

Merredin Energy Holdings Pty Ltd

ABN: 80 146 779 053

Consolidated Financial report

For the year ended 30 June 2023

TABLE OF CONTENTS

Directors' report	1 - 3
Auditor's independence declaration	4
Financial report	
Consolidated statement of profit or loss and other comprehensive income	5
Consolidated statement of financial position	6
Consolidated statement of changes in equity	7
Consolidated statement of cash flows	8
Notes to financial statements	9 - 29
Directors' declaration	30
Independent auditor's report	31 - 33

MERREDIN ENERGY HOLDINGS PTY LTD

ABN: 80 146 779 053

DIRECTORS' REPORT

The directors present their report together with the financial report of Merredin Energy Holdings Pty Ltd, the "company" and its controlled entity, the "group", for the year ended 30 June 2023 and auditor's report thereon.

Directors names

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

James Hann

Kelvin Wong

Neil Brown (appointed 30 August 2022)

Stephen Panizza (appointed 30 August 2022)

John Biesse (resigned 30 August 2022)

Shane Jones (resigned 30 August 2022)

Rodney Jones (alternate director) (resigned 30 August 2022)

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

Results

The profit of the group for the year after providing for income tax amounted to \$2,534,000 (2022: \$4,435,000).

Review of operations

The group continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant changes in state of affairs

On 30 August 2022 Hoperidge sold 49.9% of its 53.27% holding of Merredin Energy Holdings Pty Ltd to Federation Group.

MERREDIN ENERGY HOLDINGS PTY LTD

ABN: 80 146 779 053

DIRECTORS' REPORT

Principal activities

The principal activity of the group during the year was the operation of an 82 Megawatt ("MW") reserve capacity power station at Robartson Road, Merredin, Western Australia with the purpose of being available for use when shortfalls occur within the current operating electricity network.

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

After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in future financial years.

Likely developments

The group expects to maintain the present status and level of operations.

Environmental regulation

The group is subject to a range of environmental legislation and regulations. There were no significant breaches of any requirements during the financial year.

The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. The Directors have considered and assessed that the group did not have any reportable emissions during commercial operations in the year ended 30 June 2023.

Dividends paid, recommended and provided for

Dividends paid since the start of the financial year were \$2,121,000 (2022: \$2,726,000).

Dividends provided for and not paid at the end of the financial year were \$196,000 (2022: \$467,000).

Options

No options over unissued shares or interests in the group were granted during or since the end of the year and there were no options outstanding at the end of the year.

Indemnification of officers

The company maintained its own Directors and Officers Indemnity during the financial year against certain personal liabilities which they may incur in the performance of their duties as directors and officers where those directors and officers acted in good faith. In accordance with common commercial practice, the insurance policy prohibits disclosure of the nature of the liability insured against and the amount of the premium. Except for the above, during the financial year and subsequent to 30 June 2023, no person has been indemnified nor has the company or a related body corporate of the company made an agreement for indemnifying any person who is or has been an officer of the company or of a related body corporate.

MERREDIN ENERGY HOLDINGS PTY LTD

ABN: 80 146 779 053

DIRECTORS' REPORT

Indemnification of auditors

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an auditor of the group.

Auditor's independence declaration

A copy of the auditor's independence declaration in relation to the audit for the financial year is provided with this report.


Proceedings on behalf of the group

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

Rounding of amounts

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the amounts in the directors' report and in the financial report have been rounded to the nearest one thousand dollars, or in certain cases, to the nearest dollar (where indicated).

Signed on behalf of the board of directors.

Director: 
James Hann

Dated 24 October 2023



Auditor's Independence Declaration

As lead auditor for the audit of Merredin Energy Holdings Pty Ltd and its controlled entities for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence provisions of *APES 110 Code of Ethics for Professional Accountants* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Merredin Energy Holdings Pty Ltd and the entities it controlled during the period.

A handwritten signature in blue ink that reads 'Trevor Johnston'.

Trevor Johnston
Partner
PricewaterhouseCoopers

Melbourne
25 October 2023

MERREDIN ENERGY HOLDINGS PTY LTD

ABN: 80 146 779 053

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023**

	Note	2023 \$ '000	2022 \$ '000
Revenue and other income			
Revenue from contracts with customers	4	10,951	9,446
Other income	5	<u>48</u>	<u>3,218</u>
		<u>10,999</u>	<u>12,664</u>
Less: expenses			
Consultancy and advisory expenses		(96)	15
Depreciation expense	6	(2,770)	(2,949)
Finance costs	6	(1,498)	(1,407)
Insurance expenses		(361)	(324)
Materials and consumables used		(650)	(149)
Operations and maintenance		(561)	(511)
Transmission expenses and fees		(860)	(835)
Other expenses	6	<u>(867)</u>	<u>(517)</u>
		<u>(7,663)</u>	<u>(6,677)</u>
Profit before income tax expense		3,336	5,987
Income tax expense	7	<u>(802)</u>	<u>(1,552)</u>
Net profit from continuing operations		<u>2,534</u>	<u>4,435</u>
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income		<u><u>2,534</u></u>	<u><u>4,435</u></u>

The accompanying notes form part of these financial statements.

