Victoria Power Networks (Finance) Pty Ltd

ABN 68 101 392 161

Financial Statements - for the year ended - 31 December 2024

Victoria Power Networks (Finance) Pty Ltd
Directors' report
31 December 2024

Directors' Report

The directors of Victoria Power Networks (Finance) Pty Ltd ('VPNF' or the 'company') submit herewith their report on the company and its subsidiaries (the Consolidated Entity) at the end of, or during, the year ended 31 December 2024.

Directors
The following persons were directors of Victoria Power Networks (Finance) Pty Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

P. P. Tulloch
H. L. Kam
A. J. Hunter
L. S. Chan
C. P. Bennett
L. A. Reed (resigned with effect from 30 August 2024)
I. J. Sadeh
A. R. Jennings
C.C.C.Tsai
T. H. Rourke
R. Sheriff (appointed with effect from 31 August 2024)
D. S. Jenkins (appointed with effect from 28 October 2024)

W. C. W. Tong Barnes (alternate director to H. L. Kam)
K. H. Chan (alternate director to L. S. Chan; resigned with effect from 25 November 2024)
D. N. Macrae (alternate director to A. J. Hunter)
N. D. Donaldson (alternate director to L. A. Reed, I. J. Sadeh, A. R. Jennings; resigned with effect from 6 May 2024)
C. Y. Ho (alternate director to C.C.C. Tsai; appointed with effect from 26 January 2024)
R. Sheriff (alternate director to L. A. Reed, I. J, Sadeh and A. R. Jennings; appointed with effect from 6 May 2024 and resigned with effect from 30 August 2024)
J. B. Luk (alternate director to L. S. Chan; appointed with effect from 25 November 2024)

Principal activities
Victoria Power Networks (Finance) holds the investments in Powercor Australia Ltd, the CitiPower Group, Power Network Services Pty Ltd, CHED Services Pty Ltd, Energy Solutions Group and Beon Aerial Services Pty Ltd.

The principal activities of the Consolidated Entity during the year were the management and operation of electricity distribution and sub-transmission networks. The primary activity of the distribution businesses is the receipt of electricity from Victoria's high voltage transmission system and the distribution of electricity to customers in the Powercor and CitiPower distribution service areas.

Almost all customers within both the Powercor and CitiPower distribution service areas are connected to the relevant distribution network, regardless of which retailer supplies the electricity.

Dividends
There were no dividends paid or declared during the current or previous financial year.

Review of operations
The profit for the Consolidated Entity after providing for income tax amounted to $422,708 thousand (31 December 2023: $423,411 thousand).

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the Consolidated Entity during the financial year.

Matters subsequent to the end of the financial year
No matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Likely developments and expected results of operations
No significant changes to the operations of the Consolidated Entity are foreseen.

Environmental regulation
The Consolidated Entity is subject to all environmental legislation as per the *Environmental Protection Act*. During the 12 months ended 31 December 2024 the Consolidated Entity is not aware of any breaches in relation to environmental regulation set under the law of the Commonwealth, the State and any other environmental regulator.

Indemnity and insurance of officers
During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings.

Rounding of amounts
The company is of a kind referred to in *Corporations Instrument 2016/191*, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors,

T. H. Rourke
Director

25 February 2025

Deloitte Touche Tohmatsu
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Melbourne, VIC, 3000
Australia

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25 February 2025

The Board of Directors
Victoria Power Networks (Finance) Pty Ltd
40 Market Street
Melbourne VIC 3000

Dear Board Members

Auditor's Independence Declaration to Victoria Power Networks (Finance) Pty Ltd

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to Director of Victoria Power Networks (Finance) Pty Ltd**.**

As lead audit partner for the audit of the financial position of Victoria Power Network (Finance) Pty Ltd for the year ended 31 December 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) The auditor independence requirements of the Corporations Act 2001 in relation to the audit ; and

(ii) Any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

SKortum

Stuart Kortum
Partner
Chartered Accountants

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Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

Victoria Power Networks (Finance) Pty Ltd
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General information

The financial statements include Victoria Power Networks (Finance) Pty Ltd as a Consolidated Entity consisting of Victoria Power Networks (Finance) Pty Ltd and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Victoria Power Networks (Finance) Pty Ltd's functional and presentation currency.

Victoria Power Networks (Finance) Pty Ltd is a proprietary company (the 'company'), incorporated and operating in Australia. The company and its subsidiaries listed in Note 37 are referred to as the 'Consolidated Entity'.

Registered office and principal place of business

Level 9
40 Market Street
MELBOURNE VIC 3000

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 February 2025. The directors have the power to amend and reissue the financial statements.

Victoria Power Networks (Finance) Pty Ltd
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2024

	Note	Consolidated 2024 $'000	Consolidated 2023 $'000
Revenue	1	2,323,488	2,009,871
Other gains / (losses)	2	2,900	55,591
Expenses			
Expenses from ordinary activities	3	(1,493,910)	(1,258,305)
Finance expenses	4	(229,779)	(198,626)
Profit before income tax expense		602,699	608,531
Income tax expense	5	(179,991)	(185,120)
Profit after income tax expense for the year		422,708	423,411
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Actuarial gain / (losses) on defined benefits plans		16,794	(9,418)
Income tax relating to these items		(5,038)	2,825
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges - interest rate risk		(39,309)	(79,046)
Cash flow hedges - foreign currency risk		6,284	(1,884)
Income tax relating to these items		9,906	24,279
Other comprehensive income for the year, net of tax		(11,363)	(63,244)
Total comprehensive income for the year		411,345	360,167
Profit for the year is attributable to:			
Non-controlling interest		866	267
Owners of Victoria Power Networks (Finance) Pty Ltd	26	421,842	423,144
		422,708	423,411
Total comprehensive income for the year is attributable to:			
Non-controlling interest		866	267
Owners of Victoria Power Networks (Finance) Pty Ltd		410,479	359,900
		411,345	360,167

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Victoria Power Networks (Finance) Pty Ltd
Statement of financial position
As at 31 December 2024

	Note	Consolidated 2024 $'000	*Restated 2023 $'000
Assets			
Current assets			
Cash and cash equivalents	6	126,549	107,500
Trade and other receivables	7	907,358	603,647
Contract assets	8	201,067	142,662
Inventories	9	89,364	91,454
Derivative financial instruments	28	51,220	42,707
Other assets	11	72,614	69,451
Total current assets		1,448,172	1,057,421
Non-current assets			
Investments in associates	10	2,655	1,557
Derivative financial instruments	28	487,687	311,752
Property, plant and equipment	12	9,107,448	8,570,229
Right-of-use assets	14	37,726	44,964
Intangibles	13	892,311	873,939
Retirement benefit assets	23	52,393	39,357
Total non-current assets		10,580,220	9,841,798
Total assets		12,028,392	10,899,219
Liabilities			
Current liabilities			
Trade and other payables	15	620,594	433,005
Other liabilities	21	-	18,768
Contract liabilities	17	28,272	16,507
Borrowings	18	742,635	699,382
Lease liabilities	16	8,869	8,422
Derivative financial instruments	28	129	385
Current tax liability	19	1,077	-
Provisions	20	100,387	96,934
Total current liabilities		1,501,963	1,273,403
Non-current liabilities			
Trade and other payables	15	5,504	118
Contract liabilities	17	1,576	1,809
Borrowings	18	5,343,166	4,930,541
Lease liabilities	16	46,315	54,816
Derivative financial instruments	28	45,668	81,013
Deferred tax liabilities	22	1,147,622	1,031,973
Provisions	20	8,857	8,170
Total non-current liabilities		6,598,708	6,108,440
Total liabilities		8,100,671	7,381,843
Net assets		3,927,721	3,517,376

The above statement of financial position should be read in conjunction with the accompanying notes

Victoria Power Networks (Finance) Pty Ltd
Statement of financial position
As at 31 December 2024

	Note	Consolidated 2024 $'000	*Restated 2023 $'000
Equity			
Issued capital	24	1,639,196	1,639,196
Reserves	25	121,364	144,483
Retained profits	26	2,165,830	1,732,232
Equity attributable to the owners of Victoria Power Networks (Finance) Pty Ltd		3,926,390	3,515,911
Non-controlling interest	27	1,331	1,465
Total equity		3,927,721	3,517,376

*Refer to Note 40 for details of the restatement.

The above statement of financial position should be read in conjunction with the accompanying notes

Victoria Power Networks (Finance) Pty Ltd
Statement of changes in equity
For the year ended 31 December 2024

Consolidated	Issued capital $'000	Financial equity reserve $'000	Reserves $'000	Retained profits $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 January 2023	1,639,196	17,918	183,216	1,315,681	1,312	3,157,323
Profit after income tax expense for the year	-	-	-	423,144	267	423,411
Other comprehensive income for the year, net of tax	-	-	(56,651)	(6,593)	-	(63,244)
Total comprehensive income for the year	-	-	(56,651)	416,551	267	360,167
Transactions with owners in their capacity as owners:						
Dividends declared and paid	-	-	-	-	(114)	(114)
Balance at 31 December 2023	1,639,196	17,918	126,565	1,732,232	1,465	3,517,376

Consolidated	Issued capital $'000	Financial equity reserve $'000	Reserves $'000	Retained profits $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 January 2024	1,639,196	17,918	126,565	1,732,232	1,465	3,517,376
Profit after income tax expense for the year	-	-	-	421,842	866	422,708
Other comprehensive income for the year, net of tax	-	-	(23,119)	11,756	-	(11,363)
Total comprehensive income for the year	-	-	(23,119)	433,598	866	411,345
Transactions with owners in their capacity as owners:						
Dividends declared and paid	-	-	-	-	(1,000)	(1,000)
Balance at 31 December 2024	1,639,196	17,918	103,446	2,165,830	1,331	3,927,721

The above statement of changes in equity should be read in conjunction with the accompanying notes

Victoria Power Networks (Finance) Pty Ltd
Statement of cash flows
For the year ended 31 December 2024

