has also included research on decommissioning costs and approaches. A decision on approach is likely needed to be made at year 19.





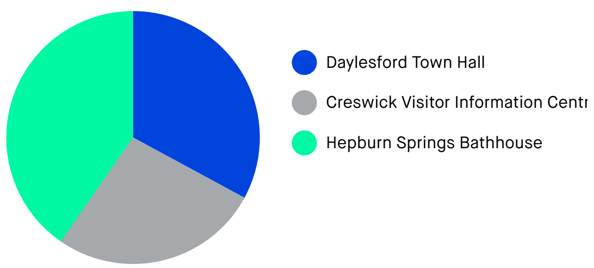
Electric vehicle charging stations

As at the time of writing, Hepburn Energy owns and/or operates 4 electric vehicle (EV) chargers across the Hepburn Shire, in Daylesford, Creswick, Hepburn Springs and Trentham. These chargers have been installed as part of a collaboration between Hepburn Energy, Chargefox, Central Highlands Water and Hepburn Shire Council, with co-funding from the State Government's Destination Charging Across Victoria program.

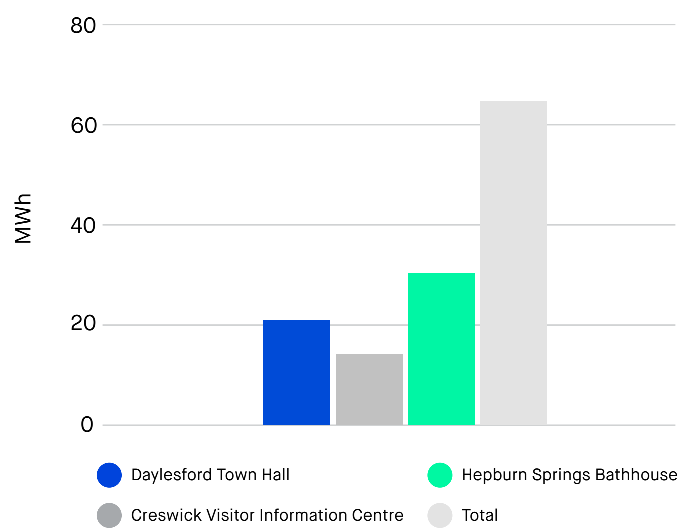
The Creswick charger went live on May 12, 2023, but was vandalised in early August 2023. There was a delay in repairs due to the high-risk location of the charger site. To mitigate the risk, Hepburn Shire Council added CCTV surveillance in mid-December 2023, the repairs were completed and the charger was back online on January 17, 2024.

The EV charger located at the Hepburn Springs Bathhouse first went live on July 24, 2023, and has been the most used charger for the year, for both the number of uses and MWh consumed. It had 1293 uses accounting for approximately 40% of all uses and 30.11MWh or approximately 46% of total energy consumed.

Percentage of users per charger

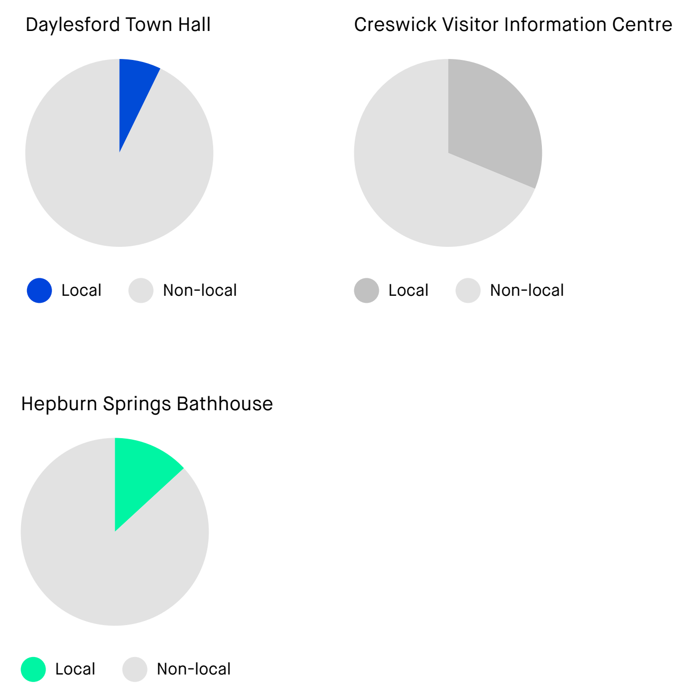


Usage MWh



The charger located at the Creswick Visitor Information Centre had the highest number of local resident uses (268) overall and the highest percentage of local versus non-local use with approximately 31% local use. Creswick also, comparatively, had a high number of uses (~27% of the total) despite being offline for over five months due to vandalism and delayed repairs. Data from the Daylesford charger details the largest disparity between local and non-local use, where non-local postcodes represented over 90% of the number of uses and consumed energy.

Local versus non-local use percentage per charger:



Overall the public EV chargers saw a consistent uplift in usage. This was primarily at our Hepburn Springs fast 50kW charger located at the Hepburn Springs Bathhouse, with an average of 3 to 4 uses per day over the last financial year, 45% of which were on weekends.

The individual performances for the year of our charging stations were:

- Daylesford 1055 charges - at an average of approximately 3 charges per day (20.93 mWh)
- Hepburn Springs 1293 charges at an average of approximately 3 to 4 charges per day (30.11 mWh)
- when the Creswick charger was online, it had 858 charges approximately 4 charges per day online (13.87 mWh)

At the time of writing, the new Trentham EV Charger located at the Mechanics Trentham is live. The charger went online on July 18, 2024. Data will be available in the next financial year report.

The EV charger profit and loss for FY24 broke even, including an administration fee for the co-operative for management of the assets. Initial forecasts did not anticipate this result until the end of the second year of operations. The outcome is due to the increased use (3-4 charges per day) compared to initial projections of around 2 charges per day. The next EV charging station to be located in Clunes is set to be completed in 2025/2026.

Income and expenses

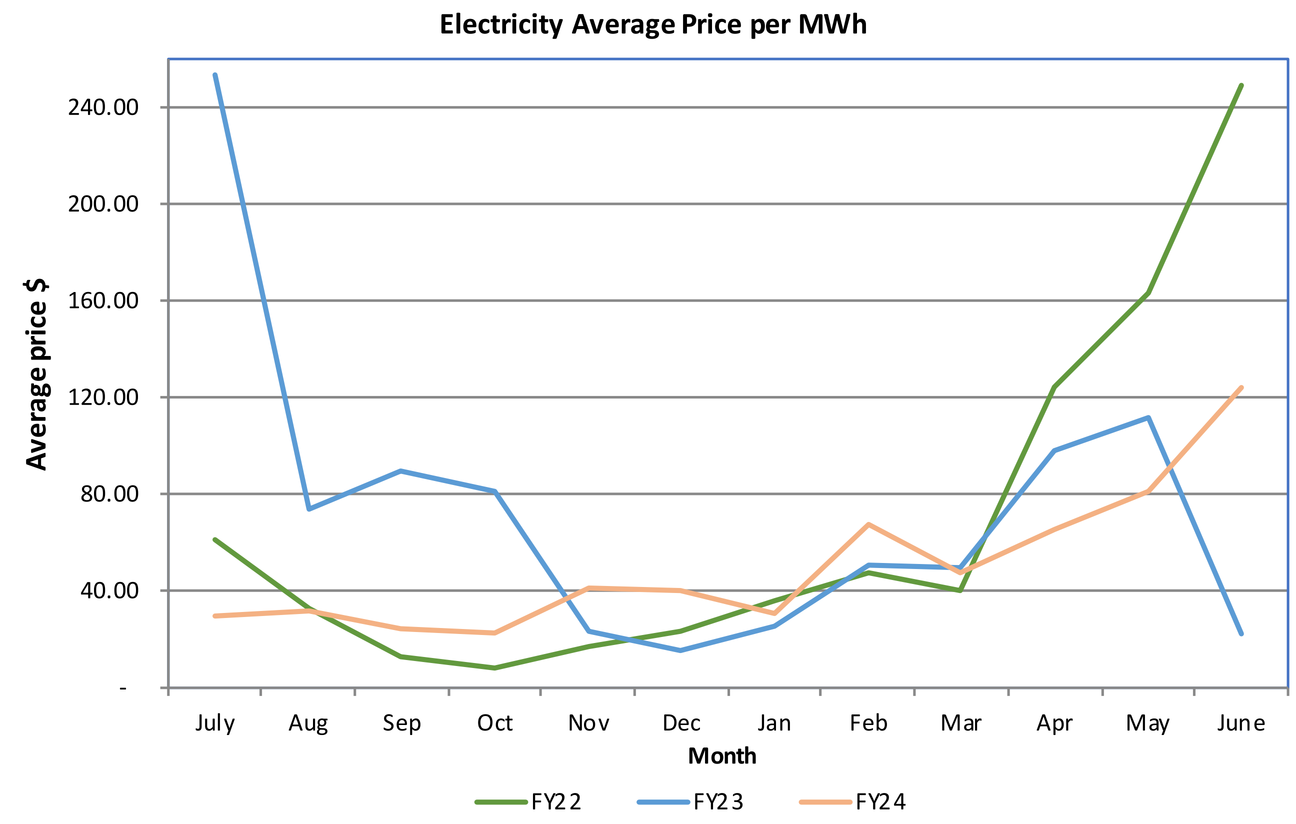
The Group's earnings before interest, taxes, depreciation and amortisation were $678,550 (2023: EBITDA of $1,057,104) representing earnings of 7.34 cents per share (2023: 11.42 cents per share). After allowing for significant depreciation of capital items and interest expenses the result was a consolidated profit after tax for the year of $89,295 (2023: consolidated profit of $359,494). Total revenue incorporating other income such as grants was $1,327,129, a reduction of 24% from the previous year.

The year had extended low-income periods as well as high-income months such as June where the all-in price achieved was $168.14 compared to a yearly average of $101.56. Weather and rooftop solar was a key factor in negative pricing during the daylight hours. Conversely, when there were peak power events weather conditions were again a key driver, with cloudy overcast and cold days meaning less solar PV generation and higher household consumption of energy. This was coupled with coal power plant outages which drove high prices throughout June.

During the year the co-operative entered into two power purchase agreements (PPAs) to sell an agreed proportion of the electricity generated and the associated LGCs at a fixed price. The average all-in price received under the PPAs during the year was $90.46 per MWh. There was a reduction in electricity income of $330,853 to $421,391 and a reduction in LGC income of $200,742 to $322,497 which has been partially offset by the income received under the power purchase agreements of $131,122 and EV charger income of $30,995.