MERREDIN ENERGY HOLDINGS PTY LTD

ABN: 80 146 779 053

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	2023 \$ '000	2022 \$ '000
Current assets			
Cash and cash equivalents	8	396	904
Receivables	9	2,937	1,636
Inventories	10	1,160	1,122
Other assets	14	<u>292</u>	<u>168</u>
Total current assets		<u>4,785</u>	<u>3,830</u>
Non-current assets			
Financial assets	11	3,504	3,875
Property, plant and equipment	12	45,382	47,970
Intangible assets	13	561	561
Other assets	14	<u>130</u>	<u>130</u>
Total non-current assets		<u>49,577</u>	<u>52,536</u>
Total assets		<u>54,362</u>	<u>56,366</u>
Current liabilities			
Current tax liabilities	7	209	-
Payables	15	754	578
Borrowings	16	3,239	3,395
Provisions	17	<u>196</u>	<u>467</u>
Total current liabilities		<u>4,398</u>	<u>4,440</u>
Non-current liabilities			
Deferred tax liabilities	7	1,715	1,122
Borrowings	16	<u>28,339</u>	<u>31,578</u>
Total non-current liabilities		<u>30,054</u>	<u>32,700</u>
Total liabilities		<u>34,452</u>	<u>37,140</u>
Net assets		<u>19,910</u>	<u>19,226</u>
Equity			
Share capital	18	31,147	31,147
Accumulated losses	19	<u>(11,237)</u>	<u>(11,921)</u>
Total equity		<u>19,910</u>	<u>19,226</u>

The accompanying notes form part of these financial statements.

MERREDIN ENERGY HOLDINGS PTY LTD

ABN: 80 146 779 053

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	Share capital \$ '000	Reserves \$ '000	Accumulated losses \$ '000	Total equity \$ '000
Consolidated				
Balance as at 1 July 2021	31,147	-	(13,983)	17,164
Profit for the year	-	-	4,435	4,435
Total comprehensive income for the year	-	-	4,435	4,435
Transactions with owners in their capacity as owners:				
Dividends	-	-	(2,373)	(2,373)
Total transactions with owners in their capacity as owners	-	-	(2,373)	(2,373)
Balance as at 30 June 2022	<u>31,147</u>	<u>-</u>	<u>(11,921)</u>	<u>19,226</u>
Balance as at 1 July 2022	31,147	-	(11,921)	19,226
Profit for the year	-	-	2,534	2,534
Total comprehensive income for the year	-	-	2,534	2,534
Transactions with owners in their capacity as owners:				
Dividends	-	-	(1,850)	(1,850)
Total transactions with owners in their capacity as owners	-	-	(1,850)	(1,850)
Balance as at 30 June 2023	<u>31,147</u>	<u>-</u>	<u>(11,237)</u>	<u>19,910</u>

The accompanying notes form part of these financial statements.

MERREDIN ENERGY HOLDINGS PTY LTD
ABN: 80 146 779 053

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 \$ '000	2022 \$ '000
Cash flow from operating activities			
Receipts from customers and net fuel tax credits including GST		10,866	10,070
Payments to suppliers including GST		(4,269)	(3,085)
Interest and finance costs paid		<u>(1,146)</u>	<u>(1,102)</u>
Net cash provided by operating activities	20(b)	<u>5,451</u>	<u>5,883</u>
Cash flow from investing activities			
Payment for property, plant and equipment		<u>(139)</u>	<u>(118)</u>
Net cash used in investing activities		<u>(139)</u>	<u>(118)</u>
Cash flow from financing activities			
Repayment of borrowings		(3,699)	(3,547)
Dividends paid		<u>(2,121)</u>	<u>(2,726)</u>
Net cash used in financing activities		<u>(5,820)</u>	<u>(6,273)</u>
Reconciliation of cash			
Cash at beginning of the financial year		904	1,412
Net decrease in cash held		<u>(508)</u>	<u>(508)</u>
Cash at end of financial year	20(a)	<u><u>396</u></u>	<u><u>904</u></u>

The accompanying notes form part of these financial statements.

MERREDIN ENERGY HOLDINGS PTY LTD

ABN: 80 146 779 053

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The directors have determined that the group is not a reporting entity on the basis that, in the opinion of the directors, there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy, specifically, all of their information needs. Accordingly, this financial report is a special purpose financial report, which has been prepared for use by the directors and members of the group.