	Note	Consolidated 2024 $'000	2023 $'000
Cash flows from operating activities			
Receipts from customers		2,350,984	2,082,236
Payments to suppliers and employees		(1,538,504)	(1,474,483)
Interest paid		(205,831)	(208,725)
Income tax paid		(26,400)	(262)
Interest received		3,864	3,082
Net receipt / (repayment) of trust monies		3,660	1,492
Net cash from operating activities	35	587,773	403,340
Cash flows from investing activities			
Payments for property, plant and equipment		(790,992)	(791,745)
Payments for intangibles	13	(24,262)	(18,060)
Proceeds from disposal of property, plant and equipment		2,204	72,905
Net contributions / (payments) for customer assets		57,090	21,707
Investment in associate		-	(300)
Dividends paid to non-controlling interest		(1,000)	(114)
Net cash used in investing activities		(756,960)	(715,607)
Cash flows from financing activities			
Proceeds from borrowings - external		1,679,388	502,601
Repayment of lease liabilities		(11,062)	(10,877)
Repayment of borrowings - external		(1,476,505)	(180,000)
Payment of establishment costs		(3,585)	(2,573)
Net cash from financing activities		188,236	309,151
Net increase/(decrease) in cash and cash equivalents		19,049	(3,116)
Cash and cash equivalents at the beginning of the financial year		107,500	110,616
Cash and cash equivalents at the end of the financial year	6	126,549	107,500

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Revenue

	Consolidated	
	2024	**2023**
	$'000	**$'000**
Network revenue		
Distribution Use of System	1,147,689	1,067,272
Transmission Use of System (pass-through)	341,618	318,310
	1,489,307	1,385,582
Other operating revenue		
Construction and maintenance revenue	363,381	194,159
Prescribed metering	84,391	79,081
Customer contributions - cash	152,836	187,083
Customer contributions - gifted assets	114,128	53,072
Alternative Control Services - connections and transfers	18,258	17,544
Alternative Control Services - public lighting	14,541	14,379
Alternative Control Services - other	35,483	33,123
Service level agreement revenue - related party	23,457	21,331
Government grants	-	410
Interest income - external party	3,864	3,082
Other revenue from contracts with customers	13,982	11,961
Other miscellaneous revenue	9,860	9,064
	834,181	624,289
Revenue	2,323,488	2,009,871

(a) Recognising revenue from major business activities

(i) Network revenue
Timing of recognition: Network revenue represents distribution use of system and transmission use of system revenue from electricity retailers for the transportation and delivery of electricity through the distribution system to their customers. Revenue is calculated on a per energy retailer customer basis for electricity consumed, time connected to the distribution network and/or demand based charges.

The use of system contract includes one performance obligation, which is to provide distribution services. This performance obligation is satisfied when the end customer receives electricity. The distribution businesses promise to transport and deliver electricity through the distribution system to their customers are performance obligations that are satisfied over time as the customer is able to simultaneously consume the electricity transmitted and distributed to the customer's location.

Transaction price: Rates per quantity unit and customer tariff type are approved by the Australian Energy Regulatory (AER) each year. The method utilised to recognise revenue for the use of system contract is an output method, which is based on actual volume of electricity distributed and actual number of customers serviced each period.

(ii) Construction and maintenance revenue
Timing of recognition: Construction and maintenance revenue represents electricity related contracted services including design & construct, asset maintenance, commercial solar installations and other similar activities.

The delivery of a construction contract includes one performance obligation, which is to develop an asset for a customer. This performance obligation is satisfied over time either because the customer simultaneously benefits from the maintenance services completed and the work performed enhances the customer's assets; or the new assets are highly specific for the customer and the company has the right to receive payment for all the services performed at the end of each reporting period.

The method utilised to recognise revenue for the construction and maintenance revenue is an input method, which is based on actual labour cost and materials consumed to perform the required service during each reporting period.

Transaction price: Revenue is recognised in line with contracted amounts. Variations in contract work claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Note 1. Revenue (continued)

(iii) Prescribed metering revenue
Timing of recognition: Prescribed metering revenue comprises charges to cover the cost of maintaining, operating and replacing the meter. A per annum charge varies depending on the meter type installed. The distribution businesses' promise to provide metering maintenance services to their customers is performance obligation that is satisfied over time as there is a stand-ready obligation to provide metering maintenance services on an on-going basis.

Transaction price: Prescribed metering revenue is based on a metering charge set by meter type as approved by the AER each year.

(iv) Customer contributions - cash
Timing of recognition: Customer contributions - cash represent the revenue recorded from construction of network augmentation assets where the customer was required to fund a portion of construction towards their network augmentation.

The rendering of a customer contribution service contract includes one performance obligation, which is to either maintain customer's assets or to develop an asset. This performance obligation is satisfied over time either because the customer simultaneously benefits from the maintenance services completed and the work performed enhances the customer's assets; or the new assets are highly specific for the customer and the Consolidated Entity has the right to receive payment for all the services performed at the end of each reporting period.

The method utilised to recognise revenue for the customer contributions contract is an input method, which is based on actual labour cost and materials consumed to perform the required service during each reporting period.

Transaction price: The required contribution is calculated at fair value using the cost approach based on Chapter 5A of the National Electricity Rules.

(v) Customer contributions - gifted assets
Timing of recognition: Gifted assets represent the fair value of assets 'tied-in' to the distribution network where the customer undertook the construction of the augmentation asset(s) independently. It is a requirement that distribution network assets are transferred to the distribution licence holder for 'tie in'. Gifted assets are recognised at a point in time, when the asset is 'tied-in' to the Distribution Network, all related network activities are complete and the asset is ready to use.

Transaction price: Gifted assets are recognised at their fair value using the replacement cost method.

(vi) Government grants
Timing of recognition: Government grant income comprises grants received to promote development of battery storage capacity in the electricity distribution network and to fund bushfire safety related expenditure. Revenue is recognised over the life of the constructed assets for which a grant was received. Grants in relation to operational expenditure are recognised as revenue as the expenditure is incurred.

(vii) Alternative Control Services Revenue
Timing of recognition: Alternative Control Services (ACS) revenue relates to a set of customer specific activities, primarily on behalf of electricity retailers, that fall under a particular area of regulation due to their monopoly or semi-monopoly nature.

ACS activities are of short duration and are recognised either when performed or over time if the charge is based on duration of the service, such as public lighting.

Transaction price: Rates per activity are based on either a fixed fee approved by the AER or hourly labour rates approved by the AER and recovery of materials at cost.

(viii) Service level agreement revenue
Timing of recognition: Service level agreement revenue relates to IT system, support and management services provided to entities outside of the Consolidated Entity. Revenue is recognised as services are performed.

Transaction price: Revenue is based on agreed contracted rates for services.

Note 1. Revenue (continued)

Revenue from contract types	Consolidated Point in time 2024 ($'000)	Consolidated Point in time 2023 ($'000)	Consolidated Over time 2024 ($'000)	Consolidated Over time 2023 ($'000)	Consolidated Total 2024 ($'000)	Consolidated Total 2023 ($'000)
Regulated - Network revenue						
Distribution Use of System	-	-	1,147,689	1,067,272	1,067,272	1,067,272
Transmission Use of System (pass-through)	-	-	341,618	318,310	318,310	318,310
	-	-	1,489,307	1,385,582	1,385,582	1,385,582
Semi-Regulated and Unregulated – Other operating revenue						
Construction and maintenance revenue	-	-	363,381	194,159	363,381	194,159
Prescribed metering	-	-	84,391	79,081	84,391	79,081
Customer contributions - cash	-	-	152,836	187,083	152,836	187,083
Customer contributions - non-cash	114,128	53,072	-	-	114,128	53,072
Alternative Control Services - connections and transfers	18,258	17,544	-	-	18,258	17,544
Alternative Control Services - public lighting	-	-	14,541	14,379	14,541	14,379
Alternative Control Services - other	5,390	5,493	30,093	27,630	35,483	33,123
Service level agreement revenue - related party	-	-	23,457	21,331	23,457	21,331
Other revenue from contracts with customers	5,291	4,385	8,691	7,576	13,982	11,961
	143,067	80,494	677,390	531,239	820,457	611,733

Unsatisfied performance obligations
The unsatisfied performance obligations as at 31 December 2024 relate to:

- Construction revenue of $600,062 thousand (2023: $136,289 thousand). Management expects that 91% and 6% of the transaction price allocated to the unsatisfied contracts as at 31 December 2024 will be recognised as revenue during the 2025 and 2026 financial year respectively and the remaining balance will be recognised as revenue over the subsequent financial years until 2044.

- Customer contributions of $292,496 thousand (2023: $224,195 thousand). Management expects that 41% and 43% of the transaction price allocated to the unsatisfied contracts as at 31 December 2024 will be recognised as revenue during the 2025 and 2026 financial year respectively and the remaining balance will be recognised as revenue over the subsequent financial years until 2028.

Revenue recognised in relation to contract liabilities
Revenue recognised in the financial year ended 31 December 2024 that was included in the contract liability balance at the beginning of the financial year was $15,068 thousand.

(b) Critical accounting judgements, estimates and assumptions
There is a certain level of estimation involved in the measurement of the Consolidated Entity's revenue, which includes:

- In relation to distribution revenue an estimation of the amount of electricity consumed but not billed at period end;
- In relation to services provided under contract an estimation of stage of completion and forecast revenue and costs to complete; and
- In relation to "pass-through" type revenue an estimation of timing of cash-flows and the net present value of such cash flows.

As the basis of estimation for distribution revenue is based on actual electricity consumption and in the case of pass-through revenue the actual and accrued cost incurred, management does not envisage significant uncertainty risk with respect to amounts recorded in relation to applying the revenue recognition accounting policies. For services provided under contract, revenue from variations is recognised to the extent they are approved or enforceable under the contract. The amount of revenue is then recognised to the extent it is highly probable that a significant reversal of revenue will not occur. In making this assessment, management considers a number of factors including nature of the variation, formal or informal acceptance by the customer, stage of negotiations, or the historical outcome of similar variations to determine whether the enforceable and 'highly probable' threshold has been met.