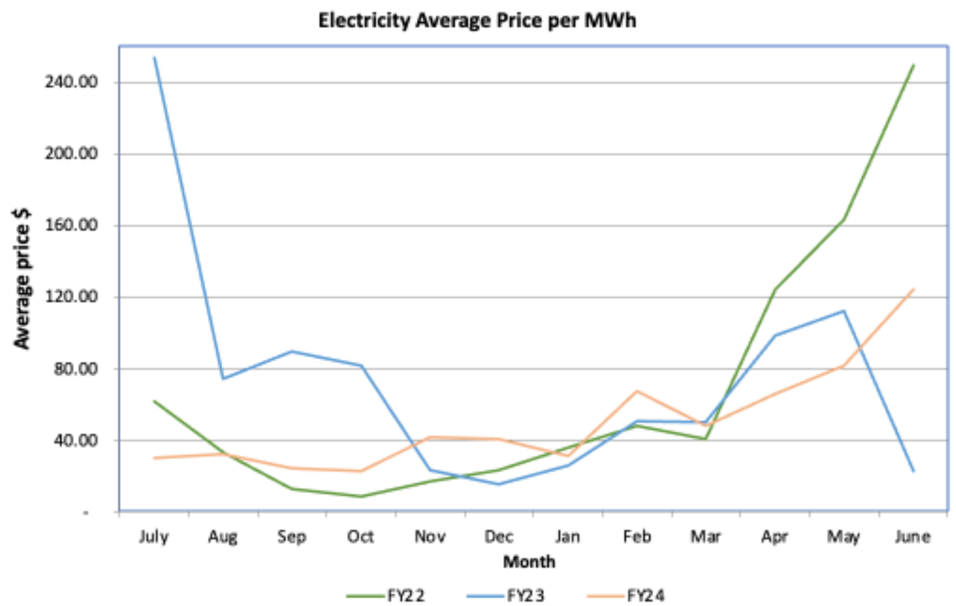
Total generation income decreased by 29% to $905,965. The average electricity price received excluding PPA's was $56.22 per MWh which is down 32.5% on the previous year (following an increase of 15.3% in the previous year) and the average renewable energy certificate price received was $46.46 which is down 22.2% compared to the prior year (increase of 15.1% in the previous year). This resulted in an all-in price received excluding PPA of $101.55, down 28.0% on the previous financial year (following an increase of 40.4% in the previous year). Financially the co-operative continues to be cash flow positive. However, the large portion of depreciation ($569,787 this financial year) reduces net income as the wind farm asset's cost is allocated on the income statement and is used to account for declines in the value of the fixed assets over time.

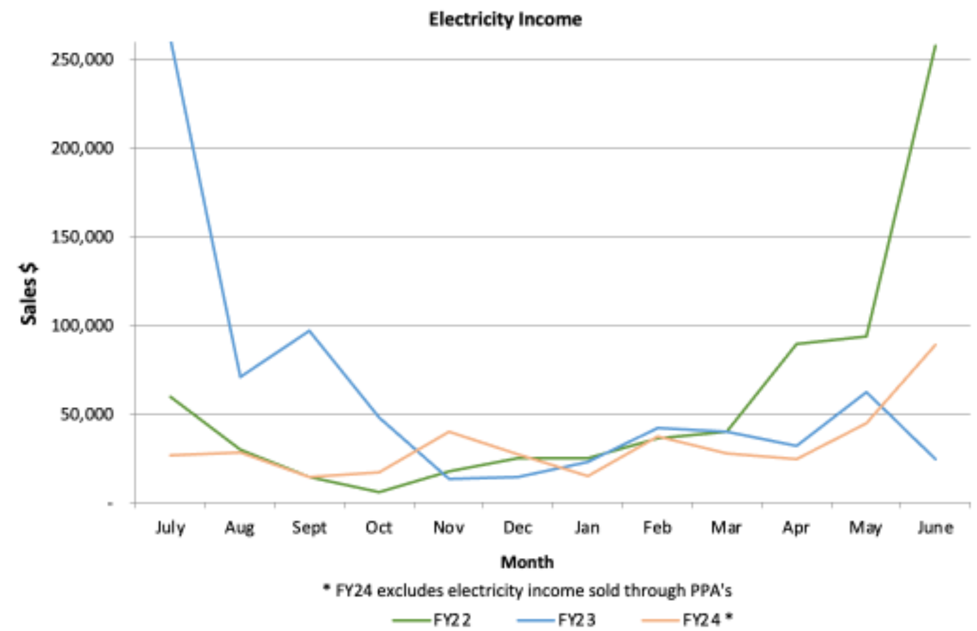
The following graphs outline the electricity and LGC pricing, generation and income throughout the year and in comparison to the previous two financial years.

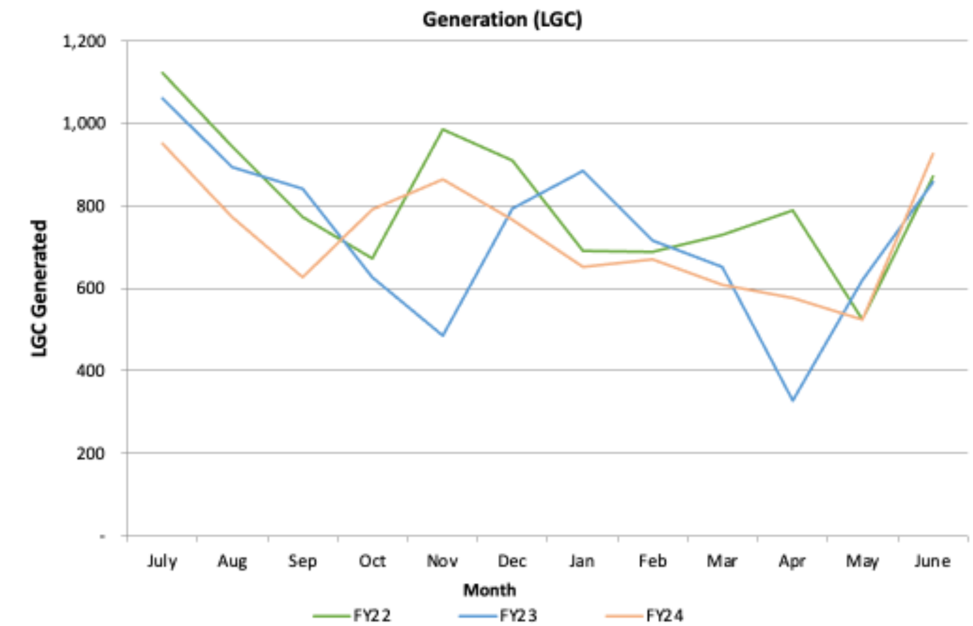


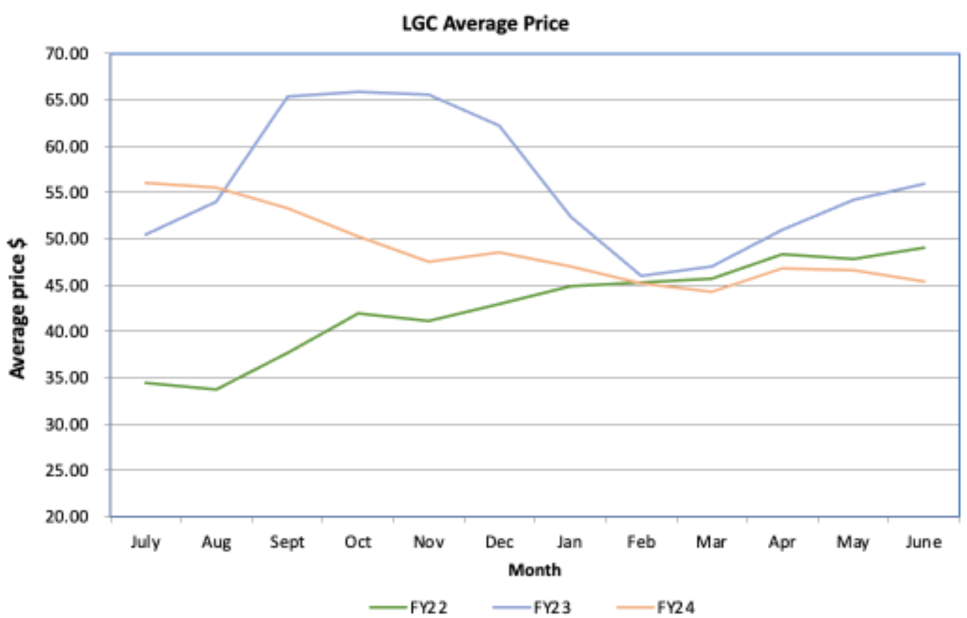
Our Performance

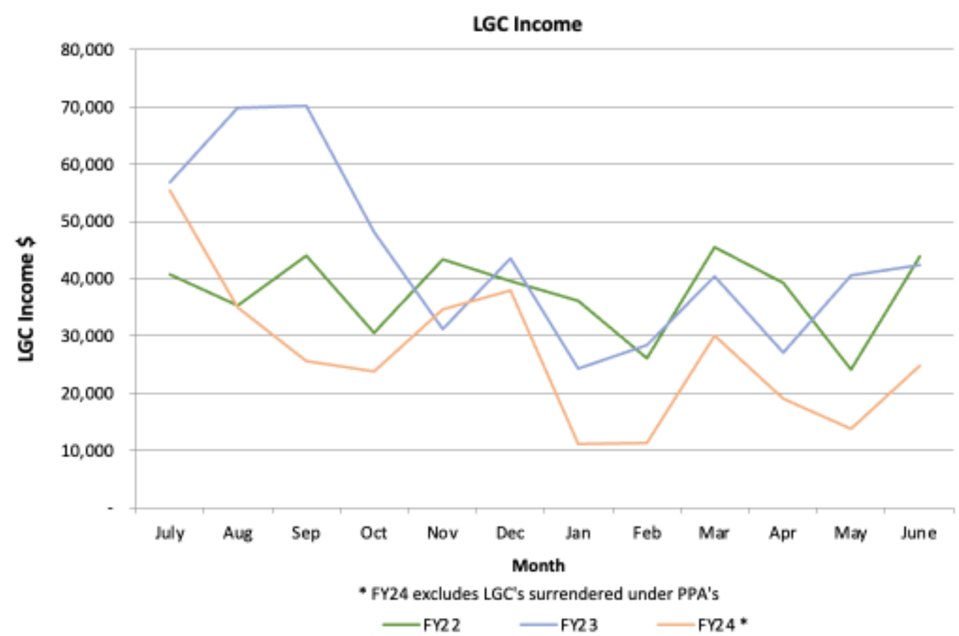
Other revenue was $421,164 down $49,011 compared to the prior year with community fund contributions having decreased by $153,769 (due to the completion of the EV chargers) and as a result of having received $48,640 in liquidated damages from Vestas in the prior year. These are partially offset by increases of $114,310 in grants received and $44,039 in interest income. It is important to note that the co-operative received $320,250 from the Federal Government Community Batteries for Household Solar program that is allocated for the battery hardware purchase and is intended to be spent in the coming 2025 financial year.