The financial report covers Merredin Energy Holdings Pty Ltd and its consolidated entity. Merredin Energy Holdings Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Merredin Energy Holdings Pty Ltd is a for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors at the date of the directors' report.

The financial report has been prepared in accordance with the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, with the exception of AASB137 Provisions, Contingent Liabilities and Contingent Assets specifically relating to the provision for dividends, and the disclosure requirements of:

AASB 101:	Presentation of Financial Statements
AASB 107:	Statement of Cash Flows
AASB 108:	Accounting Policies, Changes in Accounting Estimates and Errors
AASB 1054:	Australian Additional Disclosures

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report:

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

Significant accounting estimates and judgements

The preparation of the financial report requires the use of certain estimates and judgements in applying the group's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 3 to the financial statements.

(b) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Principles of consolidation

The consolidated financial statements are those of the consolidated entity ("the group"), comprising the financial statements of the parent entity and all of the entities the parent controls. The group controls an entity where it has the power, for which the parent has exposure or rights to variable returns from its involvement with the entity, and for which the parent has the ability to use its power over the entity to affect the amount of its returns.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is obtained by the group and are de-recognised from the date that control ceases.

(d) Revenue from contracts with customers

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of capacity credit refunds and duties and taxes paid.

The group recognises reserve capacity revenue once certification has been received from the Australian Energy Market Operator (AEMO) of the approved certified reserve capacity. Certification is provided by AEMO two years in advance after the group has demonstrated it passes the necessary tests and has the necessary contracts and agreements in place. Once the group's reserve capacity is verified revenue can be recognised, as it becomes reliably measured and probable that future economic benefits will flow to the entity. Bilateral agreements to supply certified reserve capacity to other market participants does not change the amount of revenue recognised by the group.

Certified capacity is tested at least biannually through independent measurement and verification testing conducted in the winter and summer. The group may receive additional revenue as part of this testing for any energy output produced from the testing traded on the Balancing Market ("BM").

Revenue is measured based on the reserve capacity price per MW per year established by AEMO from 1 October to 30 September of the following year (the Reserve Capacity Year). Energy generated to the BM or the Short Term Energy Market ("STEM") is paid at current market rates.

The group may also choose to offer energy to the market or the group may be called on to offer capacity to the market for capacity not already contracted.

Where the group is unable to offer its certified capacity to the market without an approved outage, the group will incur refunds. The value of the refunds will be calculated per AEMO calculation rules.

Additionally, the group may also be called to generate electricity to support the grid under duress, under these circumstances the group will be paid for the energy it generates in addition to the capacity payments it receives.

All revenue is measured net of the amount of goods and services tax (GST).

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Other income

Interest

Interest revenue is measured in accordance with the effective interest method.

(f) Finance costs

Borrowing costs include interest expense calculated using the effective interest method, borrowing costs incurred in establishing new debt facilities, finance charges in respect of lease arrangements, and any exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to interest costs.

Borrowing costs are capitalised and amortised over the lesser of 5 years or the term of the loan.

Finance costs are expensed as incurred.

(g) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not recognised if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax Consolidation

The parent entity, Merredin Energy Holdings Pty Ltd, and its subsidiary have implemented the tax consolidation legislation and have formed a tax-consolidated group. The parent entity and subsidiary in the tax-consolidated group have entered into a tax funding agreement such that each entity in the tax-consolidated group recognises the assets, liabilities, expenses and revenues in relation to its own transactions, events and balances only. This means that:

- the parent entity recognises all current and deferred tax amounts relating to its own transactions, events and balances only;
- the parent entity assumes the current tax liability and any deferred tax assets relating to tax losses, arising in the subsidiary, and recognises a contribution to (or distribution from) the subsidiaries.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Income tax (Continued)

The tax-consolidated group also has a tax sharing agreement in place to limit the liability of subsidiaries in the tax-consolidated group, arising under the joint and several liability provisions of the tax consolidation system, in the event of default by the parent entity to meet its payment obligations.

(h) Impairment of non-financial assets

Goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

For impairment assessment purposes, assets are generally grouped at the lowest levels for which there are largely independent cash flows ('cash generating units'). Accordingly, most assets are tested for impairment at the cash-generating unit level. Because it does not generate cash flows independently of other assets or groups of assets, goodwill is allocated to the cash generating unit or units that are expected to benefit from the synergies arising from the business combination that gave rise to the goodwill.

Assets other than goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired.

An impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds the asset's or cash generating unit's recoverable amount. The recoverable amount of an asset or cash generating unit is defined as the higher of its fair value less costs of disposal and value in use (where 'value in use' is determined as the present value of the future cash flows expected to be derived from an asset or cash-generating unit).