Note 2. Other gains / (losses)

	Consolidated	
	2024	2023
	$'000	$'000
Gain on disposal of property, plant and equipment	324	55,341
Gain / (Loss) cross currency interest rate swap - fair value hedge (hedging instrument)	11,850	80,759
(Loss) / Gain on foreign currency bank loan - fair value hedge relationship (hedged item)	(9,845)	(81,187)
Gain / (Loss) cross currency interest rate swap not designated in a hedge relationship	(527)	430
Gain on investment in associate	1,098	248
	2,900	55,591

Note 3. Expenses from ordinary activities

	Consolidated	
	2024	2023
	$'000	$'000
Personnel expense	526,959	468,181
Transmission fees (pass-through)	341,618	318,310
Materials expense	266,294	173,095
Capitalised expenses*	(723,650)	(697,748)
External services	654,101	582,523
Operating lease rentals	4,491	3,824
Other expenses	15,483	15,004
Depreciation and amortisation expense	390,841	370,949
Taxes, fees & charges	17,773	24,167
	1,493,910	1,258,305

* Capitalised expenses include a combination of external labour, construction and professional services, materials expense and personnel expense.

Note 4. Finance expenses

	Consolidated	
	2024	2023
	$'000	$'000
Interest and finance expenses - external parties	227,252	195,813
Interest expenses - leases	2,527	2,813
	229,779	198,626

Note 5. Income tax expense

The current tax expense does not include the impact of carry forward tax losses of the VPN tax consolidated group. The VPN tax consolidated group has no current tax obligations.

	Consolidated	
	2024	2023
	$'000	$'000
Current tax expense		
Current year	70,395	70,447
Adjustment for prior years	(10,921)	(3,591)
	-	-
Deferred tax expense	-	-
Origination and reversal of temporary differences	111,047	112,869
Adjustment for prior years	9,470	5,395
Aggregate income tax expense	179,991	185,120
Income tax expense is attributable to:		
Profit from continuing operations	179,991	185,120
Profit from discontinued operations	-	-
Aggregate income tax expense	179,991	185,120
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	602,699	608,531
Tax at the statutory tax rate of 30%	180,810	182,559
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	584	684
Other deferred tax movements	48	73
	181,442	183,316
(Under)/over provision in respect of prior years	(1,451)	1,804
Income tax expense	179,991	185,120

Income tax recognised in comprehensive income

	2024	2023
	$'000	$'000
Deferred tax		
Cash flow hedges	9,906	24,279
Other reserves	(5,038)	2,825
	4,868	27,104

Note 5. Income tax expense (continued)

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the year. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for the current and prior years is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive statement of financial position liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items. In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income or accounting profit. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Consolidated Entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Consolidated Entity intends to settle its current tax assets and liabilities on a net basis.

Tax consolidation legislation

Victoria Power Networks Pty Ltd (VPN) and its wholly owned Australian resident entities (including Victoria Power Networks (Finance) Pty Ltd) are part of a tax consolidated group under Australian taxation law. VPN is the head entity in the tax consolidated group. Tax expense / benefit, deferred tax liabilities and deferred tax assets arising from temporary differences of members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using the 'separate taxpayer within group' approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax consolidated group are recognised by VPN (as head entity in the tax consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax consolidated group, amounts are recognised as payable to or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax consolidated group in accordance with the arrangement. Where the tax contribution amount recognised by each member of the tax consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

(b) Critical accounting judgements, estimates and assumptions
(i) Income taxes

The Consolidated Entity applies the criteria outlined in AASB 112 *Income Taxes* with regards to the calculation and recognition of deferred tax assets. The application of the AASB 112 criteria involves the exercise of judgement regarding the calculation of accounting and tax bases for the Consolidated Entity’s assets and liabilities. Furthermore, the potential reversal of temporary differences also requires the use of estimates of future profitability, availability of taxable profits on both revenue and capital account and potential future changes in accounting and tax bases.

In particular, the expectation of the availability of future taxable profits against which deferred tax assets arising in respect of revenue losses is subject to estimation and judgement.

(ii) Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Consolidated Entity considers it is probable that future taxable amounts will be available to utilise those temporary differences.

Note 6. Cash and cash equivalents

	Consolidated	
	2024	**2023**
	$'000	**$'000**
Current assets		
Cash at bank and in hand	126,549	107,500

Note 6. Cash and cash equivalents (continued)

Cash and cash equivalents accounting policies

Cash and cash equivalents include cash on hand, cash at bank and deposits at call with financial institutions.

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours' notice with no loss of interest.

Note 7. Trade and other receivables

	Consolidated	
	2024	**2023**
	$'000	**$'000**
Current assets		
Trade receivables	463	-
Other receivables	68,759	45,768
Less: Allowance for expected credit losses	(4,826)	(3,414)
	63,933	42,354
Related party receivables	842,962	561,293
	907,358	603,647

(a) Trade and other receivables accounting policies

(i) Trade receivables

Trade receivables are primarily for network fees which are received from electricity retailers. The retailer payments are governed by a Use of System Agreement which stipulates that all payments are to be made on the tenth day after monthly invoicing.

Trade receivables are generally due for settlement within 10 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

(ii) Other receivables
Other receivables are predominantly from revenue for any non-electricity tariff services including customer initiated augmentation work, Alternative Control Services and construction and maintenance for external parties.

(iii) Fair value
Due to the short-term nature of the current receivables, their fair value is considered the same as their carrying value.

(iv) Impairment and risk exposure
Trade receivables and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Consolidated Entity holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Consolidated Entity's impairment policies, exposure to credit risk, foreign currency risk, interest rate risk and the calculation of the loss allowance are provided in Note 29.

(b) Critical accounting judgments, estimates and assumptions

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent contract performance and historical collection rates.

Note 8. Contract assets

	Consolidated	
	2024	2023
	$'000	$'000
Current assets		
Contract assets - unbilled electricity	139,729	123,002
Contract assets - other	61,338	19,660
	201,067	142,662

Accounting policy for contract assets
Contract assets are recognised when the Consolidated Entity has transferred goods or services to the customer but where the Consolidated Entity is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Contract assets - unbilled electricity is an estimate of electricity consumption unbilled and unread at the end of the reporting period.

Contract assets - other is an estimate of construction and maintenance services, prescribed metering and other non tariff activities unbilled at the end of the reporting period.

Note 9. Inventories

	Consolidated	
	2024	2023
	$'000	$'000
Current assets		
Construction, general purpose, AMI meters & maintenance stock	89,364	91,454

During the year $232,725 thousand of inventory was expensed or capitalised (2023: $152,204 thousand).

Inventories accounting policies

Costs are assigned to inventory on hand on the basis of weighted average costs. Inventories are valued at the lower of cost or net realisable value.

Note 10. Investments in associates

	Consolidated	
	2024	2023
	$'000	$'000
Non-current assets		
Investments in associates	2,655	1,557
Movements in shares in associates		
Carrying amount at the beginning of the financial year	1,557	1,009
Share of profits after income tax	1,098	248
Investment	-	300
Carrying amount at the end of the financial year	2,655	1,557

(a) Interests in associates

Note 10. Investments in associates (continued)

Name of entity	Ownership 2024 %	Ownership 2023 %	Carrying amount 2024 $'000	Carrying amount 2023 $'000
ENEA Australia Pty Ltd	49%	49%	1,027	1,061
Locale Civil Pty Ltd	50%	50%	1,628	496

The Consolidated Entity acquired 50% equity holding in Locale Civil Pty Ltd for a consideration of $300,120 during the previous financial year. The investment was made in the form of newly issued shares at $1 per share.

(b) Investment in associates accounting policies

Investments in associates are recorded at cost. Investments in associates are accounted for under equity accounting and the carrying value of the investment is valued based on the share of profit in the entity and transactions with owners.

Note 11. Other assets

	Consolidated 2024 $'000	Consolidated 2023 $'000
Current assets		
Prepayments	71,729	69,451
Deferred transmission fees	885	-
	72,614	69,451

Other assets accounting policies

Transmission fees deferred/provided for represent the present value of management's best estimates of the future economic benefits/sacrifices that will be received/incurred for transmission costs under/over collected through current electricity tariffs charged to customers.

Note 12. Property, plant and equipment

	Consolidated	
	2024	**2023**
	$'000	**$'000**
Non-current assets		
Freehold land - at cost	142,111	137,933
Freehold buildings - at cost	428,910	420,370
Less: Accumulated depreciation	(128,751)	(115,332)
	300,159	305,038
Plant and equipment - at cost	1,581,840	1,461,969
Less: Accumulated depreciation	(993,907)	(879,253)
	587,933	582,716
Distribution system - at cost	11,585,724	10,806,809
Less: Accumulated depreciation	(3,515,123)	(3,271,522)
	8,070,601	7,535,287
Aircraft - at cost	13,039	13,022
Less: Accumulated depreciation	(6,395)	(3,767)
	6,644	9,255
	9,107,448	8,570,229

Consolidated	**Freehold land** **$'000**	**Freehold buildings** **$'000**	**Plant and equipment** **$'000**	**Distribution system** **$'000**	**Aircraft** **$'000**	**Total** **$'000**
Balance at 1 January 2023	149,291	241,911	645,599	7,020,211	5,137	8,062,149
Additions	406	79,412	55,949	744,097	6,260	886,124
Disposals	(11,764)	(5,061)	(4,907)	-	-	(21,732)
Disposals - accumulated depreciation	-	823	3,345	-	-	4,168
Depreciation expense	-	(12,047)	(117,270)	(229,021)	(2,142)	(360,480)
Balance at 31 December 2023	137,933	305,038	582,716	7,535,287	9,255	8,570,229
Additions	4,178	8,540	124,681	778,915	17	916,331
Disposals	-	-	(4,746)	-	-	(4,746)
Disposals - accumulated depreciation	-	-	2,866	-	-	2,866
Depreciation expense	-	(13,419)	(117,584)	(243,601)	(2,628)	(377,232)
Balance at 31 December 2024	142,111	300,159	587,933	8,070,601	6,644	9,107,448

As at 31 December 2024, $1,097,053 thousand (2023: $885,641 thousand) of capital work in progress was included in the distribution system category carrying value, and $142,029 thousand (2023: $118,022 thousand) of capital work in progress was included in the plant and equipment category carrying value.

Note 12. Property, plant and equipment (continued)

(a) Property, plant and equipment accounting policies

Property, plant and equipment are stated as cost less accumulated depreciation and impairment (if any).