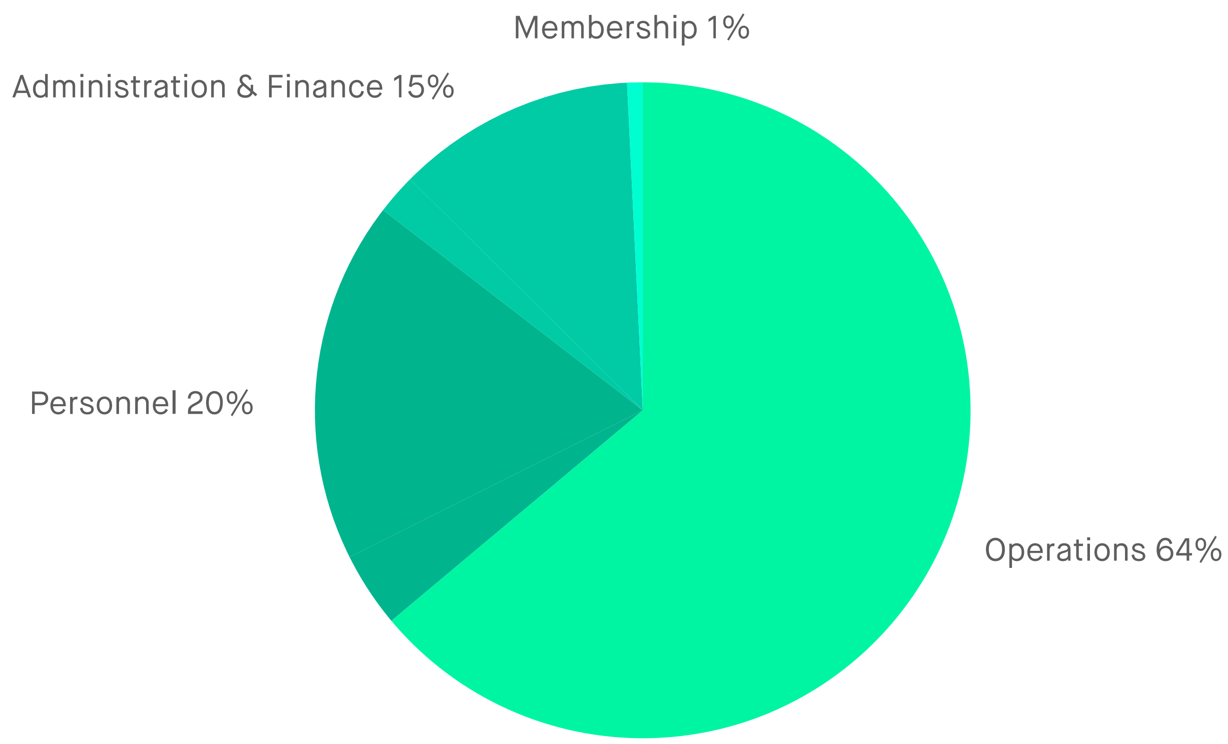


Expense Summary

There was a change of 3% overall in expenses and outgoings for the financial year. Administrative expenses were up $5,314. This included increases in accounting fees of $5,390 and an increase in share registry expense of $2,999 offset by the decrease in consulting fees of $2,925. Under administration activities, communication, public meetings and events were down by $12,989 mainly as a result of decreases in advertising of $9,483 and public events and meetings by $2,699. Both items were amplified amounts in the previous year due to the grant-funded Community Power Hub deliverables. Insurance increased by $12,385.

Personnel expenses decreased by $35,504 with the most significant changes being decreased wages and salaries of $21,103 and a decrease in leave entitlements of $13,162. Again, this was primarily due to the completion of the grant-funded Community Power Hub program.

Other operating expenses were up by $88,038 with wind farm operation expenses having increased by $46,727, a change of 7% on the previous financial year. Expenses for EV chargers incurred $19,852, consulting fees increased by $2,500 and Community Power Hub expenses of $7,869.



The above chart represents the breakdown of expenses for the financial year.

Securing our future

Battery Project
This financial year the co-operative has had a strong focus on Stage 1 of the proposed battery project which is funded under the Federal Government's Stream 2 of the Community Batteries for Household Solar program. Staff resourcing for the project was allocated from the Impact Fund.

During the period the co-operative submitted Progress Report 1 in August 2023, in February 2024 Progress Report 2, and in June Progress Report 3. All were approved and payments were made.

The key areas of work through the year have been:

– Four versions of BESS business model delivered by retailer Flow Power. These supported decision-making on brand of battery, scale, negative pricing turn-down effects, and ensured that the most recent forecasting was provided.
– Grid connecting works progress by consultant DNV, installation of testing equipment on site and completion of testing by O'Brians and Vestas, submission of Benchmarking Report to Powercor, engagement with AEMO on scope of grid connection modelling requirements.
– Due diligence assessment on battery brands to ensure no reputational risks in aligning with a preferred supplier.
– Detailed CAPEX and OPEX estimates, quotations and contracts.
– Working with BESS suppliers and installation partner on scope of works

Finance partner engagement.
– Due diligence on business model inputs and results by 4 external experts.
– Planning consultant advice on neighbourhood battery planning permit exemption under VC220.
– Landowner engagement and wind farm lease amendments drafted.

Our retailing future
During the financial year, the PPA portion with social housing provider Assemble increased to 21% of exported generation. For the residential community retail offer PPA the portion under contract held 3.8% of exported generation.

The community retailing offer remains under beta testing with a small group of members. Flow Power is Hepburn Energy's retailing partner. Flow Home provides visibility into the wholesale market to help users choose the best times to use energy and the best time to export.

Discussions with Flow Power about expanding the PPA portions are ongoing.

Lobbying

Advocacy win on GreenPower

During 2023, the co-operative engaged with the NSW Office of Energy and Climate Change who host the national GreenPower certification program, to ensure special considerations were provided to not-for-profits and co-operatives in the forthcoming rule changes.

Hepburn Energy was able to have a seat on the Technical Advisory Committee and inform the proposed rule changes. Renewable generators such as Hepburn Community Farm which are under 5MW in capacity and owned by a not-for-profit or co-operative organisation are exempt from GreenPower's introduction of a 15-year generator age limit. In addition, we were able to influence the percentage and criteria for re-powered (substantially upgraded) generators and ensure co-located additions of new fuel sources to existing generators, e.g. a solar farm being added to an existing wind farm would be appropriately factored in.

Lobbying at Parliament

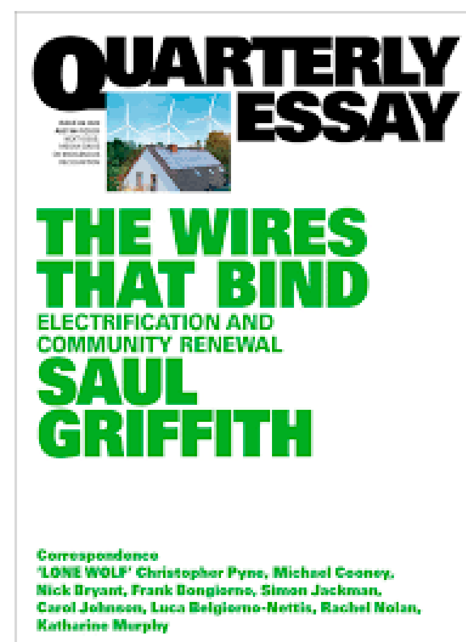
Hepburn Energy attended an 'Electrify Parliament' lobbying day on 29 March 2023. The campaign was led by Rewiring Australia and the Smart Energy Council and focused on household electrification and zero/low-interest loans combined with subsidies. General Manager Taryn Lane met with MPs Adam Bandt, David Pocock, Helen Haines, Zali Steggal, Kylea Tink, and, Sophie Scamps and was able to communicate the action Hepburn Energy has taken since 2016 in supporting community-wide electrification and how those efforts could be multiplied with supporting policy.

Victorian National Parks Association Petition

The co-operative was one of 60 nature groups and eminent individuals representing over 300,000 people who signed an open letter to Victoria's Premier. The petition pushed for the legislation of new national parks, the phasing out of destructive native forest logging and the protection of wildlife and natural wonders of Central West Victoria.

Publications

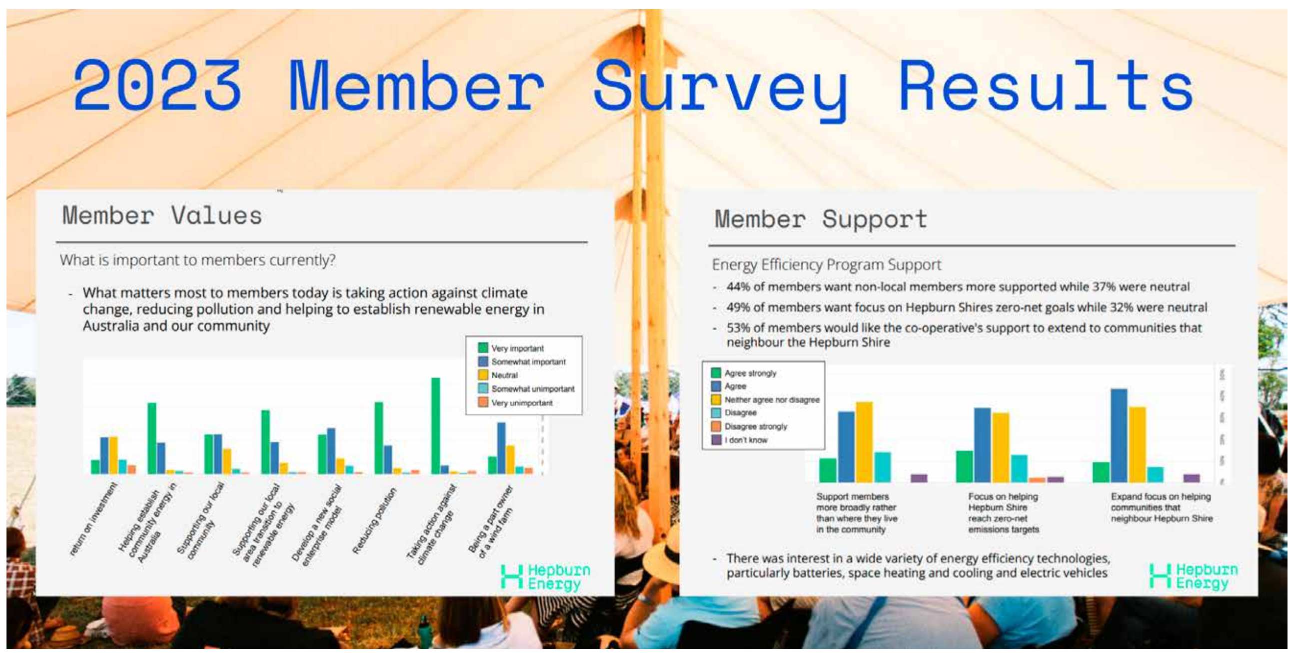
The co-operative featured in Saul Griffith's Quarterly Essay The Wires That Bind, which focuses on electrification and community renewal. Griffith paints an inspiring yet practical picture of empowered local communities when it comes to renewable energy, acting collectively and benefiting financially.



Our stakeholders

Engaging with our membership

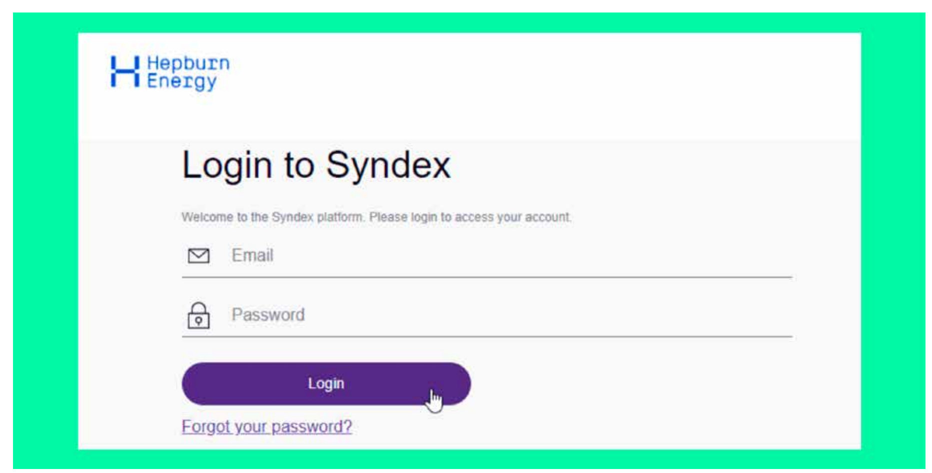
Member Survey
In October the co-operative conducted a Member Perspective Survey to help meet member and community needs. The survey was open for one month and there were 229 member participants. The feedback was overwhelmingly positive and consistent with previous surveys. The survey revealed that establishing renewable energy and taking action against climate change are still the most important drivers for our member's investment in the co-operative. Most participants were satisfied with their decision to join the co-op and the current programs. There was a callout for better support and programs that include non-local members and insights into how to approach share transfers and co-operative repurchase schemes in the future.