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is measured at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and is recognised in other comprehensive income to the extent that it does not exceed the amount in the revaluation surplus for the same asset. Impairment losses in respect of cash generating units are allocated first against the carrying amount of any goodwill attributed to the cash generating unit with any remaining impairment loss allocated on a pro rata basis to the other assets comprising the relevant cash generating unit.

A reversal of an impairment loss for an asset measured at cost is recognised in profit or loss. A reversal of an impairment loss for an asset measured at a revalued amount is treated as a revaluation increase and is recognised in other comprehensive income, except to the extent that an impairment loss on the same asset was previously recognised in profit or loss, in which case a reversal of that impairment loss is also recognised in profit or loss.

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for expected credit losses. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off.

(k) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the statement of profit or loss and other comprehensive income and are included in other income or other expenses.

(l) Debt forgiveness

Intragroup debt forgiveness transactions are tested in accordance with their substance, and are classified as transactions with owners when they are completed on a non arm's length basis. Any gains or losses on consummation of these transactions are taken directly to equity.

(m) Property, plant and equipment

Each class of property, plant and equipment is measured at cost less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Land

Freehold land is measured on a cost basis.

Plant and equipment

Plant and equipment is measured on a cost basis.

MERREDIN ENERGY HOLDINGS PTY LTD

ABN: 80 146 779 053

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Property, plant and equipment (Continued)

Depreciation

Land is not depreciated. The depreciable amount of all other property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held available for use, consistent with the estimated consumption of the economic benefits embodied in the asset.

Class of fixed asset	Useful lives	Depreciation basis
Plant and equipment	2-40 years	Straight line

(n) Intangible assets

Goodwill

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identifiable or separately recognised.

Goodwill is not amortised, but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses.

(o) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

(p) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(q) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

(s) Contributed equity

Ordinary share capital is recorded at the fair value of the consideration received. The costs of issuing securities are charged against the share capital net of any income tax benefit. Ordinary share capital bears no special terms or conditions affecting income or capital entitlements of the shareholders. Dividends are recognised as a liability in the period in which they are declared. When share capital recognised as equity is repurchased, the fair value of the consideration paid, including directly attributable costs, is recognised as a deduction in comprehensive income, net of any tax.

(t) Dividends

A provision is made for the amount of any dividend proposed on or before the date of signing of the financial report but not distributed at the end of the reporting period.

(u) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Financial instruments (Continued)

Classification of financial assets

Financial assets recognised by the group are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the group irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income (FVtOCI) in accordance with the relevant criteria in AASB 9.

Financial assets not irrevocably designated on initial recognition at FVtOCI are classified as subsequently measured at amortised cost, FVtOCI or fair value through profit or loss (FVtPL) on the basis of both:

- (a) the group's business model for managing the financial assets; and
- (b) the contractual cash flow characteristics of the financial asset.

Classification of financial liabilities

Financial liabilities classified as held-for-trading, contingent consideration payable by the group for the acquisition of a business, and financial liabilities designated at FVtPL, are subsequently measured at fair value.

All other financial liabilities recognised by the group are subsequently measured at amortised cost.

(v) Goods and services tax (GST)

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

Cash flows are presented in the consolidated 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.

(w) Rounding of amounts

The parent entity and the consolidated entity have applied the relief available under *ASIC Corporations (Rounding in Financial/Directors' report) Instrument 2016/191* and accordingly, the amounts in the consolidated financial statements and in the directors' report have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar (where indicated).

(x) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE 2: ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the group. The group has decided not to early adopt any of these new and amended pronouncements. The group's assessment of the new and amended pronouncements that are relevant to the group but applicable in future reporting periods is set out below.

AASB 2020-1: Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current (applicable for annual reporting periods commencing on or after 1 January 2024)

AASB 2020-1 amends AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.

A liability will be classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. Meaning of settlement of a liability is also clarified.

AASB 2020-1 mandatorily applies to annual reporting periods beginning on or after 1 January 2024 (as amended by AASB 2022-6 and AASB 2020-6). The amendment will first be applied by the group in the financial year commencing 1 July 2024.

The adoption of this standard is not expected to have on initial application a material impact on the group's financial statements.

AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates (applicable to annual reporting periods commencing on or after 1 January 2023)

AASB 2021-2 amends AASB 7 *Financial Instruments: Disclosures*, AASB 101 *Presentation of Financial Statements*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, AASB 134 *Interim Financial Reporting* and AASB Practice Statement 2 *Making Materiality Judgements*. The main amendments relate to:

- (a) AASB 7 - clarifies that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;
- (b) AASB 101 - requires entities to disclose their material accounting policy information rather than their significant accounting policies;
- (c) AASB 108 - clarifies how entities should distinguish changes in accounting policies and changes in accounting estimates;
- (d) AASB 134 - to identify material accounting policy information as a component of a complete set of financial statements; and
- (e) AASB Practice Statement 2 - to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

AASB 2021-2 mandatorily applies to annual reporting periods commencing on or after 1 January 2023 and will be first applied by the group in the financial year commencing 1 July 2023.