(i) Cost
The purchase method of accounting is used for all acquisition of assets. Cost is determined as the fair value of the assets given up, or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Construction work in progress is stated at cost plus attributable overheads. Cost includes all costs directly related to specific projects including materials, labour and an allocation of overhead expenses.

(ii) Depreciation
Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land.

Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period. The following estimated useful lives are used in the calculation of depreciation in current and prior periods.

Buildings	40 years
Plant and equipment	3-20 years
Distribution system	15-80 years
Aircraft	5-10 years

Assets in the course of construction are not subject to depreciation until they are put into use.

(iii) Impairment
Other assets, including property, plant and equipment, are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the assets fair value less costs of disposal and its value in use. No impairment of other assets including property, plant and equipment has been recognised during the period.

(iv) Asset sales
The net proceeds on disposal of assets are brought to account at the date when control passes to the purchaser, usually when an unconditional contract of sale is signed.

Note 12. Property, plant and equipment (continued)

(b) Critical accounting judgements, estimates and assumptions

Estimation of useful lives of assets
The Consolidated Entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Note 13. Intangibles

	Consolidated 2024 $'000	Consolidated 2023 $'000
Non-current assets		
Goodwill - at cost	52,023	52,023
Intellectual property - at cost	109,311	109,311
Less: Accumulated amortisation	(81,540)	(78,989)
	27,771	30,322
Software - at cost	62,844	38,582
Less: Accumulated amortisation	(23,449)	(20,110)
	39,395	18,472
Distribution licences	773,122	773,122
	892,311	873,939

Consolidated	Goodwill $'000	Intellectual Property $'000	Software $'000	Distribution licences $'000	Total $'000
Balance at 1 January 2023	52,023	32,876	917	773,122	858,938
Additions	-	-	18,059	-	18,059
Amortisation expense	-	(2,554)	(504)	-	(3,058)
Balance at 31 December 2023	52,023	30,322	18,472	773,122	873,939
Additions	-	-	24,262	-	24,262
Amortisation expense	-	(2,551)	(3,339)	-	(5,890)
Balance at 31 December 2024	52,023	27,771	39,395	773,122	892,311

(a) Intangible assets accounting policies

(i) Goodwill
Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Distribution licences
The distribution licences are an exclusive licence to distribute electricity within a defined geography or service territory.

The factors that played a significant role in determining that the licence has an indefinite life are as follows:
- the licence is an exclusive licence to distribute electricity within the defined service territories, or geographic regions;
- the licence is vested in perpetuity, subject to ongoing compliance with the licence conditions; and
- there is presently no available technology which is likely to replace the method of distribution of electricity.

Impairment is reviewed at each reporting period date as part of the cash generating unit impairment assessment and whenever there is an indication that the distribution licence may be impaired.

Note 13. Intangibles (continued)

Impairment of intangible assets
Determining whether distribution licence assets are impaired requires an estimation of the fair value less costs of disposal of the cash-generating units to which the licence belongs. The fair value less costs of disposal calculation requires an estimate of the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate present value.

(iii) Software
The value of software assets is recorded at cost. Software as a Service Arrangement Costs are treated as operating expenditure. Software assets are amortised on a straight line basis over the life of the asset.

(iv) Intellectual property
Intellectual property represents distribution network assets and systems. The values of these assets are recorded at cost. Intellectual property is amortised on a straight line basis over the period during which the benefits are expected to arise, which is currently a maximum of twenty years. The unamortised balance of the intellectual property is reviewed each balance date and charged to the income statement to the extent that the future benefits are no longer probable.

(v) Amortisation methods and useful lives
Amortisation is provided on intellectual property and software. Amortisation is amortised on a straight line basis so as to write off the net cost over the periods benefits are expected to arise. The amortisation periods are as follows:

Intellectual Property	20 years
Software	3-10 years

(b) Critical accounting judgements, estimates and assumptions

Determining cash generating units and impairment testing
Indefinite life intangible assets have been allocated to two cash-generating units, the Powercor and CitiPower electricity distribution networks, for the purposes of completing the annual impairment test. The balance of $823,833 thousand has been allocated between the Powercor and CitiPower cash-generating units at $648,772 thousand (2023: $648,772 thousand) and $175,061 thousand (2023: $175,061 thousand) respectively. The basis on which these cash-generating units' recoverable amounts have been determined is their fair value less costs of disposal.

A five year discounted cash flow analysis has been used to determine fair value less costs of disposal. The post-tax discount rate used in the analysis was 4.04% (2023: 3.85%).

The key assumptions on which management have based their assessment of future cash-flows and the approach to determining values for each were:

Terminal value
The terminal value was based on a multiple of the Regulated Asset Base (RAB) of the CitiPower and Powercor distribution networks. The RAB multiple used is in line with current market transactions.

Regulated revenue and expenditures
Regulated revenues and expenditures for the period 2024 to 2028 are based on the Australian Energy Regulator's 2021 to 2026 Electricity Distributions Price Review final decision and current business plan for years subsequent to 2026. Electricity distribution revenue is based on the application of a 'revenue cap' to control distribution revenues during the regulatory control period, such that distribution revenues are no longer impacted by fluctuating volumes.

Non-regulated revenue and expenditure
Non-regulated revenue and expenditure were based on management's best estimates with reference to historic performance.

The discounted cash flow model is not particularly sensitive to any assumption. A reasonably possible change in any assumption would not result in an impairment of the indefinite life intangible assets.

Note 14. Right-of-use assets

	Consolidated	
	2024	2023
	$'000	$'000
Non-current assets		
Land and buildings	37,726	44,964

Refer to Note 16 for accounting policies for leases.

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Consolidated	Land and Buildings $'000	Total $'000
Balance at 1 January 2024	44,964	44,964
Additions	481	481
Depreciation expense	(7,719)	(7,719)
Balance at 31 December 2024	37,726	37,726

Note 15. Trade and other payables

	Consolidated	
	2024	2023
	$'000	$'000
Current liabilities		
Trade payables	270,033	156,237
Accrued interest - other	41,424	32,599
Goods & services tax (GST) payable	13,309	12,910
Other payables	1,750	3,756
Trust funds & deposits	1,582	3,308
Customer deposit	292,496	224,195
	620,594	433,005
Non-current liabilities		
Trust funds & deposits	1,655	118
Trade payables	3,849	-
	5,504	118

Refer to Note 29 for further information on financial instruments.

The carrying amounts of current trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

Note 15. Trade and other payables (continued)

Trade and other payables accounting policies

(i) Trade and other payables
These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial period which are unpaid. 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.

(ii) Accrued interest
Accrued interest is the amount of interest that has accumulated on a borrowing since the last interest payment date which is still unpaid at the end of the reporting period.

(iii) Trust funds and deposits
Where customers are required to lodge security deposits for electricity connection works, the deposits will be refunded with interest over the period specified in each individual contract.

(iv) Customer deposits
Where customers request augmentation works, cash deposits are received in advance of works commencing. Deposits also include gifted assets that are yet to be tied-in and put to use within the distribution network.

(v) Payable to related party
Balance represents an intercompany payable with Victoria Power Networks Pty Ltd (VPN) in accordance with the taxation funding arrangement for the VPN tax consolidated group. The current portion of the balance represents the tax payable which will be cash settled within 12 months.

Note 16. Lease liabilities

	Consolidated	
	2024 $'000	2023 $'000
Current liabilities		
Lease liabilities	8,869	8,422
Non-current liabilities		
Lease liabilities	46,315	54,816

	Consolidated	
	2024 $'000	2023 $'000
Amounts recognised in the statement of profit or loss		
Depreciation charge on right-of-use assets - Buildings	7,719	7,411
Interest expense on lease liabilities	2,527	2,813

The total cash outflow for leases in 2024 was $11,055 thousand (2023: $10,877 thousand).

(a) Accounting policies for leases
A lease liability is recognised at the commencement date of a lease and measured at amortised cost using the effective interest method. The lease liability is initially measured as the net present value of:

- fixed payments less any lease incentives receivable;
- variable lease payments that depend on an index or a rate; and
- amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties.

Note 16. Lease liabilities (continued)

The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Consolidated Entity's incremental borrowing rate.

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises:

- the initial amount of the lease liability;
- any lease payments made at or before the commencement date net of any lease incentives received;
- any initial direct costs incurred; and
- an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term or the estimated useful life of the asset.

The carrying amounts are remeasured if there is a change in the following:

- future lease payments arising from a change in an index or a rate used;
- residual guarantee;
- lease term;
- certainty of a purchase option and termination penalties.

When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 17. Contract liabilities

	Consolidated	
	2024	**2023**
	$'000	**$'000**
Current liabilities		
Contract liabilities	28,272	16,507
Non-current liabilities		
Contract liabilities	1,576	1,809

Contract liabilities accounting policy
Contract liabilities represent the Consolidated Entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Consolidated Entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Consolidated Entity has transferred the goods or services to the customer.

Note 18. Borrowings

	Consolidated	
		*Restated
	2024	2023
	$'000	$'000
Current liabilities		
Bank loans	484,714	-
Floating rate notes	-	519,826
Foreign denominated notes	257,921	179,556
	742,635	699,382
Non-current liabilities		
Floating rate notes	274,653	274,522
Foreign denominated notes	1,877,702	2,525,639
Fixed rate notes	3,001,977	1,422,780
Bank loans	188,834	707,600
	5,343,166	4,930,541

* Refer to Note 40 for details of the restatement.

Refer to Note 29 for further information on financial instruments.

(i) Compliance with loan covenants
Victoria Power Networks (Finance) Pty Ltd has complied with the financial covenants of its borrowing facilities during the 2024 and 2023 reporting periods.

(ii) Risk exposures
Details of the Consolidated Entity's exposure to risks arising from current and non-current borrowings are set out in Note 29.