Annual General Meeting
The 2023 Hepburn Energy Annual General Meeting (AGM) was held in person at the Victoria Park Pavillion in Daylesford on Saturday 11 November. There were 63 voting members present. This was the first in-person AGM since the pandemic and was a great success full of insightful questions and comments from the attending members.

Syndex online member portal launch
In 2023 the co-operative registry transitioned to be managed directly by Hepburn Energy staff and hosted on the Syndex online platform. Syndex is a privately owned, online investment platform and its software has been modified, in collaboration with our peak body BCCM, to suit Australian co-operatives.
The Syndex software runs on secure infrastructure that follows rigorous international standards. This transition has allowed direct member support from the office and more detailed insights into our member base.

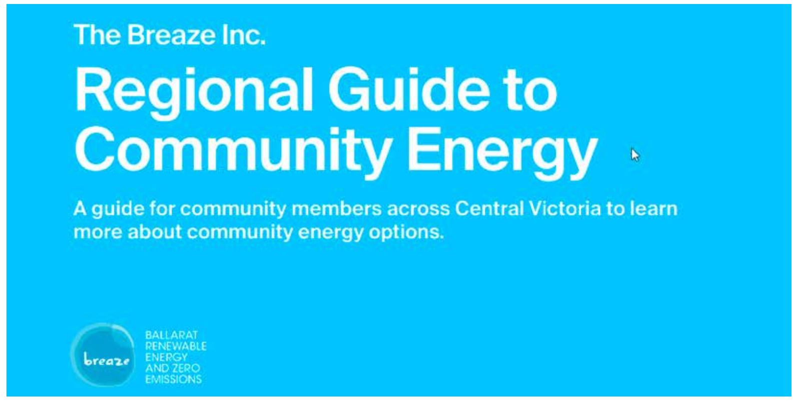
In 2024 the online member portal was launched. The online portal gives members the option to log-in and view their shareholding details at any time, download statements and update basic contact information. The portal will have future upgrades. Currently, members can view and edit their contact details. Viewing and editing bank account, tax and dividend plan details are currently unavailable for self-service but can be updated by Hepburn Energy staff.



Engaging with our community

BREAZE Community Energy Guide

The co-operative was thrilled to collaborate with BREAZE Inc. to create BREAZE Inc.'s Regional Guide to Community Energy as part of the work under the State Government funded Grampians Community Power Hub. Although the Community Power Hub initiative has drawn to a close, the guide will remain a useful resource for those communities throughout central and western Victoria that are eager to take action. The guide delivers information about our energy system, renewable energy technologies, and diverse delivery models and processes. The guide can be found on the Hepburn Z-NET website.



Free heat pump hot water systems delivered in the community

The 2023 heat pump hot water bulk buy involved the installation of 78 heat pump hot water systems, 407 tonnes of CO2 saved and free hot water systems for the Daylesford Neighbourhood Centre and Creswick Neighbourhood house. Both community facilities are valuable assets that support a diverse range of people including vulnerable members of the local community. Many thanks go to t2zero, the partner in last year's bulk buy.

Community Heat Pump Hot Water Winners, Daylesford Neighbourhood Centre and Creswick Neighbourhood Centre

Our Action for Hepburn Z-NET

Sustainable Hepburn Day

Hepburn Energy shared a stall with Hepburn Z-NET at the Sustainable Hepburn Day on March 16, 2024. The day held live music, workshops and interactive displays supporting community sustainability. Great connections were made and lots of interesting conversations about energy and resilience.

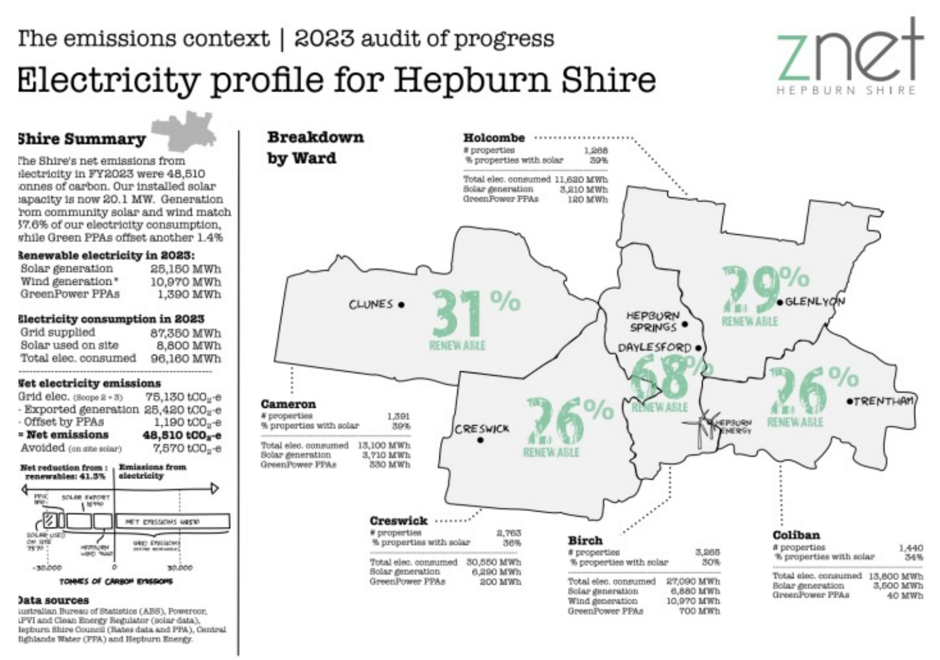
Hepburn Z-NET

Hepburn Energy continued to co-facilitate the community roundtable for Hepburn Z-NET and manage the website (https://hepburnznet.org.au/) that shares activities and programs.

The strategy that guides Z-NET actions the Implementation Plan was reviewed during the period. There are 29 action areas making progress. Of particular note are: FOGO and waste, on-farm composting program; EV charging infrastructure; HE bulk buys during this period; Council's Solar Savers and grants programs; Healthy Landscapes and the Community Carbon Program.

The electricity audit for FY2023 showed significant gains in rooftop solar in the Shire, with 4MW of new solar installed in the year, bringing the total installed solar to 20.1MW. The community has almost doubled their rooftop solar since 2018 (93%). This means that community-wide the Z-NET targets for new solar PV on residential and business (8.5MW) have been met - and it is only picking up pace.

Of particular note, were Cameron and Holcombe Ward both at 39% rooftop solar penetration up from 24% for Cameron and 26% for Holcombe. Electricity consumption continues to rise due to electrification but is offset by huge growth in solar, growing at around 4,000MWh per annum. Due to this combination of factors, there was a small reduction in electricity emissions – from 49,536 to 48,097 tonnes.



Adaptation tool results share

In 2022 and 2023, under the Hepburn Z-NET collaboration, an adaptation project mapped out local climate data and investigated how to build our community's adaptive capacity and resilience in the face of climate change. The project put together a guide to climate adaptation in Hepburn Shire - a public resource that can be used for ongoing public engagement, education, awareness raising, collation and amplification of community project ideas.

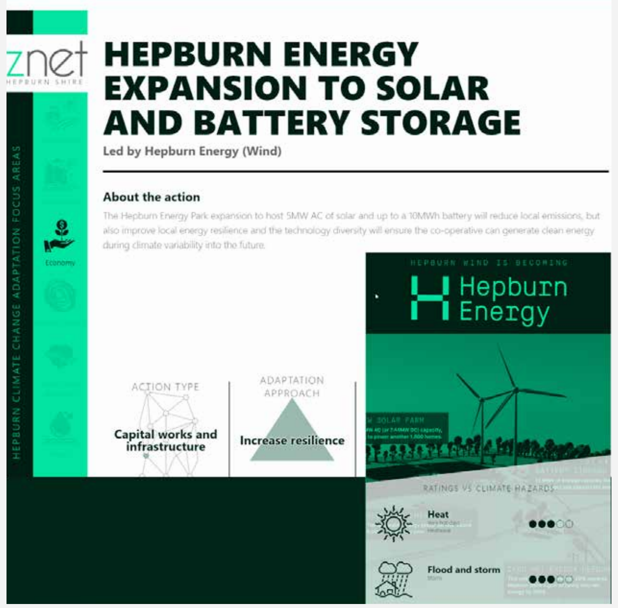
The guide is a valuable reference tool for adapting communities across Australia. More information can be viewed on the Adaptation program page on the Z-NET website: https://hepburnznet.org.au/program/climate-change-adaptation and the online tool, designed for computer use, that offers information on the adaptation potential can be viewed here: https://znet-hepburn-cc-adaptation.vercel.app/
Major insights derived from the project were assembled over the last financial year, including details on what adaptation means, how the local climate is changing, and the local community's major climate events, risks, hazards, impacts and adaptation actions.

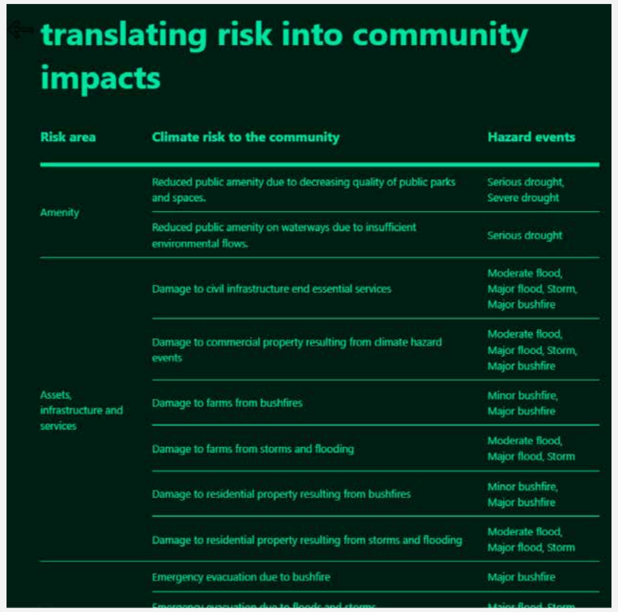
The Hepburn Z-NET Adaptation project was funded by DELWP Grampians, Hepburn Shire Council and Hepburn Energy, delivered by: Hepburn Energy and Little Sketches and has formal partnerships with DJAARA and Central Highlands Water.