MERREDIN ENERGY HOLDINGS PTY LTD

ABN: 80 146 779 053

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 2: ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

The adoption of this standard is not expected to have on initial application a material impact on the group's financial statements.

AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (applicable to annual reporting periods commencing on or after 1 January 2023)

AASB 2021-5 amends AASB 112 *Income Taxes* to clarify the accounting for deferred tax transactions that, at the time of the transaction, give rise to equal taxable and deductible temporary differences. In specified circumstances, entities are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The amendments clarify that the exemption does not apply to transactions for which entities recognise both an asset and a liability and that give rise to equal taxable and deductible temporary differences.

AASB 2021-5 mandatorily applies to annual reporting periods commencing on or after 1 January 2023 and will be first applied by the group in the financial year commencing 1 July 2023.

The adoption of this standard is not expected to have on initial application a material impact on the group's financial statements.

AASB 2022-6: Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants (applicable for annual reporting periods commencing on or after 1 January 2024)

AASB 2022-6 amends AASB 101 *Presentation of Financial Statements* to improve the information an entity provides in its financial statements about liabilities arising from loan arrangements for which the entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement.

Practice Statement 2 *Making Materiality Judgements* is also amended regarding assessing whether information about covenants is material for disclosure.

AASB 2022-6 also amends AASB 2020-1 by deferring the application date by 12 months.

This amending standard mandatorily applies to annual reporting periods commencing on or after 1 January 2023 regarding the deferred application date of AASB 2020-1 and the remaining amendments to disclosures apply to annual reporting periods commencing on or after 1 January 2024. This amendment to disclosures will be first applied by the group in the financial year commencing 1 July 2024.

The adoption of this standard is not expected to have on initial application a material impact on the group's financial statements.

AASB 2022-7: Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards (applicable for annual reporting periods commencing on or after 1 January 2023)

AASB 2022-7 makes editorial corrections to various Australian Accounting Standards and AASB Practice Statement 2 *Making Materiality Judgements*. The corrections include corrections made by the IASB to IFRS Standards since June 2021. The standard also formally repeals a number of superseded and redundant standards.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE 2: ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

AASB 2022-7 mandatorily applies to annual reporting periods commencing on or after 1 January 2023 and will be first applied by the group in the financial year commencing 1 July 2023.

The adoption of this standard is not expected to have on initial application a material impact on the group's financial statements.

AASB 2023-3: Amendments to Australian Accounting Standards - Disclosure of Non-current Liabilities with Covenants: Tier 2 (applicable to annual reporting periods commencing on or after 1 January 2024)

AASB 2023-2 amends AASB 1060 *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* to clarify the criteria for classifying a liability as current or non-current and improve the information disclosed in financial statements about certain non-current liabilities with covenants.

The amendments are consistent with amendments made to AASB 101 *Presentation of Financial Statements* by AASB 2020-1 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current* and AASB 2022-6 *Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants*.

This amending standard mandatorily applies to annual reporting periods commencing on or after 1 January 2024 and will be first applied by the Groupgroup in the financial year commencing 1 July 2024.

The adoption of this standard is not expected to have on initial application a material impact on the group's financial statements.

NOTE 3: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

(a) Impairment of goodwill

Goodwill is allocated to a cash generating unit or units (CGUs) according to management's expectations regarding which assets will be expected to benefit from the synergies arising from the business combination that gave rise to the goodwill. The recoverable amount of a CGU is based on value in use calculations. These calculations are based on projected cash flows approved by management covering a minimum period of 1 year (maximum of five years). Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future.

The carrying amount of goodwill at 30 June 2023 was \$561,000 (2022: \$561,000) and no impairment was recognised for the year ended 30 June 2023 (2022: \$nil).

MERREDIN ENERGY HOLDINGS PTY LTD

ABN: 80 146 779 053

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE 3: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Impairment of non-financial assets other than goodwill

All assets are assessed for impairment at each reporting date by evaluating whether indicators of impairment exist in relation to the continued use of the asset by the consolidated entity. Impairment triggers include declining product or manufacturing performance, technology changes, adverse changes in the economic or political environment and future product expectations. If an indicator of impairment exists the recoverable amount of the asset is determined.

The recoverable amount of a CGU is based on value in use calculations. These calculations are based on projected cash flows approved by management based on past performance and its expectation for the future and reflect the long term nature of the investments. The forecasts include assumptions related to the growth in revenue, operating expenditure and capital expenditure. The estimated future cash flows are discounted to their present value using a discount rate appropriate for that asset or cash generating unit.