(iii) Borrowings accounting policies
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

Borrowings are classified as current liabilities unless the Consolidated Entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Note 19. Current tax liability

	Consolidated	
	2024	2023
	$'000	$'000
Current liabilities		
Provision for income tax	1,077	-

Note 20. Provisions

	Consolidated 2024 $'000	Consolidated 2023 $'000
Current liabilities		
Employee benefits	93,871	87,350
Environmental provision	1,075	2,402
Legal claims	2,235	5,035
Uninsured losses	2,940	1,522
Other	266	625
	100,387	96,934
Non-current liabilities		
Employee benefits	5,487	6,551
Environmental provision	3,370	1,619
	8,857	8,170

Movements in provisions
Movements in each class of provision during the current financial year, are set out below:

Consolidated - 2024	Employee benefits $'000	Uninsured losses $'000	Legal claims $'000	Environment $'000	Other $'000
Carrying amount at the start of the year	93,901	1,522	5,035	4,021	625
Additional provisions recognised	41,371	-	1,725	-	3,707
Payments	(33,615)	(446)	(3,072)	(217)	(4,066)
Reduction / addition resulting from re-measurement or settlement without cost	(2,299)	1,864	(1,453)	641	-
Carrying amount at the end of the year	99,358	2,940	2,235	4,445	266

Amounts not expected to be settled within the next 12 months

The provision for employee benefits includes accrued annual leave and long service leave. Long service leave covers all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The current portion of the provision of $93,871 thousand (2023: $87,350 thousand) is presented as current, since the Consolidated Entity does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Consolidated Entity does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

The following amounts reflect leave that is not expected to be taken within the next 12 months:

	Consolidated 2024 $'000	Consolidated 2023 $'000
Employee benefits obligation expected to be settled after 12 months	55,448	48,567

Note 20. Provisions (continued)

(a) Information about individual provisions and significant estimates

Employee benefits
The provision for employee benefits relates to the Consolidated Entity's liability for long service leave and annual leave.

Environment provision
The environmental provision represents the present value of management's best estimate of the future sacrifice of economic benefits that will be required to remediate and monitor network sites in line with the *Environment Protection Act.*

Legal claims
The provision for legal claims represents the present value of management's best estimate of the future sacrifice of economic benefits that will be required to settle legal claims.

Uninsured losses
The provision for uninsured losses represents the present value of management's best estimate of the future sacrifice of economic benefits that will be required to settle public liability and personal injury claims received which are not covered by the insurance policies of the Consolidated Entity.

(b) Accounting policies for provisions

Provisions are recognised when the Consolidated Entity has a present obligation (legal or constructive) as a result of a past event, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(c) Critical accounting judgements, estimates and assumptions

Discount Rate applied to Employee Entitlements
Long term employee benefits balances are discounted to present value. The discount rate is determined by reference to the market yield on high quality corporate bonds from observable yield curves.

Environment provision
The Consolidated Entity relies on valuations performed by environmental specialists to estimate the cost of remediation and monitoring required under the *Environment Protection Act.*

Note 21. Other liabilities

	Consolidated	
	2024	2023
	$'000	$'000
Current liabilities		
Deferred transmission fees	-	18,768

Other liability accounting policies

Transmission fees deferred/provided for represent the present value of management's best estimates of the future economic benefits/sacrifices that will be received/incurred for transmission costs under/over collected through current electricity tariffs charged to customers.

Note 22. Deferred tax liabilities

(i) Taxable and deductible temporary differences

2024	Consolidated Opening balance $'000	Charged to income $'000	Charged to other comprehensive income $'000	Closing balance $'000
Property, plant and equipment	(825,469)	(108,319)	-	(933,788)
Intangible assets	(203,630)	(1,599)	-	(205,229)
Provisions	31,451	1,275	-	32,726
Accrued revenue	18,023	(14,925)	-	3,098
Doubtful debts and impairment losses	1,024	424	-	1,448
Prepayments	(2,147)	(62)	-	(2,209)
Defined benefit superannuation liability	(11,809)	1,127	(5,038)	(15,720)
Cash flow hedges	(54,239)	-	9,906	(44,333)
Investment in associates	(348)	(419)	-	(767)
Other	9,690	2,225	-	11,915
Leases	5,481	(244)	-	5,237
	(1,031,973)	(120,517)	4,868	(1,147,622)

2023	Consolidated Opening balance $'000	Charged to income $'000	Charged to other comprehensive income $'000	Closing balance
Property, plant and equipment	(693,015)	(132,454)	-	(825,469)
Intangible assets	(202,908)	(722)	-	(203,630)
Provisions	30,313	1,138	-	31,451
Accrued revenue	5,538	12,485	-	18,023
Doubtful debts and impairment losses	626	398	-	1,024
Prepayments	(1,265)	(882)	-	(2,147)
Defined benefit superannuation liability	(15,488)	854	2,825	(11,809)
Cash flow hedges	(78,518)	-	24,279	(54,239)
Investment in associates	(274)	(74)	-	(348)
Other	8,511	1,179	-	9,690
Leases	5,667	(186)	-	5,481
	(940,813)	(118,264)	27,104	(1,031,973)

(ii) Deferred tax assets and liabilities

	Consolidated 2024 $'000	Consolidated 2023 $'000
Deferred tax assets comprise:		
Temporary differences	54,424	65,669
Deferred tax (liabilities) comprise:		
Temporary differences	(1,202,046)	(1,097,642)
Net deferred tax liability	(1,147,622)	(1,031,973)

Note 23. Retirement benefit assets

Defined benefit superannuation plans

Powercor Australia Limited and CitiPower Pty Ltd (entities within the Consolidated Entity) operate defined benefit superannuation plans for qualifying employees. Under the plans, the employees are entitled to retirement benefits based on their final salary at the time of retirement or resignation. No other post-retirement benefits are provided to these employees.

The defined benefit superannuation plans are funded plans. The Equipsuper Contribution and Funding Policy provides for a review of the financial position of the Plans each six months, as at 30 June and 31 December, with the company contribution rate comprising a long term contribution rate and an adjustment to meet the financing objective of a funding ratio of 105%.

The funding ratio is the ratio of assets to accrued liabilities, being the greater of vested benefits and the present value of past membership benefits. Where the funding ratio is greater than 100% the primary financing objective is to achieve 105% over five years. Where the funding ratio is less than 100% the primary financing objective is to achieve 100% over three years and 105% over five years.

In the most recent review of the financial position as at 30 June 2024 the actuary recommended a company contribution rate of nil. The next review of the financial position and company contribution rate is due as at 31 December 2024, to be completed by 31 March 2025.

The Superannuation Industry (Supervision) (SIS) legislation governs the superannuation industry and provides the framework within which superannuation plans operate. The SIS regulations require an actuarial valuation to be performed for each defined benefit superannuation plan every three years or every year if the plan pays defined benefit pensions.

The plan's trustee is responsible for the governance of the plan. The trustee has a legal obligation to act solely in the best interests of plan beneficiaries. The trustee has the following roles:

- Administration of the plan and payment to the beneficiaries from plan assets when required in accordance with the plan rules;
- Management and investment of the plan assets; and
- Compliance with superannuation law and other applicable regulations.

The prudential regulator, the Australian Prudential Regulation Authority (APRA), licences and supervises regulated superannuation plans.

The expected return on plan assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each asset class and allowing for correlations of the investment returns between asset classes. The expected long-term returns for each asset class are determined by investment specialists based on their long term forecasts for each asset class. The returns used for each asset class are net of investment tax and investment fees. An allowance for administration expenses has been deducted from the expected return.

Statement of financial position amounts
The amounts recognised in the statement of financial position are determined as follows:

	Consolidated 2024 $'000	Consolidated 2023 $'000
Present value of the defined benefit obligation	(222,758)	(234,478)
Fair value of defined benefit plan assets	275,151	273,835
Net asset / (liability) in the statement of financial position	52,393	39,357

Fair value of Plan assets

	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Consolidated entity				
Asset category				
Investment funds	275,151	-	275,151	-

Note 23. Retirement benefit assets (continued)

Categories of plan assets
The major categories of plan assets are as follows:

	Consolidated 2024 %	Consolidated 2023 %
Cash and cash equivalents	9.0%	8.0%
Equity instruments	40.0%	36.0%
Debt instruments	15.0%	18.0%
Property	5.0%	6.0%
Other assets	31.0%	32.0%

Reconciliations

	Consolidated 2024 $'000	Consolidated 2023 $'000
Reconciliation of the present value of the defined benefit obligation, which is fully funded:		
Balance at the beginning of the year	(234,478)	(231,685)
Current service cost	(5,452)	(5,200)
Interest cost	(10,940)	(11,662)
Actuarial (gains) / loss arising from change in demographic assumptions	300	(797)
Actuarial (gains) / loss arising from changes in financial assumptions	1,334	(6,898)
Actuarial (gains) / loss arising from experience	2,314	(3,594)
Benefits paid	25,196	26,238
Other	1,056	1,544
Contribution by plan participants	(2,088)	(2,424)
Balance at the end of the year	(222,758)	(234,478)
Reconciliation of the fair value of plan assets:		
Balance at the beginning of the year	273,835	283,307
Actuarial return on plan assets less interest income	12,846	1,871
Benefits paid	(25,196)	(26,238)
Interest income	12,634	14,015
Contributions from plan participants	2,088	2,424
Other	(1,056)	(1,544)
Balance at the end of the year	275,151	273,835

Significant actuarial assumptions
The significant actuarial assumptions used (expressed as weighted averages) were as follows:

	Consolidated 2024 %	Consolidated 2023 %
Discount rate	5.1%	5.0%
Future salary increases	4.4%	4.2%
Expected rate of pension increase	2.5%	2.5%

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Note 23. Retirement benefit assets (continued)

	Change in assumption (%)		Impact on defined benefit obligation — Increase in assumption ($'000)		Decrease in assumption ($'000)	
	2024	2023	2024	2023	2024	2023
Discount rate	0.5%	0.5%	(7,361)	(7,832)	7,770	8,269
Salary rate	0.5%	0.5%	5,593	6,948	(5,407)	(6,689)

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

Risk exposure

There are a number of risks to which the plans expose the Consolidated Entity. The more significant risks relating to the defined benefits are:

- Investment risk - the risk that investment returns will be lower than assumed and the Consolidated Entity will need to increase contributions to offset this shortfall.
- Salary growth risk - the risk that wages or salaries (on which future benefit amounts will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.
- Legislative risk - the risk is that legislative changes could be made which increase the cost of providing the defined benefits.
- Pension risks - the risk is firstly that pensioner mortality will be lighter than expected, resulting in pensions being paid for a longer period. Secondly, that a greater proportion of eligible members will elect to take a pension benefit, which is generally more valuable than the corresponding lump sum benefit.
- Inflation risk - the risk that inflation is higher than anticipated, increasing pension payments, and thereby requiring additional employer contributions.