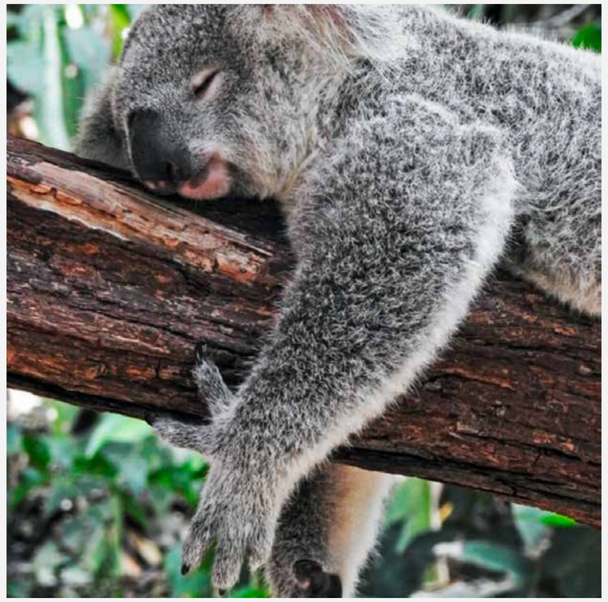
Impact Fund

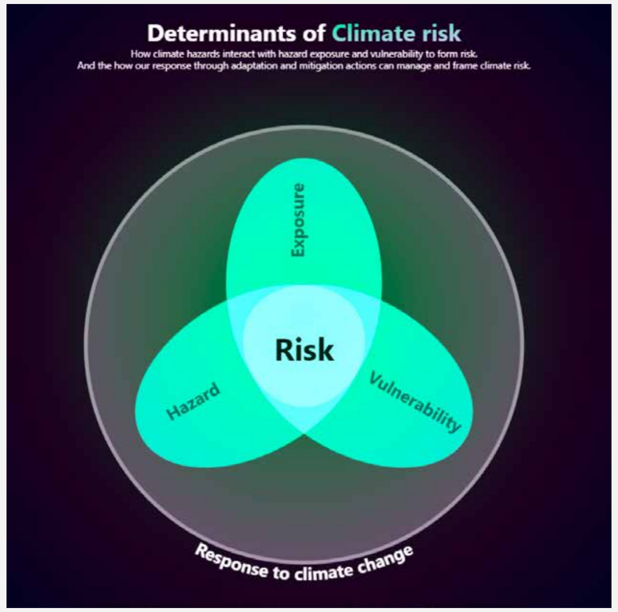
This financial year $20,000 of the Impact Fund was delegated to the community battery project. The Destination Charging Across Victoria project was the primary focus during this period as $28,500 from the FY2022 Impact Fund went to ensure the successful completion of the Hepburn Springs and Creswick EV chargers.

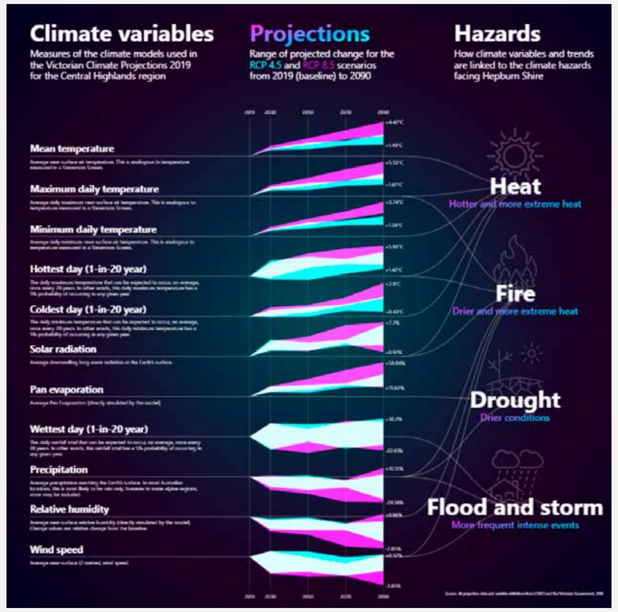
The co-operative continued to sponsor the New Year's Eve Parade and made financial contributions to the Leonards Hill Hall, the Korweingiboora Recreation Reserve and the Leonards Hill CFA.











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, DEECA, Sustainability Victoria, The University of Newcastle, The University of Melbourne, Co-operative Bonds, BCCM, BAL Legal, Fulcrum3D, Middleton Group, Meralli Solar, Kinelli Solar, Enhar Consulting, O'Brien's Electrical, DNV GL, Renew, Share Connect, Syndex, Central Victorian Greenhouse Alliance, Bendigo and Adelaide Bank, Powercor, Marsh Insurance Brokers, Seed Advisory, Re-Alliance, BREAZE, Hepburn Z-NET Roundtable, Hepburn Shire Council, Yes2Renewables, Coalition for Community Energy, Fire Management Consultants, SMA, Latitude Group, 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.

2024 Financials Hepburn Community Wind Park Co-Operative Ltd

CountPro
ACCOUNTING AUDIT TAX STRATEGY

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

Contents

For the Year Ended 30 June 2024

Directors' Report
For the Year Ended 30 June 2024

Your directors present their report, together with the financial statements of the Group, being the Co-operative and its controlled entity Leonards Hill Wind Operations Pty Ltd, for the financial year ended 30 June 2024.

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	Resigned 6 May 2024
Paul Houghton	Director	Resigned 6 May 2024
David Perry	Director	
Michael Sneddon	Director	Resigned 21 January 2024
Sherrin Yeo	Director	Appointed 12 June 2024
Emma Harvey	Director	Appointed 21 August 2023, Resigned 10 November 2023

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 2024, the Group employed two part time staff:
- Taryn Lane (General Manager)
- Carlena D'Arma (Community 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.

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

Directors' Report
For the Year Ended 30 June 2024

Operating results and review of operations

The Group's earnings before interest, taxes, depreciation and amortisation were $678,550 (2023: EBITDA of $1,057,104) representing earnings of 7.34 cents per share (2023: 11.42 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 $89,295 (2023: consolidated profit of $359,494).

The table below summarises the operating result of the Group:

	2024 $	2023 $
Income	**1,327,129**	1,745,658
Expenses	**(648,579)**	(688,554)
Earnings before interest, taxes, depreciation and amortisation	**678,550**	1,057,104
Interest	**(26,974)**	(21,485)
Operating profit before depreciation, amortisation and income tax	**651,576**	1,035,619
Depreciation and amortisation	**(569,787)**	(548,654)
Operating profit before income tax	**81,789**	486,965
Income tax expense	**7,506**	(127,471)
Consolidated profit for the year	**89,295**	359,494

Dividends paid or recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made for the 2024 financial year.

Significant changes in state of affairs

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

During the year the Victorian wholesale electricity market has continued to experience significant volatility. A negative pricing turndown device has managed the risk to the Group during extreme market events by turning the wind farm off. However, these ongoing negative pricing events generally coinciding with daytime solar generation are causing generation and operational income to fall significantly. Partial mitigation measures have been employed (power purchase agreements at fixed rates, residential offerings through Flow Power and sales through EV chargers).

Directors' Report

For the Year Ended 30 June 2024

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.

Environmental issues

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

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

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

Indemnification and insurance of officers

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

Proceedings on behalf of the Co-operative

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

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

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

Directors' Report

For the Year Ended 30 June 2024

Information on Directors

Director	Experience & Special Responsibilities	Elected
Graham White	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. 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. Chairperson. Member of the Operations Committee and Future Generation Working Group.	Appointed 19 May 2015 Elected 7 November 2015 Re-elected 3 November 2018 Re-elected 2021 Elected chairperson 25 September 2018
Mark Fogarty	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. Member of the Finance & Risk Committee and Future Generation Working Group	Appointed 19 December 2018 Elected 16 November 2019 Re-elected 2022
Linda Hancock	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. Member of the Finance & Risk Committee and Future Generation Working Group.	Elected 10 November 2017 Re-elected 2021 Resigned 6 May 2024
Paul Houghton	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. Member of the Finance & Risk Committee and Future Generation Working Group.	Elected 10 November 2017 Re-elected 21 November 2020 Resigned 6 May 2024

Directors' Report

For the Year Ended 30 June 2024

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
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 Resigned 21 January 2024
Sherrin Yeo	Sherrin is a senior renewable energy professional with over 20 years of experience working on projects across Australia and Asia. She has a Bachelor of Engineering (Aerospace) and a Bachelor of Business Administration and has worked in various roles as a consultant, supplier and developer/owner/operator including market modelling, safety, engineering, procurement and strategy development. Member of Future Generations Working Group	Appointed 12 June 2024
Emma Harvey	Emma is a public servant with significant experience in major projects delivery, engagement and procurement, across infrastructure projects in both Victoria and London. She has a Bachelor of Environmental Science (Environmental Management) and is passionate about community and regional development and sustainable design. Member of Communications and Community Committee	Appointed 21 August 2023 Resigned 10 November 2023

Directors' Report

For the Year Ended 30 June 2024

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	5	6
Mark Fogarty	6	6
Linda Hancock	4	5
Paul Houghton	5	5
David Perry	5	6
Michael Sneddon	2	2
Sherrin Yeo	1	1
Emma Harvey	2	2

Auditor's independence declaration

The auditor's independence declaration for the year ended 30 June 2024, 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: 17 October 2024

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 2024, 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: 16 October 2024

180 Eleanor Drive, Lucas, VIC 3350 PO Box 4259, Lucas, VIC 3350 Phone (03) 5331 2333 www.countpro.com.au

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2024

	Note	Consolidated 2024 $	Consolidated 2023 $
Revenue	4	**1,327,129**	1,745,658
Administrative expenses	5	**(85,758)**	(80,444)
Communications, public meetings and events	6	**(5,567)**	(18,556)
Personnel expenses	7	**(129,755)**	(165,259)
Depreciation and amortisation	8	**(569,787)**	(548,654)
Interest	9	**(26,974)**	(21,485)
Other operating expenses	10	**(465,052)**	(377,014)
Community contributions	11	**37,553**	(47,281)
Profit before income tax		**81,789**	486,965
Income tax benefit/(expense)	12	**7,506**	(127,471)
Profit for the year		**89,295**	359,494
Other comprehensive income:			
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive income for the year		**89,295**	359,494

The accompanying notes form part of these financial statements.

Statement of Financial Position

As At 30 June 2024

		Consolidated	
		2024	2023
	Note	$	$
Assets			
Current assets			
Cash and cash equivalents	13	**202,924**	654,757
Current tax assets	14(a)	**73,055**	-
Trade and other receivables	15	**216,339**	170,981
Inventories	16	**225,953**	141,534
Other financial assets	17	**2,174,459**	1,611,753
Total current assets		**2,892,730**	2,579,025
Non-current assets			
Deferred tax assets	14(b)	**42,475**	14,377
Property, plant and equipment	18	**7,203,745**	7,572,305
Right-of-use assets	19(a)	**787,429**	805,651
Total non-current assets		**8,033,649**	8,392,333
Total assets		**10,926,379**	10,971,358
Liabilities			
Current liabilities			
Current tax liabilities	14(c)	**-**	76,049
Trade and other payables	20	**150,495**	131,127
Provisions	21	**74,354**	141,745
Lease liabilities	19(b)	**24,337**	22,212
Total current liabilities		**249,186**	371,133
Non-current liabilities			
Borrowings	22	**-**	1
Lease liabilities	19(b)	**477,105**	472,172
Provisions	21	**400,205**	400,147
Total non-current liabilities		**877,310**	872,320
Total liabilities		**1,126,496**	1,243,453
Net assets		**9,799,883**	9,727,905
Equity			
Issued capital	23	**9,250,897**	9,268,214
Retained earnings		**548,986**	459,691
Total equity		**9,799,883**	9,727,905

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2024

	Consolidated			
	Members capital	Share premium reserve	Retained earnings	Total
	$	$	$	$
2024				
Balance at 1 July 2023	**9,256,422**	**11,792**	**459,691**	**9,727,905**
Profit attributable to members of the group	**-**	**-**	**89,295**	**89,295**
Shares issued during the year	**3,400**	**340**	**-**	**3,740**
Shares bought back during the year	**(15,000)**	**-**	**-**	**(15,000)**
Shares forfeited during the year	**(6,057)**	**-**	**-**	**(6,057)**
Balance at 30 June 2024	**9,238,765**	**12,132**	**548,986**	**9,799,883**
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

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Year Ended 30 June 2024

	Note	Consolidated 2024 $	2023 $
Cash flows from operating activities:			
Receipts from customers		**1,108,333**	1,875,497
Payments to suppliers and employees		**(746,889)**	(764,746)
Interest received		**83,471**	31,770
Interest paid		**(207)**	(207)
Income tax paid		**(169,696)**	(8,363)
Net cash provided by operating activities	24	**275,012**	1,133,951
Cash flows from investing activities:			
Purchase of property, plant and equipment		**(138,833)**	(427,966)
Proceeds from/(payments for) financial assets		**(562,706)**	70,255
Net cash used in investing activities		**(701,539)**	(357,711)
Cash flows from financing activities:			
Proceeds from share applications		**3,740**	3,360
Payments for share buy-backs		**(18,102)**	(216,835)
Repayment of borrowings		**(1)**	-
Dividends paid		**(10,943)**	(336,386)
Net cash used in financing activities		**(25,306)**	(549,861)
Net (decrease)/increase in cash and cash equivalents held		**(451,833)**	226,379
Cash and cash equivalents at beginning of year		**654,757**	428,378
Cash and cash equivalents at end of financial year	13	**202,924**	654,757

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2024

The financial report includes the consolidated financial statements and notes of Hepburn Community Wind Park Co-operative Ltd and its controlled entity Leonards Hill Wind Operations Pty Ltd (the group). 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 17 October 2024 by the directors of the Co-operative.