These assumptions are subject to risk and uncertainty. Hence there is a possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the asset or CGU.

(c) Income tax

The group is subject to income tax legislation in Australia. Judgement is required in determining the provision for income taxes. There are transactions and calculations undertaken the ordinary course of business for which the ultimate determination is uncertain.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable profits be available to utilise those temporary differences and tax losses and the tax losses continue to be available.

Assumptions are made about the application of income tax legislation. These assumptions are subject to risk and uncertainty and there is a possibility that changes in circumstances will alter expectations which may impact the amount of deferred tax assets and deferred tax liabilities recorded in the statement of financial position and the amount of tax losses and timing differences not yet recognised. In these circumstances, the carrying amount of deferred tax assets and liabilities may change, impacting the profit or loss of the group.

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

	2023	2022
	\$ '000	\$ '000
NOTE 4: REVENUE FROM CONTRACTS WITH CUSTOMERS		
Revenue from contracts with customers	<u>10,951</u>	<u>9,446</u>

MERREDIN ENERGY HOLDINGS PTY LTD
ABN: 80 146 779 053

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

	2023 \$ '000	2022 \$ '000
NOTE 5: OTHER INCOME		
Gain on movement in derivatives	-	3,218
Interest income	<u>48</u>	<u>-</u>
	<u><u>48</u></u>	<u><u>3,218</u></u>

NOTE 6: OPERATING PROFIT

Profit before income tax has been determined after:

Finance costs		
- Interest expense	1,181	1,089
- Finance costs	13	14
- Amortisation of capitalised borrowing costs	<u>304</u>	<u>304</u>
	1,498	1,407
Depreciation		
- Plant and equipment	2,770	2,949
Other expenses		
- Loss on movement in derivatives	371	-
- Other expenses	<u>496</u>	<u>517</u>
	867	517
Fees		
- Management fees	248	268
	\$	\$
Remuneration of auditors for:		
- Audit of financial statements	40,448	36,771

	2023 \$ '000	2022 \$ '000
NOTE 7: INCOME TAX		
(a) Components of tax expense		
Current tax	209	-
Deferred tax	<u>593</u>	<u>1,552</u>
	<u><u>802</u></u>	<u><u>1,552</u></u>

MERREDIN ENERGY HOLDINGS PTY LTD
ABN: 80 146 779 053

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

	2023 \$ '000	2022 \$ '000
NOTE 7: INCOME TAX (CONTINUED)		
(b) Income tax reconciliation		
The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:		
Prima facie income tax payable on profit before income tax at 25% (2022: 25%)	835	1,497
Add tax effect of:		
- Over provision for income tax in prior year	(33)	-
- Impact of change in tax rates on deferred tax assets	<u>-</u>	<u>55</u>
Income tax expense attributable to profit	<u><u>802</u></u>	<u><u>1,552</u></u>
(c) Current tax		
Current tax relates to the following:		
<i>Current tax liabilities</i>		
Opening balance	-	-
Income tax	925	-
Utilisation of prior year losses	<u>(716)</u>	<u>-</u>
Current tax liabilities	<u><u>209</u></u>	<u><u>-</u></u>
(d) Deferred tax		
Deferred tax relates to the following:		
<i>Deferred tax assets</i>		
The balance comprises:		
Tax losses carried forward	-	727
Accruals	<u>27</u>	<u>9</u>
	<u><u>27</u></u>	<u><u>736</u></u>
<i>Deferred tax liabilities</i>		
The balance comprises:		
Depreciation	786	788
Fair value of derivatives	876	968
Other	<u>80</u>	<u>102</u>
	<u><u>1,742</u></u>	<u><u>1,858</u></u>
Net deferred tax liabilities	<u><u>(1,715)</u></u>	<u><u>(1,122)</u></u>

MERREDIN ENERGY HOLDINGS PTY LTD
ABN: 80 146 779 053

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

	2023 \$ '000	2022 \$ '000
NOTE 8: CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	<u>396</u>	<u>904</u>
NOTE 9: RECEIVABLES		
Trade debtors	2,586	1,635
Other receivables	<u>351</u>	<u>1</u>
	<u>2,937</u>	<u>1,636</u>
NOTE 10: INVENTORIES		
Fuel - Diesel	324	283
Spare parts and consumables	<u>836</u>	<u>839</u>
	<u>1,160</u>	<u>1,122</u>
NOTE 11: FINANCIAL ASSETS		
<i>Derivative instruments at fair value through profit and loss</i>		
Interest rate swap contracts	<u>3,504</u>	<u>3,875</u>
NOTE 12: PROPERTY, PLANT AND EQUIPMENT		
Land		
At cost	<u>205</u>	<u>205</u>
Plant and equipment		
At cost	80,022	79,883
Less accumulated depreciation	<u>(34,888)</u>	<u>(32,118)</u>
	45,134	47,765
Capital work in progress	<u>43</u>	<u>-</u>
Total plant and equipment	<u>45,177</u>	<u>47,765</u>
Total property, plant and equipment	<u>45,382</u>	<u>47,970</u>
(a) Reconciliations		
<i>Land</i>		
Opening carrying amount	<u>205</u>	<u>205</u>
Closing carrying amount	<u>205</u>	<u>205</u>