Defined benefit superannuation accounting policies

For defined benefit superannuation plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each reporting date. Actuarial gains and losses are recognised in full, directly in other comprehensive income, in the period in which they occur.

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The defined benefit asset/(liability) recognised in the Statement of Financial Position represents the present value of the defined benefit obligation adjusted for unrecognised past service cost, net of the fair value of plan assets.

Any asset resulting from this calculation is limited to the past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

The plan assets are invested by the trustee in a pool of assets with plans providing defined benefits for other employers. The assets have a benchmark weighting to equities of 50% and therefore the plan has a significant concentration of equity market risk. However within the equity investments, the allocation both globally and across the sectors is diversified.

Critical accounting estimates and judgements

(i) Discount Rate applied to Defined Benefits

As discussed in above, defined benefit plan obligations are discounted to present value. The discount rate is determined by reference to the market yield on high quality corporate bonds from observable yield curves.

(ii) Assumptions used in actuarial valuation

The Consolidated Entity relies on valuations performed by suitably qualified actuaries in recognising the defined benefit superannuation plan accounting. Disclosures regarding the outcomes of such valuations and the key assumptions used have been outlined above.

Note 24. Issued capital

	Consolidated			
	2024 Shares	2023 Shares	2024 $'000	2023 $'000
Ordinary shares - fully paid	500	500	1,639,196	1,639,196

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and have no special voting rights.
Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Capital risk management
The Consolidated Entity's objective in managing capital is to safeguard the Consolidated Entity's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to minimise the cost of capital.

In order to maintain or adjust its capital structure, the Consolidated Entity may adjust the level of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital structure of the Consolidated Entity is monitored through the gearing ratio. This ratio is defined as net senior debt divided by total capital, where net senior debt is defined as total senior interest bearing financial assets and financial liabilities (including derivative financial instruments) less cash and cash equivalents and total capital, where total capital is defined as equity shown in the consolidated balance sheet plus net debt.

During the years ended 31 December 2024 and 31 December 2023, the Consolidated Entity's strategy was to maintain debt/RAB ratio at less than 100% in order to secure access to finance at a reasonable cost.

The Consolidated Entity’s Risk Management and Compliance Committee reviews the capital structure on a semi-annual basis.

The Consolidated Entity is not subject to any externally imposed capital requirements

Note 25. Reserves

The following table shows a breakdown of the Statement of Financial Position line item ‘reserves’. A description of the nature and purpose of each reserve is provided below the table.

	Consolidated	
	2024 $'000	2023 $'000
Hedging reserve - cash flow hedges	103,474	126,565
Financial equity reserve	17,918	17,918
Foreign currency translation reserve	(28)	-
	121,364	144,483

Hedging reserve
The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognised in profit or loss when the hedged transaction impacts the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.

Financial equity reserve
The Financial equity reserve represents the gains and losses recognised on the discounting of intercompany loans to present values. The carrying value of the loans has been determined on the basis of the best estimate of when they will be settled, with the loans accounted for on the basis of present values with any discounting of the loan balances taken to the reserve. In the current year, no discounting has been applied.

Note 25. Reserves (continued)

Foreign currency translation reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investment in foreign operations.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Hedging reserve - cash flow hedges $'000	Financial equity / distribution reserve $'000	Foreign Currency Translation Reserve $'000	Total $'000
Balance at 1 January 2023	183,216	17,918	-	201,134
Gain/ (loss) recognised	2,825	-	-	2,825
Transferred to Profit or Loss	(88,415)	-	-	(88,415)
Foreign exchange movement on borrowings	4,660	-	-	4,660
Income tax relating to these items	24,279	-	-	24,279
Balance at 31 December 2023	126,565	17,918	-	144,483
Gain/ (loss) recognised	317,544	-	-	317,544
Transferred to Profit or Loss	(107,587)	-	-	(107,587)
Foreign exchange movement on borrowings	(242,943)	-	-	(242,943)
Foreign currency translation	-	-	(39)	(39)
Income tax relating to these items	9,895	-	11	9,906
Balance at 31 December 2024	103,474	17,918	(28)	121,364

Note 26. Retained profits

	Consolidated 2024 $'000	Consolidated 2023 $'000
Retained profits at the beginning of the financial year	1,732,232	1,315,681
Profit after income tax expense for the year	421,842	423,144
Actuarial gain / (loss) on defined benefit plans, net of tax	11,756	(6,593)
Retained profits at the end of the financial year	2,165,830	1,732,232

Note 27. Non-controlling interest

	Consolidated 2024 $'000	Consolidated 2023 $'000
Non-controlling interest	1,331	1,465

Note 28. Derivative financial instruments

	Consolidated 2024 $'000	Consolidated 2023 $'000
Current assets		
Forward foreign exchange contracts	6,297	640
Interest rate swap contracts	3,894	3,820
Cross Currency swaps	41,029	38,247
	51,220	42,707
Non-current assets		
Forward foreign exchange contracts	333	213
Interest rate swap contracts	155,225	193,477
Cross Currency swaps	332,129	118,062
	487,687	311,752
Current liabilities		
Forward foreign exchange contracts	(129)	(385)
Non-current liabilities		
Forward foreign currency contracts	-	(289)
Interest rate swap contracts	(25,038)	(26,942)
Cross currency swaps	(20,630)	(53,782)
	(45,668)	(81,013)
	493,110	273,061

Refer to note 29 for further information on financial instruments.

(i) Classification of derivatives

Derivatives are classified as held for trading and accounted for at fair value through profit or loss unless they are designated as hedges. They are presented as current assets or liabilities if they are expected to mature within 12 months after the end of the reporting period.

For hedged forecast transactions that result in the recognition of a non-financial asset, the Consolidated Entity has included the related hedging gains and losses in the initial measurement of the cost of the asset.

Note 28. Derivative financial instruments (continued)

Hedges of a net investment

Hedges of a net investment in a foreign operation include monetary items that are considered part of the net investment. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised directly in equity whilst gain s or losses relating to the ineffective portion are recognised in profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recognised directly in equity is transferred to profit or loss.

Note 29. Financial instruments

(a) Financial risk management objectives

The Consolidated Entity's activities expose it to a variety of financial risks: market risk (including foreign exchange, and interest rate), credit risk and liquidity risk. The Consolidated Entity's major exposure to interest rate risk and foreign currency risk arises from long-term borrowings. There is also translation foreign currency risk associated with transactional foreign currency exposures, such as purchases made in foreign currencies.

The Consolidated Entity's overall risk management strategy focuses on monitoring and managing these financial risks such that potential adverse effects on the Consolidated Entity's financial performance are minimised. Financial risk management is carried out by the Consolidated Entity's Treasury function under policies approved by the Board. The Consolidated Entity has written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, liquidity risk, use of derivative and non-derivative financial instruments and the investment of excess liquidity.

The Consolidated Entity uses the following type of derivative financial instruments to hedge these risk exposures:

- Interest rate swap contracts: the Consolidated Entity agrees to exchange the difference between fixed and floating interest amounts calculated on agreed notional principal amounts. Such contracts enable the Consolidated Entity to mitigate the risk of changing interest rates on the fair value of fixed rate debt held and the cash flow exposures of floating rate debt held.
- Cross-currency swap contracts: the Consolidated Entity agrees to exchange specified principal and interest foreign currency amounts at an agreed future date at a specified exchange rate. Such contracts enable the consolidated entity to mitigate the risk of adverse movements in foreign exchange rates.
- Foreign currency forward contracts: the Consolidated Entity undertakes certain transactions denominated in foreign currencies, primarily USD, from which exposure to exchange rate fluctuations arise. Such contracts enable the Consolidated Entity to lock in the exchange rate at the future date for the payment or receipt.

Hedge accounting is a technique that enables the matching of the gains and losses on designated hedging instruments and hedged items in the same accounting period to minimise volatility in profit or loss. To the extent permitted by AASB 9 *Financial Instruments*, the Consolidated Entity formally designate and document these financial instruments as fair value and cash flow hedges for accounting purposes. In order to qualify for hedge accounting, AASB 9 requires that prospective hedge effectiveness testing meets all of the following criteria:

- an economic relationship exists between the hedged item and hedging instrument;
- the effect of credit risk does not dominate the value changes resulting from the economic relationship; and
- the hedge ratio is the same as that resulting from amounts of hedged items and hedging instruments for risk management.

Note 29. Financial instruments (continued)

(b) Derivatives

The Consolidated Entity uses derivative financial instruments for two types of hedges:

	Fair value hedges	**Cash flow hedges**
Objective	To convert fixed interest rate borrowings to floating interest rate borrowings.	To hedge the exposure arising from variability in future interest and foreign currency cash flows arising from borrowings that bear interest at variable rates, or are denominated in foreign currency. Cash flow hedging is also used to mitigate the foreign currency exposure arising from anticipated future transactions.
Recognition date	At the date the instrument is entered into	At the date the instrument is entered into
Measurement	Measured at fair value	Measured at fair value
Changes in fair value	Changes in the fair value of the hedging instrument and changes in the fair value of the hedged item that is attributable to the hedged risk ('fair value hedge adjustment') are recognised in Profit or Loss. Ineffectiveness reflects the extent to which the fair value movements do not offset and is primarily driven by movements in credit of the hedging instrument.	Ineffectiveness is recognised in the profit or loss if the change in the fair value of the hedging instrument exceeds the change in fair value of the underlying hedged item for the hedged risk. The portion of fair value movement qualifying as effective movement is recognised in the cash flow hedge reserve in equity.

All cash flow hedges are in effective hedge relationships on the basis that the critical terms of the hedging instrument and hedged item are aligned (including face values, cash flows and currency). During the year, there has been no material ineffectiveness attributable to the cash flow hedges.