1 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.

2 Summary of material accounting policies

(a) 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 30 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.

(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.

Notes to the Financial Statements

For the Year Ended 30 June 2024

(c) Inventories

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

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

(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 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.

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

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

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2024

(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.

(f) Financial instruments

Classification

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

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

Amortised cost

Assets measured at amortised cost are financial assets where:
- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principle and interest on the principle amount outstanding.

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

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

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

Impairment of financial assets

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

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2024

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.

(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 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.

(h) 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 2024

(i) 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 2024

(j) 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 2024

(k) 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.

(l) 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.

(m) 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 2024

(n) Comparative figures

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

3 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 2024

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	
	2024	**2023**
	$	**$**
4 Revenue		
Revenue from contracts with customers		
Revenue from ordinary operations		
Sale of goods	**821,546**	1,189,619
	821,546	1,189,619
Other revenue		
Community fund contributions	**4,911**	158,680
Interest income	**86,970**	42,931
Grants	**320,250**	205,940
Profit on disposal of right of use asset	**-**	164
Forfeited shares	**6,057**	2,970
Movement in inventories	**84,419**	85,864
Other income	**2,976**	59,490
	505,583	556,039
Total revenue	**1,327,129**	1,745,658

Notes to the Financial Statements

For the Year Ended 30 June 2024

	Consolidated 2024 $	2023 $
Disaggregation of revenue from contracts with customers		
(a) Timing of revenue recognition		
At a point in time	**821,546**	1,189,619
	821,546	1,189,619
(b) Type of contract		
Sale of goods - Electricity	**391,094**	728,953
Sale of goods - Large-scale Generation Certificates	**238,078**	437,375
Sale of goods - Transmission use of system income	**30,297**	23,291
Sale of goods - EV Chargers	**30,955**	-
Sale of goods - PPA Bundle C&I	**101,138**	-
Sale of goods - PPA Residential	**29,984**	-
	821,546	1,189,619

	Consolidated 2024 $	2023 $
5 Administrative expenses		
Accounting fees	**23,390**	18,000
Audit fees	**6,650**	6,750
Bank charges	**164**	491
Bookkeeping	**8,458**	7,653
Consulting fees	**-**	2,925
Legal services	**6,552**	5,512
Management accounting expense	**20,830**	21,550
Office supplies and information technology	**7,226**	7,878
Secretarial fees	**492**	812
Share registry	**11,000**	8,001
Website expenses	**996**	872
	85,758	80,444

Notes to the Financial Statements

For the Year Ended 30 June 2024

	Consolidated 2024 $	2023 $
6 Communications, public meetings and events		
Advertising	**850**	10,333
Public events and meetings	**4,084**	6,783
Other communication expenses	**633**	1,440
	5,567	18,556
7 Personnel expenses		
Wages, salaries and contractors	**123,111**	144,214
Superannuation contributions	**13,412**	15,093
Movement in leave provisions	**(7,943)**	5,219
Workcover	**1,175**	733
	129,755	165,259
8 Depreciation and amortisation		
Depreciation - plant and equipment	**521,857**	506,798
Depreciation - right-of-use asset	**47,930**	41,856
	569,787	548,654
9 Interest		
Interest expense on lease liabilities	**26,974**	21,278
Interest paid	**-**	207
	26,974	21,485
10 Other operating expenses		
Community power hub	**7,869**	-
Consulting fees	**2,500**	-
EV charging network	**19,852**	-
Insurance	**82,904**	70,519
Licence fees	**4,460**	5,700
Municipal payment in lieu of rates	**5,644**	9,392
Office expenses	**4,340**	647
Wind farm operation	**337,483**	290,756
	465,052	377,014

Notes to the Financial Statements

For the Year Ended 30 June 2024

		Consolidated 2024 $	Consolidated 2023 $
11	**Community contributions**		
	Community fund grants	**-**	11,880
	Energy fund	**-**	20,063
	Local benefit program	**1,400**	1,400
	Sponsorships	**500**	700
	Provision for community fund programme	**(39,453)**	13,238
		(37,553)	47,281

12 Income tax expense

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

	2024 $	2023 $
Prima facie tax expense on profit before income tax at 25% (2023: 25%)	**20,447**	121,741
Add / (less) tax effect of:		
- Over provision for income tax in prior year	**(825)**	-
- Non-deductible expenses	**-**	2,970
- Movement in non deductible provisions	**(27,128)**	3,310
- Technology investment boost	**-**	(550)
Income tax (benefit)/expense	**(7,506)**	127,471

		2024 $	2023 $
13	**Cash and cash equivalents**		
	Operating accounts	**125,626**	546,830
	Short-term bank deposits	**16,054**	29,780
	Community fund accounts	**61,244**	78,147
		202,924	654,757

Hepburn Community Wind Park Co-operative Ltd
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Notes to the Financial Statements
For the Year Ended 30 June 2024

		Consolidated 2024 $	Consolidated 2023 $
14	**Tax assets and liabilities**		
(a)	**Current tax assets**		
	Current tax receivable	**73,055**	-
		73,055	-
(b)	**Deferred tax assets**		
	Deferred tax assets/(liabilities) comprise the tax effect of:		
	Expenses not deductible until paid	**19,456**	9,313
	Right-of-use asset	**28,503**	22,184
	Differences in accounting and tax depreciation rates	**(1,274)**	(1,625)
	Income not assessable until received	**(4,210)**	(15,495)
		42,475	14,377
(c)	**Current tax liabilities**		
	Provision for income tax	**-**	76,049
		-	76,049
15	**Trade and other receivables**		
	Trade receivables	**166,399**	125,049
		166,399	125,049
	Accrued interest income	**16,839**	13,340
	Prepayments	**30,601**	30,092
	Other receivables	**2,500**	2,500
		49,940	45,932
		216,339	170,981
16	**Inventories**		
	Large-scale Generation Certificates	**225,953**	141,534
		225,953	141,534

Notes to the Financial Statements

For the Year Ended 30 June 2024

	Consolidated 2024 $	Consolidated 2023 $
17 Other financial assets		
Bank Term Deposits	**2,174,459**	1,611,753
	2,174,459	1,611,753
18 Property, plant and equipment		
Wind farm development, compliance and project management		
At cost	**326,870**	326,870
Accumulated depreciation	**(149,810)**	(136,700)
	177,060	190,170
Wind farm construction		
At cost	**11,154,801**	11,154,801
Accumulated depreciation	**(6,040,607)**	(5,593,347)
	5,114,194	5,561,454
Office and other equipment		
At cost	**23,146**	23,146
Accumulated depreciation	**(15,132)**	(13,588)
	8,014	9,558
Future energy generation projects		
At cost	**967,819**	814,522
Accumulated depreciation	**(24,193)**	(8,824)
	943,626	805,698
Rapid earth fault current limiter		
At cost	**1,111,307**	1,111,307
Accumulated depreciation	**(150,456)**	(105,882)
	960,851	1,005,425
Total property, plant and equipment	**7,203,745**	7,572,305

Notes to the Financial Statements

For the Year Ended 30 June 2024

(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					
	Wind farm development, compliance and project management $	Wind farm construction $	Office and other equipment $	Future energy generation projects $	Rapid earth fault current limiter $	Total $
2024						
Balance at the beginning of year	**190,170**	**5,561,454**	**9,558**	**805,698**	**1,005,425**	**7,572,305**
Additions	**-**	**-**	**-**	**153,297**	**-**	**153,297**
Depreciation expense	**(13,110)**	**(447,260)**	**(1,544)**	**(15,369)**	**(44,574)**	**(521,857)**
Balance at end of year	**177,060**	**5,114,194**	**8,014**	**943,626**	**960,851**	**7,203,745**
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

Notes to the Financial Statements
For the Year Ended 30 June 2024

19 Leases

The Group as a lessee

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

Terms and conditions of leases

The Group lease the farm land that the wind turbines are constructed on. The lease was renewed in July 2020 for a five year term, with the option of four more terms of five years. The Group has renewed the lease of office space for a 3 year period on 23 March 2024, with an option of one more term of three years.

	Consolidated	
	2024	2023
	$	$
(a) Right-of-use assets		
Right-of-use asset over land	**853,238**	829,667
Less accumulated depreciation	**(156,638)**	(123,738)
	696,600	705,929
Right-of-use asset over buildings	**109,552**	103,415
Less accumulated depreciation	**(18,723)**	(3,693)
	90,829	99,722
	787,429	805,651

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

Consolidated	Right-of-use asset over land $	Right-of-use asset over building $	Total $
2024			
Balance at beginning of year	**705,929**	**99,722**	**805,651**
Revaluation due to changes in lease payments	**23,572**	**6,136**	**29,708**
Depreciation charge	**(32,901)**	**(15,029)**	**(47,930)**
Balance at end of year	**696,600**	**90,829**	**787,429**
2023			
Balance at beginning of year	714,605	8,438	723,043
Additions to right-of-use assets	-	103,415	103,415
Revaluation due to changes in lease payments	23,158	-	23,158
Depreciation charge	(31,834)	(10,022)	(41,856)
Reductions in right-of-use assets due to changes in lease liability	-	(2,273)	(2,273)
Impairment of right-of-use assets	-	164	164
Balance at end of year	705,929	99,722	805,651

	Consolidated	
	2024	2023
	$	$
(b) Lease liabilities		
Current		
Lease liabilities	**24,337**	22,212
	24,337	22,212
Non current		
Lease liabilities	**477,105**	472,172
	477,105	472,172
	501,442	494,384

Notes to the Financial Statements
For the Year Ended 30 June 2024

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

	Consolidated				
	< 1 year	1 - 5 years	> 5 years	Total undiscounted lease liabilities	Lease liabilities included in this Statement Of Financial Position
	$	$	$	$	$
2024					
Lease liabilities	**50,443**	**205,701**	**510,561**	**766,705**	**501,442**
2023					
Lease liabilities	41,162	174,623	527,082	742,867	494,384

(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	
	2024	2023
	$	$
Interest expense on lease liabilities	**26,974**	21,278
Depreciation of right-of-use assets	**47,930**	41,856
	74,904	63,134

20 Trade and other payables

Trade payables	**107,261**	52,123
GST payable	**18,058**	32,675
PAYG withholding payable	**2,104**	8,148
Superannuation payable	**3,265**	3,873
Dividends payable	**19,142**	30,085
Share buyback payable	**-**	3,102
Other payables	**665**	1,121
	150,495	131,127

Notes to the Financial Statements
For the Year Ended 30 June 2024

	Consolidated	
	2024	2023
	$	$
21 Provisions		
Current		
Provision for leave entitlements	**25,231**	33,232
Provision for impact fund programme (i)	**49,123**	108,513
	74,354	141,745
Non current		
Provision for leave entitlements	**205**	147
Provision for making good leased land	**400,000**	400,000
	400,205	400,147
	474,559	541,892

(i) Impact fund

The Co-operative operates an 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	
	2024	2023
	$	$
Opening community fund balance	**108,513**	95,275
Contribution by Co-operative	**30,000**	30,000
Other contributions	**(15,008)**	158,685
Interest income	**8**	4
Grants to community groups	**-**	(23,364)
Sponsorships to community groups	**(500)**	(700)
Local benefit program	**(1,400)**	(1,400)
Energy fund	**-**	(8,580)
EV charger asset purchases	**(52,490)**	(141,407)
Reimbursement of wages	**(20,000)**	-
	49,123	108,513

Notes to the Financial Statements

For the Year Ended 30 June 2024

	Consolidated 2024 $	Consolidated 2023 $
22 Borrowings		
Bank Loans		
Bendigo and Adelaide Bank	-	1
	-	1

	Consolidated 2024 $	Consolidated 2023 $
23 Issued capital		
9,238,765 ordinary shares (2023: 9,256,422)	**9,238,765**	9,256,422
Share premium reserve	**12,132**	11,792
	9,250,897	9,268,214

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.