MERREDIN ENERGY HOLDINGS PTY LTD
ABN: 80 146 779 053

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

	2023 \$ '000	2022 \$ '000
NOTE 12: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)		
(a) Reconciliations (Continued)		
<i>Plant and equipment</i>		
Opening carrying amount	47,765	50,592
Additions	139	118
Depreciation expense	(2,770)	(2,949)
Transfer from capital assets	<u>-</u>	<u>4</u>
Closing carrying amount	<u><u>45,134</u></u>	<u><u>47,765</u></u>
<i>Capital work in progress</i>		
Opening carrying amount	-	4
Additions	43	-
Transfer to plant and equipment	<u>-</u>	<u>(4)</u>
Closing carrying amount	<u><u>43</u></u>	<u><u>-</u></u>
<i>Total property, plant and equipment</i>		
Opening carrying amount	47,970	50,801
Additions	182	118
Depreciation expense	<u>(2,770)</u>	<u>(2,949)</u>
Closing carrying amount	<u><u>45,382</u></u>	<u><u>47,970</u></u>
NOTE 13: INTANGIBLE ASSETS		
Goodwill	<u><u>561</u></u>	<u><u>561</u></u>
NOTE 14: OTHER ASSETS		
CURRENT		
Prepayments	<u><u>292</u></u>	<u><u>168</u></u>
NON CURRENT		
Bond deposits on trust	<u><u>130</u></u>	<u><u>130</u></u>
NOTE 15: PAYABLES		
<i>Unsecured liabilities</i>		
Trade creditors	569	350
Sundry creditors and accruals	<u>185</u>	<u>228</u>
	<u><u>754</u></u>	<u><u>578</u></u>

MERREDIN ENERGY HOLDINGS PTY LTD

ABN: 80 146 779 053

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

	2023	2022
	\$ '000	\$ '000
NOTE 16: BORROWINGS		
CURRENT		
<i>Secured liabilities</i>		
Bank loans	<u>3,239</u>	<u>3,395</u>
NON CURRENT		
<i>Secured liabilities</i>		
Bank loans	<u>28,339</u>	<u>31,578</u>

(a) Finance facilities & capitalised borrowing costs

The Group finance facilities were refinanced in May 2020 for an 11 year term expiring in 2031. The total facility amount at 30 June 2023 of \$32,149,000 has principal and interest payments being made on a quarterly basis through to maturity.

Interest is payable on the balance of the loan at an interest rate equal to the applicable margin plus Bank Bill Swap Bid Rate (BBSY). The margin for the facility is 2.2% per annum.

Borrowing costs capitalised at 30 June 2023 total \$570,954 (2022: \$875,185).

NOTE 17: PROVISIONS

Dividends	<u>196</u>	<u>467</u>
-----------	------------	------------

NOTE 18: SHARE CAPITAL

Issued and paid-up capital		
22,993,901 (2022: 22,993,901) Ordinary shares	<u>31,147</u>	<u>31,147</u>

Rights of each type of share

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

MERREDIN ENERGY HOLDINGS PTY LTD**ABN: 80 146 779 053****NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023****NOTE 18: SHARE CAPITAL (CONTINUED)****Capital management**

When managing capital, management's objective is to ensure the group continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. This is achieved through the monitoring of historical and forecast performance and cash flows.

During 2023, the company declared dividends of \$1,654,000 (2022: \$1,906,000). At balance date, the company provided for dividends totalling \$196,000 which remain unpaid (2022: \$467,000).