Fair Value hedges have an economic relationship on the basis that the critical terms of the hedging instrument and hedged item (including face value, cash flows and maturity date) are aligned. The relationship between the hedged risk and the corresponding value of the hedging derivatives results in a hedge ratio of one.

The cumulative amount of fair value hedge adjustments which are included in the carrying amount of our borrowings in the Statement of Financial Position is shown below:

	2024 **$'000**	**2023** **$'000**
Fixed rate instruments		
Face value as at 31 December	5,306,241	4,305,414
Unamortised discounts/premiums	(9,241)	(8,194)
Amortised cost	**5,297,000**	**4,297,221**
Cumulative fair value hedge adjustments	(159,399)	(169,244)
Carrying amount	**5,137,601**	**4,127,976**

	2024 **$'000**	**2023** **$'000**
Change in value of hedged item during year	1,009,624	330,482

For fixed rate instruments, face value represents the face value in the underlying currency converted at the spot exchange rate as at reporting date. Revaluation impacts since inception of the borrowings due to foreign exchange movements are reflected in the amortised cost balance.

Note 29. Financial instruments (continued)

(i) Fair value measurements

The Consolidated Entity measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Derivative financial instruments

Foreign currency forward contracts are measured using the discounted cash flow method. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties. These are classified as level 2 instruments.

Interest rate swaps are measured using the discounted cash flow method. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period), discounted at a rate that reflects the credit risk of various counterparties. These are classified as level 2 instruments.

Cross-currency interest rate swaps are measured using the discounted cash flow method. Future cash flows are estimated based on forward currency rates (from observable yield curves at the end of the reporting period) and contract currency rates, discounted at a rate that reflects the credit risk of various counterparties. These are classified as level 2 instruments.

Accounting policy for 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. 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.

The table below provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) and applied within a valuation technique.
- Level 3 fair value measurements are those derived from inputs that are not based on observable market data (unobservable inputs) and applied within a valuation technique.

Consolidated Entity - at 31 December 2024	**Level 1**	**Level 2**	**Level 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
Cross currency swaps - fair value hedges	-	6,264	-	6,264
Cross currency swaps - cash flow hedges	-	509,440	-	509,440
Forward foreign exchange contracts - cash flow hedges	-	6,630	-	6,630
Interest rate swap contracts - cash flow hedges	-	158,544	-	158,544
Interest rate swap contracts - fair value hedges	-	575	-	575
Total financial assets	-	681,453	-	681,453

Note 29. Financial instruments (continued)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial liabilities				
Cross currency swaps - cash flow hedges	-	(16,546)	-	(16,546)
Cross currency swaps - fair value hedges	-	(146,630)	-	(146,630)
Forward foreign exchange contracts - cash flow hedges	-	(129)	-	(129)
Interest rate swap contracts - cash flow hedges	-	(6,574)	-	(6,574)
Interest rate swap contracts - fair value hedges	-	(18,464)	-	(18,464)
Total financial liabilities	-	(188,343)	-	(188,343)

Consolidated Entity - at 31 December 2023	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Interest rate swap contracts - cash flow hedges	-	197,297	-	197,297
Forward foreign exchange contracts - cash flow hedges	-	853	-	853
Cross currency swaps - fair value hedges	-	3,832	-	3,832
Cross currency swaps - cash flow hedges	-	269,193	-	269,193
Total financial assets	-	471,175	-	471,175

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial liabilities				
Cross currency swaps - cash flow hedges	-	(20,864)	-	(20,864)
Cross currency swaps - fair value hedges	-	(149,634)	-	(149,634)
Forward foreign exchange contracts - cash flow hedges	-	(674)	-	(674)
Interest rate swap contracts - cash flow hedges	-	(3,874)	-	(3,874)
Interest rate swap contracts - fair value hedges	-	(23,068)	-	(23,068)
Total financial liabilities	-	(198,114)	-	(198,114)

There were no transfers between Level 1 and 2 during the year. There were no transfers into or out of Level 3 during the year.

(ii) Fair value of financial instruments

Except as detailed in the following table, management consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values. These instruments are valued using the same methodology as the level 2 instruments described in this note.

	Carrying value $'000	Fair value $'000
2024		
Foreign denominated notes	3,259,898	3,123,642
Fixed rate note	1,877,702	1,864,361
	5,137,600	4,988,003
2023		
Foreign denominated notes	2,705,195	2,567,037
Fixed rate note	1,422,780	1,374,872
	4,127,975	3,941,909

Note 29. Financial instruments (continued)

(iii) Amounts recognised in profit or loss

During the year, no amounts were recognised in profit or loss in relation to foreign currency transactions and interest rate swaps, other than what was reclassified from the hedge reserve.

(c) Hedging

Consolidated entity	Notional	Weighted average effective interest rate	Carrying amount - Asset	Carrying amount - Liability	Changes in the value of hedging instrument recognised in other comprehensive income	Changes in fair value used for calculating hedge ineffectiveness	Weighted average Maturity date
2024	**$'000**	**%**	**$'000**	**$'000**	**$'000**	**$'000**	
Foreign currency risk							
Cross-currency interest rate swaps - cash flow hedges	2,902,994	3.31%	509,440	16,546	(1,232)	244,565	24/05/2029
Forward foreign exchange contracts- cash flow hedge	109,910	-	6,630	129	(6,323)	6,323	28/05/2025
Interest rate risk							
AUD - interest rate swap contracts – fair value hedges	725,000	4.46%	575	18,464	-	5,179	07/11/2028
AUD - interest rate swap contracts – cash flow hedges	4,205,000	2.79%	158,544	6,574	40,537	(41,453)	05/04/2029
Cross-currency interest rate swaps - fair value hedges	2,902	3.31%	6,264	146,630	-	5,436	24/05/2029

Note 29. Financial instruments (continued)

Consolidated entity 2023	**Notional $'000**	**Weighted average effective interest rate %**	**Carrying amount - Asset $'000**	**Carrying amount - Liability $'000**	**Changes in the value of hedging instrument recognised in other comprehensive income $'000**	**Changes in fair value used for calculating hedge ineffectiveness $'000**	**Weighted average Maturity date**
Cross-currency interest rate swaps - cash flow hedges	2,595,111	3.10%	269,192	20,864	642	(5,348)	09/03/2028
Forward foreign exchange contracts- cash flow hedge	90,084	-	853	674	1,884	(1,884)	10/08/2024
Interest rate risk							
AUD - interest rate swap contracts – fair value hedges	275,000	2.64%	-	23,068	-	9,258	14/04/2028
AUD - interest rate swap contracts - cash flow hedges	3,860,000	2.47%	197,297	3,874	78,405	(77,930)	07/05/2028
Cross-currency interest rate swaps - fair value hedges	2,595,111	3.10%	3,832	149,634	-	71,116	09/03/2028

Note 29. Financial instruments (continued)

(d) Market risk

(i) Foreign exchange risk
The Consolidated Entity's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. The Consolidated Entity measures the market risk exposures using sensitivity analysis and cash flow forecasting. There has been no change from the prior year to the types of market risks the Consolidated Entity is exposed to or manner in which the risks are managed and measured.

Foreign exchange risk arises from recognised assets and liabilities that are denominated in a currency that is not the entity's functional currency. The Consolidated Entity undertakes certain transactions denominated in foreign currencies, primarily US Dollars (USD) and Hong Kong Dollars (HKD), from which exposure to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters.

Consolidated Entity's exposure to foreign currency risk (prior to hedging contracts) at the reporting period, expressed in the foreign currency, was as follows:

	USD		HKD	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
Borrowings	1,110,000	1,090,000	5,704,000	5,704,000

The following table details the Consolidated Entity's sensitivity to a 10% increase and decrease in the value of the Australian Dollar (AUD) against the relevant foreign currencies. The sensitivity analysis includes outstanding foreign currency denominated financial assets and liabilities (including derivatives) and adjusts their translation at period end for a 10% change in foreign exchange rates on a total portfolio basis with all other variables held constant.

	Impact on post-tax profit*		Impact on other components of equity		Total impact on equity	
	2024	2023	2024	2023	2024	2023
	$'000	$'000	$'000	$'000	$'000	$'000
AUD/USD & AUD/HKD exchange rate - increase 10%	-	-	(2,683)	(3,392)	(2,683)	(3,392)
AUD/USD & AUD/HKD exchange rate - decrease 10%	-	-	668	2,903	668	2,903

*Changes in market rates under this scenario are assumed to have a nil impact on derivative hedge ineffectiveness as the Consolidated Entity has highly effective hedges in place.

(ii) Interest Rate Risk
The Consolidated Entity is exposed to interest rate risk as it invests and borrows funds at both fixed and floating interest rates. The risks are managed by maintaining an appropriate mix between fixed and floating rate borrowings and through the use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to confirm alignment with the debt and liquidity management policy and ensure that the Consolidated Entity is not exposed to excess risk from interest rate volatility.

	Average fixed interest rate		Notional principal amount		Fair value	
	2024	2023	2024	2023	2024	2023
Receive floating / pay fixed	%	%	$'000	$'000	$'000	$'000
Consolidated						
Less than 1 year	3.05%	2.59%	680,000	530,000	3,932	3,820
1 to 2 years	1.79%	2.51%	665,000	430,000	18,802	9,467
2 to 5 years	2.56%	2.43%	1,340,000	1,460,000	64,410	55,272
5 years+	3.33%	2.44%	1,520,000	1,440,000	64,825	124,864
			4,205,000	3,860,000	151,969	193,423

Note 29. Financial instruments (continued)

The sensitivity analysis contained in the table below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date with the stipulated change taking place at the start of the financial year and held constant for the reporting period.

	Net profit*		Cash flow hedge reserve		Total impact on equity	
	2024	2023	2024	2023	2024	2023
Consolidated	$'000	$'000	$'000	$'000	$'000	$'000
Impact of movement in interest rates (AUD)						
1% increase in interest rates - increase/(decrease)	(1,725)	(2,853)	102,719	95,758	100,944	92,905
1% decrease in interest rates - (decrease)/increase	(1,725)	2,853	(108,898)	(101,529)	(107,172)	(98,675)
Impact of movement in interest rates (USD) / (HKD)						
1% increase in interest rates - increase/(decrease)	-	-	(4,658)	(4,060)	(4,658)	(4,060)
1% decrease in interest rates - (decrease)/increase	-	-	4,397	3,967	4,397	3,967

*Changes in market rates under this scenario are assumed to have a nil impact on derivative hedge effectiveness as the Consolidated Entity has highly effective hedges in place.