Notes to the Financial Statements

For the Year Ended 30 June 2024

	Consolidated 2024 No.	Consolidated 2023 No.
(a) Ordinary shares		
At the beginning of the reporting period	**9,256,422**	9,454,154
Shares issued during the year (i)	**3,400**	24,905
Shares cancelled during the year (ii)	**(6,057)**	(2,700)
Shares bought back during the year	**(15,000)**	(219,937)
At the end of the reporting period	**9,238,765**	9,256,422

(i) shares issued in the prior year includes dividends re-invested totalling 21,850 shares.

(ii) in the prior year the Co-operative invited eligible members to participate in a member share buy back, under which the Co-operative offered to purchase up to 200,008 shares at a price of $1.00. The offer was fully taken up.

24 Cash flow information

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

	Consolidated 2024 $	Consolidated 2023 $
Profit for the year	**89,295**	359,494
Non-cash flows in profit:		
Depreciation and amortisation	**521,857**	506,798
Depreciation right-of-use asset	**47,930**	41,856
Shares forfeited	**(6,057)**	(2,970)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
(Increase)/decrease in trade and other receivables	**(45,358)**	241,901
(Increase)/decrease in inventories	**(84,419)**	(85,864)
(Increase)/decrease in deferred taxes	**(177,202)**	119,109
Increase/(decrease) in lease liabilities	**(22,650)**	(20,625)
Increase/(decrease) in trade and other payables	**18,949**	(27,143)
(Increase)/decrease in provision for employee entitlements	**(7,943)**	5,220
(Increase)/decrease in provision for community fund grants	**(59,390)**	(3,825)
Cashflow from operations	**275,012**	1,133,951

Notes to the Financial Statements
For the Year Ended 30 June 2024

25 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.

26 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	
	2024	2023
	$	$
Financial assets		
Cash and cash equivalents	**202,924**	654,757
Trade and other receivables	**216,339**	170,981
Other financial investments	**2,174,459**	1,611,753
Total financial assets	**2,593,722**	2,437,491
Financial liabilities		
Trade and other payables	**150,495**	131,127
Borrowings	**-**	1
Total financial liabilities	**150,495**	131,128

27 Auditors' remuneration

Remuneration of the auditor, CountPro Audit Pty Ltd, for:		
Audit and review of the financial statements	**6,650**	6,750
	6,650	6,750
Remuneration of related entity, CountPro Pty Ltd, for:		
Accounting services	**23,390**	18,000
Management accounting services	**20,830**	21,550
	44,220	39,550
	50,870	46,300

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 2024

28 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 29: 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.

29 Key management personnel compensation

The total remuneration paid to key management personnel of the Co-operative and its controlled entities was $90,043 (2023: $89,367).

30 Controlled entities

	Country of Incorporation	2024 Percentage Owned (%)*	2023 Percentage Owned (%)*
Leonards Hill Wind Operations Pty Ltd	Australia	**100**	100

* Percentage of voting power is in proportion to ownership

31 Parent entity

The following information has been extracted from the books and records of the parent, Hepburn Community Wind Park Co-operative Ltd and has been prepared in accordance with Accounting Standards.

The financial information for the parent entity, Hepburn Community Wind Park Co-operative Ltd has been prepared on the same basis as the financial statements except as disclosed below.

Notes to the Financial Statements

For the Year Ended 30 June 2024

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of the parent entity. Dividends received from associates are recognised in the parent entity profit or loss, rather than being deducted from the carrying amount of these investments.

Tax consolidation legislation

Hepburn Community Wind Park Co-operative Ltd and its wholly-owned Australian subsidiaries have formed an income tax consolidated group.

Each entity in the tax consolidated group accounts for their own current and deferred tax amounts. These tax amounts are measured using the 'stand-alone taxpayer' approach to allocation.

Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the parent entity.

The tax consolidated group has entered into a tax funding agreement whereby each entity within the group contributes to the income tax payable by the Group in proportion to their contribution to the Group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding agreement are recognised as either a contribution by, or distribution to the head entity.

	2024	2023
	$	$
Statement of Financial Position		
Assets		
Current assets	**2,385,916**	1,969,871
Non-current assets	**7,734,946**	8,084,437
Total assets	**10,120,862**	10,054,308
Liabilities		
Current liabilities	**146,752**	239,150
Non-current liabilities	**80,620**	87,254
Total liabilities	**227,372**	326,404
	9,893,490	9,727,904
Equity		
Issued capital	**9,250,897**	9,268,214
Retained earnings	**642,593**	459,691
Total equity	**9,893,490**	9,727,905
Statement of Profit or Loss and Other Comprehensive Income		
Profit for the year	**182,903**	359,494
Other comprehensive income	**-**	-
Total comprehensive income for the year	**182,903**	359,494

Notes to the Financial Statements

For the Year Ended 30 June 2024

32 Contingent assets and liabilities

The Group has a future obligation to decommission the wind farm and remediate the land on which the wind farm operates at the end of life of the wind farm assets. The Group have provided for $400,000 in decommissioning costs as a provision for make good of the leased land. The decommissioning of the wind farm assets is an emerging field in which costs and proceeds from recovered materials cannot reliably be estimated and as a result a contingent liability exists in relation to the future expenses that may be incurred in excess of the amount provided for.

In the opinion of the Directors, the Group did not have any other contingent assets or liabilities at 30 June 2024 or 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 $577,250 was remaining to be spent on the battery energy storage project and $130,000 for the solar farm project at 30 June 2024.

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

Consolidated Entity Disclosure Statement

As At 30 June 2024

Basis of preparation

This consolidated entity disclosure statement has been prepared in accordance with section 295(3A) of the *Corporations Act 2001.* It includes certain information for Hepburn Community Wind Park Co-operative Ltd and the entities it controls in accordance with AASB 10 Consolidated Financial Statements.

Tax residency

Section 295(3A) of the Corporation Act 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency may involve judgement as there are different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

Australian tax residency
Current legislation and judicial precedent has been applied, including having regard to the Tax Commissioner's public guidance.

Foreign tax residency
Where appropriate, independent tax advisers in foreign jurisdictions have been engaged to assist in the determination of tax residency to ensure applicable foreign tax legislation has been complied with.

Trust and Partnerships

Australian tax law generally does not contain residency tests for trusts and partnerships and these entities are typically taxed on a flow-through basis. Additional disclosures regarding the tax status of trusts and partnerships have been included where relevant.

Name of entity	Entity Type	Trustee, partner or participant in joint venture	Country of Incorporation	% of share capital	Australian or foreign tax resident	Foreign Jurisdiction of foreign residents
Hepburn Community Wind Park Co-operative Ltd	Co-operative	n/a	Australian	n/a	Australian	n/a
Leonards Hill Wind Operations Pty Ltd	Company	n/a	Australian	100%	Australian	n/a

Directors' Declaration

The directors of the Co-operative declare that:

1. The financial statements and notes, as set out on pages 8 to 36 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 2024 and of the performance for the year ended on that date of the Co-operative and its controlled entity.

2. The information disclosed in the attached consolidated entity disclosure statement is true and correct.

3. In the directors' opinion, there are reasonable grounds to believe that the Co-operative and its controlled entity 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: 17 October 2024

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 2024, 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 material accounting policies, the consolidated entity disclosure statement 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 2024 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:

a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001

b) the consolidtaed entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

i) the financial report (other than the consolidtaed entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii) the consolidate entity disclosure statement that is true and correct and is free of 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' 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: 21 October 2024

2024 Financials Leonards Hill Wind Operations Pty Ltd

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ACCOUNTING ▸ AUDIT ▸ TAX ▸ STRATEGY

Leonards Hill Wind Operations Pty Ltd

ABN 86 141 239 894

Contents

For the Year Ended 30 June 2024

Directors' Report

For the Year Ended 30 June 2024

Your directors present their report on Leonards Hill Wind Operations Pty Ltd for the financial year ended 30 June 2024.

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 result of the Company for the year after providing for income tax amounted to a loss of $93,608 (2023: profit of $298,665).

Dividends paid or recommended

No dividends were paid or declared during the 2024 financial year.

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 Victorian wholesale electricity market 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. However, these ongoing negative pricing events generally coinciding with daytime solar generation are causing generation and operational income to fall significantly. Partial mitigation measures have been employed (power purchase agreements at fixed rates, residential offerings through Flow Power and sales through EV chargers).

Directors' Report

For the Year Ended 30 June 2024

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.

Leonards Hill Wind Operations Pty Ltd
ABN 86 141 239 894

Directors' Report

For the Year Ended 30 June 2024

Auditor's independence declaration

The auditor's independence declaration for the year ended 30 June 2024, 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: 17 October 2024

CountPro AUDIT

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 2024, 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: 16 October 2024

180 Eleanor Drive, Lucas, VIC 3350 PO Box 4259, Lucas, VIC 3350 Phone (03) 5331 2333 www.countpro.com.au

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2024

	Note	2024 $	2023 $
Revenue	4	**875,058**	1,340,197
Administrative expenses	5	**(29,759)**	(26,602)
Depreciation and amortisation expense	6	**(539,389)**	(536,493)
Interest	7	**(19,799)**	(19,154)
Other operating expenses	8	**(410,922)**	(359,728)
Profit/(loss) before income tax		**(124,811)**	398,220
Income tax benefit/(expense)	9	**31,203**	(99,555)
Profit/(loss) for the year		**(93,608)**	298,665
Other comprehensive income:			
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive income for the year		**(93,608)**	298,665

The accompanying notes form part of these financial statements.