	Note	2023 \$ '000	2022 \$ '000
NOTE 19: ACCUMULATED LOSSES			
Accumulated losses at beginning of year		(11,921)	(13,983)
Net profit		2,534	4,435
Dividends provided for or paid		<u>(1,850)</u>	<u>(2,373)</u>
		<u>(11,237)</u>	<u>(11,921)</u>

NOTE 20: CASH FLOW INFORMATION**(a) Reconciliation of cash**

Cash at the end of the financial year as shown in the consolidated statement of cash flows is reconciled to the related items in the consolidated statement of financial position as follows:

Cash at bank	<u>396</u>	<u>904</u>
--------------	------------	------------

(b) Reconciliation of cash flow from operations with profit after income tax

Profit from ordinary activities after income tax	2,534	4,435
--	-------	-------

Adjustments and non-cash items

Amortisation of capitalised borrowing costs	304	304
Depreciation	2,770	2,949
Fair value adjustment to financial instruments	371	(3,218)

Changes in operating assets and liabilities

Increase in receivables	(1,300)	(313)
(Increase)/ decrease in other assets	(168)	287
Increase in inventories	(38)	(30)
Increase/ (decrease) in payables & other liabilities	385	(83)
Decrease in deferred taxes	<u>593</u>	<u>1,552</u>
Cash flows from operating activities	<u>5,451</u>	<u>5,883</u>

MERREDIN ENERGY HOLDINGS PTY LTD
ABN: 80 146 779 053

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 21: INTERESTS IN SUBSIDIARIES

(a) Subsidiaries

The following are the group's subsidiaries:

	Country of incorporation	Ownership interest held by the group	
		2023 %	2022 %
Subsidiaries of Merredin Energy Consolidated:			
Merredin Energy Pty Ltd	Australia	100	100
Ownership interest are the same as voting rights.			

MERREDIN ENERGY HOLDINGS PTY LTD
ABN: 80 146 779 053

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	\$ '000	\$ '000

NOTE 22: PARENT ENTITY DETAILS

Summarised presentation of the parent entity, Merredin Energy Holdings Pty Ltd, financial statements:

(a) Summarised statement of financial position

Assets

Current assets	-	-
Non-current assets	<u>35,770</u>	<u>32,984</u>
Total assets	<u>35,770</u>	<u>32,984</u>

Liabilities

Current liabilities	550	612
Non-current liabilities	<u>-</u>	<u>-</u>
Total liabilities	<u>550</u>	<u>612</u>
Net assets	<u>35,220</u>	<u>32,372</u>

Equity

Share capital	31,147	31,147
Retained earnings	<u>4,073</u>	<u>1,225</u>
Total equity	<u>35,220</u>	<u>32,372</u>

(b) Summarised statement of profit or loss and other comprehensive income

Profit for the year	4,698	3,267
Other comprehensive income for the year	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>4,698</u>	<u>3,267</u>

(c) Parent entity guarantees

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2023 (2022: nil).

(d) Parent entity contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2023 (2022: nil).

(e) Parent entity contractual commitments

The parent entity had no contractual commitments as at 30 June 2023 (2022: nil).

MERREDIN ENERGY HOLDINGS PTY LTD
ABN: 80 146 779 053

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 23: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 30 June 2023 which has significantly affected or which may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2023, of the group, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2023, of the group.

NOTE 24: ENTITY DETAILS

The registered office of the group is:

Merredin Energy Consolidated
C/- Pitcher Partners
Level 13, 664 Collins Street
Docklands VIC, 3008

The principal place of business is:

Level 27, 140 William Street
Melbourne VIC 3000

MERREDIN ENERGY HOLDINGS PTY LTD

ABN: 80 146 779 053

DIRECTORS' DECLARATION

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 5 - 29 presents fairly the company's financial position as at 30 June 2023 and performance for the year ended on that date of the company in accordance with the accounting policies outlined in Note 1 to the financial statements.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Director: 
James Hann

Dated this 24 day of October 2023



Independent auditor's report

To the members of Merredin Energy Holdings Pty Ltd

Our opinion

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of Merredin Energy Holdings Pty Ltd (the Company) and its controlled entities (together the Group) as at 30 June 2023 and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards to the extent described in Note 1 of the financial report.

What we have audited

The Group financial report comprises:

- the Consolidated statement of financial position as at 30 June 2023
- the Consolidated statement of changes in equity for the year then ended
- the Consolidated statement of cash flows for the year then ended
- the Consolidated statement of profit or loss and other comprehensive income for the year then ended
- the Notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the Directors' declaration.

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

Independence

We are independent of the Group in accordance with the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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.

Emphasis of matter - basis of accounting and restriction on distribution and use

We draw attention to Note 1 in the financial report, which describes the basis of accounting. The financial report has been prepared for the internal purposes of the Board of Directors. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for Merredin Energy Holdings Pty Ltd and its members and should not be distributed to or used by parties other than Merredin Energy Holdings Pty Ltd and its members. Our opinion is not modified in respect of this matter.



Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards to the extent described in Note 1 of the financial report, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. The directors have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the needs of the members.

In preparing the financial report, the directors are responsible for assessing the ability of the Group 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 the 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.



A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

A handwritten signature in blue ink, appearing to read 'PricewaterhouseCoopers', written in a cursive style.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'Trevor Johnston', written in a cursive style.

Trevor Johnston
Partner

Melbourne
25 October 2023