Statement of Financial Position

As At 30 June 2024

	Note	2024 $	2023 $
Assets			
Current assets			
Cash and cash equivalents	10	**96,013**	360,119
Current tax assets	11(a)	**13,480**	-
Trade and other receivables	12	**176,992**	124,548
Inventories	13	**225,953**	141,534
Total current assets		**512,438**	626,201
Non-current assets			
Deferred tax assets	11(b)	**27,506**	9,784
Property, plant and equipment	14	**6,964,697**	7,358,553
Right-of-use assets	15(a)	**696,600**	705,929
Total non-current assets		**7,688,803**	8,074,266
Total assets		**8,201,241**	8,700,467
Liabilities			
Current liabilities			
Current tax liabilities	11(c)	**-**	93,097
Trade and other payables	16	**96,581**	45,616
Lease liabilities	15(b)	**11,479**	10,318
Total current liabilities		**108,060**	149,031
Non-current liabilities			
Borrowings	17	**7,390,079**	7,766,351
Lease liabilities	15(b)	**396,690**	385,065
Provisions	18	**400,000**	400,000
Total non-current liabilities		**8,186,769**	8,551,416
Total liabilities		**8,294,829**	8,700,447
Net assets		**(93,588)**	20
Equity			
Issued capital	19	**20**	20
Accumulated losses		**(93,608)**	-
Total equity		**(93,588)**	20

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2024

	Issued capital $	Retained earnings/ (accumulated losses) $	Total $
2024			
Balance at 1 July 2023	**20**	**-**	**20**
Loss attributable to members	**-**	**(93,608)**	**(93,608)**
Balance at 30 June 2024	**20**	**(93,608)**	**(93,588)**
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

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Year Ended 30 June 2024

	Note	2024 $	2023 $
Cash flows from operating activities:			
Receipts from customers		**739,069**	1,466,418
Payments to suppliers and employees		**(441,602)**	(448,324)
Interest received		**61**	134
Income tax paid		**(93,096)**	(77,956)
Net cash provided by operating activities	21	**204,432**	940,272
Cash flows from investing activities:			
Payments for property, plant and equipment		**(92,266)**	(286,559)
Net cash used in investing activities		**(92,266)**	(286,559)
Cash flows from financing activities:			
Net repayments of related party loans		**(376,271)**	(599,276)
Net repayments of bank loans		**(1)**	-
Net cash used in financing activities		**(376,272)**	(599,276)
Net (decrease)/increase in cash and cash equivalents held		**(264,106)**	54,437
Cash and cash equivalents at beginning of year		**360,119**	305,682
Cash and cash equivalents at end of financial year	10	**96,013**	360,119

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2024

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 17 October 2024 by the Directors of the Company.

1 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.

2 Summary of material accounting policies

(a) 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.

(b) 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.

Leonards Hill Wind Operations Pty Ltd
ABN 86 141 239 894

Notes to the Financial Statements

For the Year Ended 30 June 2024

(c) 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.

(d) 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 2024

(e) 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 2024

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.

(f) 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.

(g) 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.

(h) 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.

(i) 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.

(j) 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.

(k) 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.

(l) Comparative figures

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

3 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 2024

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.

	2024 $	2023 $
4 Revenue		
Revenue from contracts with customers		
Revenue from ordinary operations		
Sale of goods	**790,591**	1,189,619
	790,591	1,189,619
Other revenue		
Interest income	**47**	134
Grants	**-**	15,940
Movement in inventories	**84,419**	85,864
Other income	**1**	48,640
	84,467	150,578
	875,058	1,340,197

Disaggregation of revenue from contracts with customers

	2024 $	2023 $
(a) Timing of revenue recognition		
At a point in time	**790,591**	1,189,619
	790,591	1,189,619

Notes to the Financial Statements

For the Year Ended 30 June 2024

	2024 $	2023 $
(b) Type of contract		
Sale of goods - Electricity	**391,094**	728,953
Sale of goods - Large-scale Generation Certificates	**238,078**	437,375
Sale of goods - Transmission use of system income	**30,297**	23,291
Sale of goods - PPA bundle assemble	**101,138**	-
Sale of goods - Residential allocation	**29,984**	-
	790,591	1,189,619
5 Administrative expenses		
Accounting fees	**11,480**	8,635
Audit fees	**3,325**	3,075
Bookkeeping	**4,229**	3,827
Management accounting expense	**10,415**	10,775
Secretarial fees	**310**	290
	29,759	26,602
6 Depreciation and amortisation		
Depreciation - plant and equipment	**506,488**	504,659
Depreciation - right-of-use asset	**32,901**	31,834
	539,389	536,493
7 Interest		
Interest expense on lease liabilities	**19,799**	19,154
	19,799	19,154
8 Other operating expenses		
Consulting fees	**2,500**	-
Insurance	**63,495**	56,280
Licence fees	**1,800**	3,300
Municipal payment in lieu of rates	**5,644**	9,392
Wind farm operation	**337,483**	290,756
	410,922	359,728

Notes to the Financial Statements
For the Year Ended 30 June 2024

	2024 $	2023 $
9 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% (2023: 25%)	**(31,203)**	99,555
	(31,203)	99,555
10 Cash and cash equivalents		
Operating accounts	**96,013**	360,119
	96,013	360,119
11 Tax assets and liabilities		
(a) Current tax assets		
Current tax receivable	**13,480**	-
	13,480	-
(b) Deferred tax assets		
Deferred tax assets (liabilities) comprise the tax effect of:		
Right-of-use asset	**27,893**	22,364
Differences in accounting and tax depreciation rates	**(387)**	(416)
Income not assessable until received	**-**	(12,164)
	27,506	9,784
(c) Current tax liabilities		
Provision for income tax	**-**	93,097
	-	93,097
12 Trade and other receivables		
Trade receivables	**154,641**	103,118
Accrued interest income	**-**	14
Prepayments	**22,351**	21,416
	176,992	124,548

Notes to the Financial Statements
For the Year Ended 30 June 2024

	2024 $	2023 $
13 Inventories		
Large-scale Generation Certificates	**225,953**	141,534
	225,953	141,534
14 Property, plant and equipment		
Wind farm development, compliance and project management		
At cost	**326,870**	326,870
Accumulated depreciation	**(149,810)**	(136,700)
	177,060	190,170
Wind farm construction		
At cost	**11,154,801**	11,154,801
Accumulated depreciation	**(6,040,607)**	(5,593,347)
	5,114,194	5,561,454
Office and other equipment		
At cost	**23,146**	23,146
Accumulated depreciation	**(15,132)**	(13,588)
	8,014	9,558
Future energy generation projects		
At cost	**704,578**	591,946
	704,578	591,946
Rapid earth fault current limiter		
At cost	**1,111,307**	1,111,307
Accumulated depreciation	**(150,456)**	(105,882)
	960,851	1,005,425
Total property, plant and equipment	**6,964,697**	7,358,553

(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
	$	$	$	$	$	$
2024						
Balance at the beginning of year	**190,170**	**5,561,454**	**9,558**	**591,946**	**1,005,425**	**7,358,553**
Additions	**-**	**-**	**-**	**112,632**	**-**	**112,632**
Depreciation expense	**(13,110)**	**(447,260)**	**(1,544)**	**-**	**(44,574)**	**(506,488)**
Balance at the end of the year	**177,060**	**5,114,194**	**8,014**	**704,578**	**960,851**	**6,964,697**
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

15 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.

	2024	2023
	$	$
(a) Right-of-use assets		
Right-of-use asset over land	**853,238**	829,667
Less accumulated depreciation	**(156,638)**	(123,738)
	696,600	705,929

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

	2024	2023
Balance at the beginning of the year	**705,929**	714,605
Revaluation due to changes in lease payments	**23,572**	23,158
Depreciation charge	**(32,901)**	(31,834)
	696,600	705,929

Notes to the Financial Statements

For the Year Ended 30 June 2024

	2024	2023
	$	$
(b) Lease liabilities		
Current		
Lease liabilities	**11,479**	10,318
	11,479	10,318
Non current		
Lease of land	**396,690**	385,065
	396,690	385,065
	408,169	395,383

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
	$	$	$	$	$
2024					
Lease liabilities	**31,023**	**124,091**	**496,361**	**651,475**	**408,169**
2023					
Lease liabilities	29,267	117,066	497,532	643,865	395,383

(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:

	2024	2023
	$	$
Interest expense on lease liabilities	**19,799**	19,154
Depreciation of right-of-use assets	**32,901**	31,834
	52,700	50,988

Notes to the Financial Statements

For the Year Ended 30 June 2024

	2024	2023
	$	$
16 Trade and other payables		
Trade payables	**72,898**	27,588
GST payable	**23,683**	18,028
	96,581	45,616
17 Borrowings		
Loans from related entity:		
Hepburn Community Wind Park Co-operative Ltd	**7,390,079**	7,766,350
Bank loans:		
Bendigo & Adelaide Bank Ltd	**-**	1
	7,390,079	7,766,351
18 Provisions		
Provision for making good leased land	**400,000**	400,000
	400,000	400,000
19 Issued capital		
20 ordinary shares (2023: 20 ordinary shares)	**20**	20
	20	20

20 Dividends

No dividends were declared and paid to the parent entity during the 2024 financial year.

Notes to the Financial Statements
For the Year Ended 30 June 2024

21 Cash flow information

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

	2024 $	2023 $
Profit/(loss) for the year	**(93,608)**	298,665
Non-cash flows in profit:		
Depreciation and amortisation	**506,488**	504,659
Depreciation right-of-use asset	**32,901**	31,834
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	**(52,444)**	214,853
(Increase)/decrease in inventories	**(84,419)**	(85,864)
Increase/(decrease) in lease liabilities	**(10,786)**	(9,692)
Increase/(decrease) in trade and other payables	**30,599**	(35,782)
Increase/(decrease) in income taxes payable	**(106,577)**	15,141
Increase/(decrease) in deferred taxes payable	**(17,722)**	6,458
	204,432	940,272

22 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.

Notes to the Financial Statements
For the Year Ended 30 June 2024

23 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:

	2024 $	2023 $
Financial Assets		
Cash and cash equivalents	**96,013**	360,119
Trade and other receivables	**176,992**	124,548
Total financial assets	**273,005**	484,667
Financial Liabilities		
Trade and other payables	**96,581**	45,616
Borrowings	**7,390,079**	7,766,351
Total financial liabilities	**7,486,660**	7,811,967

24 Auditors' remuneration

	2024 $	2023 $
Remuneration of the auditor, CountPro Audit Pty Ltd, for:		
Audit and review of the financial statements	**3,325**	3,075
	3,325	3,075
Remuneration of related entity, CountPro Pty Ltd, for:		
Accounting services	**11,480**	8,635
Management accounting services	**10,415**	10,775
	21,895	19,410
	25,220	22,485

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 2024

25 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).

Transactions with related parties

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

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 2024 is $7,390,079 (30 June 2023: $7,766,350). The loan is an unsecured loan and no interest is charged on the loan. During the 2024 financial year there were net repayments on the loan resulting in a reduction in the loan of $376,271 (2023: net repayments resulting in an reducuction in the loan of $599,276).

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.

Notes to the Financial Statements
For the Year Ended 30 June 2024

26 Contingent assets and liabilities

The Company has a future obligation to decommission the wind farm and remediate the land on which the wind farm operates at the end of life of the wind farm assets. The Company has provided for $400,000 in decommissioning costs as a provision for make good of the leased land. The decommissioning of the wind farm assets is an emerging field in which costs and proceeds from recovered materials cannot reliably be estimated and as a result a contingent liability exists in relation to the future expenses that may be incurred in excess of the amount provided for.

In the opinion of the directors the Company did not have any other contingent assets or liabilities at 30 June 2024 or 30 June 2023.

27 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 $577,250 was remaining to be spent on the battery energy storage project and $130,000 for the solar farm project at 30 June 2024.

28 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 2024 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 with the continuing support of creditors.

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

Director: ....
David Perry

Director: ....
Graham White

Dated: 17 October 2024

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 2024, 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 material 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 2024 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.

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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:

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Hepburn Energy

The future of community energy