Profit would have been affected mainly as a result of the ineffective portion of cash flow and fair value hedge transactions and floating rate financial assets and liabilities that are not in a cash flow hedge relationship. Equity, through the cash flow hedge reserve, would have been affected mainly as a result of an increase/decrease in the fair value of interest rate swaps which qualify for cash flow hedge accounting.

(e) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss. The Consolidated Entity has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate as a means of mitigating the risk of financial loss from defaults. The Consolidated Entity's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions contracted is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management and compliance committee annually.

The Consolidated Entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Consolidated Entity based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 12 months.

Trade receivables consist of a large number of customers with ongoing credit evaluation performed on their financial condition. Where appropriate, additional collateral credit support is obtained to mitigate the risk of loss.

The Consolidated Entity does not have significant credit risk exposure to any single counterparty. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the consolidated entity's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Note 29. Financial instruments (continued)

Impaired trade receivables

The Consolidated Entity applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress an d have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Consolidated Entity therefore concludes that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at 31 December 2024 and 31 December 2023 was determined as follows for both trade receivables and contract assets:

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
31 December 2024					
Expected loss rate	0.1%	8.6%	39.9%	28.2%	2.3%
Gross carrying amount – trade and other receivables	52,608	3,088	3,521	10,005	69,222
Gross carrying amount - contract assets	201,067	-	-	-	201,067
Loss allowance	332	264	1,406	2,824	4,826

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
31 December 2023					
Expected loss rate	0.6%	14.8%	26.0%	27.3%	1.8%
Gross carrying amount - trade and other receivables	36,060	2,676	1,305	5,727	45,768
Gross carrying amount - contract assets	142,662	-	-	-	142,662
Loss allowance	1,117	397	339	1,561	3,414

Allowance for expected credit losses
The expected credit loss allowance represent expected loss rate on trade receivables and contract assets where no incurred credit losses has eventuated. Set out below is the movement in the expected credit losses allowance of trade receivables and contract assets:

	Consolidated 2024 $'000	Consolidated 2023 $'000
Opening balance	3,414	2,089
Increase in loss allowance recognised in profit or loss during the year	8,612	8,681
Receivables written off during the year as uncollectable	(2,289)	(1,712)
Unused amounts reversed	(4,911)	(5,644)
Closing balance	4,826	3,414

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Consolidated Entity, and a failure to make contractual payments for a period of greater than 90 days past due. Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Note 29. Financial instruments (continued)

(f) Liquidity risk

The Board of Directors is ultimately responsible for liquidity risk and has adopted an appropriate liquidity risk management framework to manage the Consolidated Entity's funding and liquidity requirements. The Consolidated Entity manages liquidity risk by:

- maintaining adequate reserves, banking and reserve borrowing facilities;
- continuously monitoring forecast and actual cash flows; and
- matching the maturity profiles of financial assets and liabilities.

Liquidity and interest rate tables

The following table details the Consolidated Entity's remaining contractual maturity for its derivative and non-derivative financial liabilities. The table is drawn up based upon the future undiscounted principal and interest cash flows.

Consolidated	Weighted average effective interest rate	0 to 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
2024	%	$'000	$'000	$'000	$'000	$'000	$'000
Financial liabilities (derivative and non-derivative)							
Cross currency swap-Receive NOK and EUR	2.5%	(2,838)	(2,838)	(84,330)	(40,776)	(130,782)	(114,508)
Cross currency swap-Pay AUD	-	6,821	6,334	103,472	39,144	155,771	135,138
Borrowings*	3.6%	1,123,268	1,503,193	2,814,185	1,410,788	6,851,434	6,085,801
Forward contracts	-	215	-	-	-	215	129
Trade and other payables	-	622,861	-	-	-	622,861	622,861
Interest Rate Swaps	3.8%	7,269	10,022	15,948	(6,794)	26,445	25,038
Trust fund and deposit	-	1,582	-	-	1,655	3,237	3,237
Lease liabilities	-	11,040	11,026	33,198	7,374	62,638	55,184
Total financial liabilities		1,770,218	1,527,737	2,882,473	1,411,391	7,591,819	6,812,880

* The amounts included as borrowings in the maturity tables are the contractual undiscounted cash flows, including principal and interest payments calculated based on contractual maturities.

Consolidated	Weighted average effective interest rate	0 to 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
2023	%	$'000	$'000	$'000	$'000	$'000	$'000
Financial liabilities (derivative and non-derivative)							
Cross currency swap-Receive NOK and HKD	3.8%	(28,785)	(28,755)	(349,261)	(667,906)	(1,074,707)	(888,688)
Cross currency swap-Pay AUD	-	50,079	45,381	389,155	679,370	1,163,985	942,470
Borrowings	3.5%	1,044,854	681,619	3,253,700	1,301,117	6,281,290	5,629,924
Forward contracts	-	256	475	-	-	731	675
Trade and other payables	-	429,697	-	-	-	429,697	429,697
Interest Rate Swaps	3.5%	7,274	7,180	17,047	(1,274)	30,227	26,942
Trust fund and deposit	-	3,308	-	-	118	3,426	3,426
Lease liabilities	-	11,007	10,890	32,788	18,633	73,318	63,238
Total financial liabilities		1,517,690	716,790	3,343,429	1,330,058	6,907,967	6,207,684

The amounts included as borrowings in the maturity tables are the contractual undiscounted cash flows, including principal an d interest payments calculated based on contractual maturities.

Note 29. Financial instruments (continued)

(g) Offsetting financial assets and financial liabilities
The Consolidated Entity does not have financial instruments that meet the presentation offset requirements of AASB 132 Financial Instruments: Presentation and as such each individual financial instrument is presented gross in the Financial Statements. However, the Consolidated Entity has for credit management purposes, master netting arrangements where offset is permitted as a result of certain credit events. Application of these credit arrangements for the Consolidated Entity at the financial reporting date would result in the following offsets as detailed below:

Consolidated - 2024	**Gross amount** **$'000**	**Master netting arrangements** **$'000**	**Net amount** **$'000**
Assets			
Total derivative assets	538,906	(43,166)	495,740
Liabilities			
Total derivative liabilities	(45,797)	43,166	(2,630)

Consolidated - 2023	**Gross amount** **$'000**	**Master netting arrangements** **$'000**	**Net amount** **$'000**
Assets			
Total derivative assets	354,459	(78,141)	276,317
Liabilities			
Total derivative liabilities	(81,398)	78,141	(3,257)

Note 30. Key management personnel disclosures

Key management personnel comprise General Managers, the Chief Financial Officer and the Chief Executive Officer of the Consolidated Entity. The compensation of the key management personnel of the Consolidated Entity is set out below:

	Consolidated	
	2024	**2023**
	$	**$**
Cash salary and fees	5,278,700	5,001,604
Cash bonus	4,141,696	2,573,701
Non-monetary benefits	232,254	170,230
Superannuation	275,844	244,819
	9,928,494	7,990,354

The remuneration of the General Managers, Chief Financial Officer and Chief Executive Officer is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

Note 31. Contingencies

The Consolidated Entity does not have any contingent assets or liabilities at 31 December 2024 (2023: nil).

Note 32. Commitments

Capital expenditure commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	Consolidated	
	2024	**2023**
	$'000	**$'000**
Property, plant and equipment:		
Within one year	240,915	339,787
One to five years	8,499	2,145
	249,414	341,932

Expenditure commitments

	Consolidated	
	2024	**2023**
	$'000	**$'000**
Expenditure contracted for at the reporting date but not recognised as liabilities is as follows:		
Within one year	510,779	196,638
One to five years	8,170	18,993
More than five years	14,602	-
	533,551	215,631

Note 33. Related party transactions

(a) Parent entity
The parent entity of the Consolidated Entity is Victoria Power Networks Pty Ltd.

CK Infrastructure Holdings Limited (**CKI**) and Power Assets Holdings Limited (**PAH**) collectively own a 51% interest in Victoria Power Networks Pty Ltd. CKI and PAH are each listed on the Stock Exchange of Hong Kong and have overseas subsidiaries in the utilities, water, transportation and waste management infrastructure sectors. The remaining 49% is owned by Spark Infrastructure, an Australian investment fund. Spark Infrastructure was listed on the Australian Securities Exchange until 23 December 2021, when it was acquired by a consortium comprising of Kohlberg Kravis Roberts & Co. L.P. (**KKR**), Ontario Teachers' Pension Plan Board (**OTPP**) and Public Sector Pension Investment Board (**PSP**).

(b) Directors' loans
There were no loans in existence at balance date made, guaranteed or secured to directors of the Company, director related entities, their spouses, relatives, or relatives of spouses.

(c) Subsidiaries
Interests in subsidiaries are set out in Note 37 of the financial statements.

(d) Directors' equity holdings
There were no director equity holdings in existence at the balance date.

(e) Other transactions with Directors or entities related to them
No director-related entity has declared an interest in a contract, or proposed contract, during the year ended 31 December 2024 with the Company or any entities in the Consolidated Entity, except in instances where terms are no more favourable than those expected under normal commercial arrangements, as is the case with the normal supply of electricity.

The following table summarises trading transactions with related parties that are not members of the Consolidated Entity:

	Consolidated	
	2024	**2023**
	$'000	**$'000**
Sales of goods and services:		
SA Power Networks	3,356	3,307
Wellington Electricity	150	184
International Infrastructure Services Company - NZ Branch	1,104	1,913
Transmission Operations Australia Pty Ltd	3,544	1,330
Transmission Operations Australia 2 Pty Ltd	890	595
Transmission Operations Australia 3 Pty Ltd	29,750	-
Australian Energy Operations Pty Ltd	89	-
United Energy Distribution Holdings Pty Ltd	20,472	18,057
International Infrastructure Services Company - Australian Branch	396	331
CK William Australia Holdings Pty Ltd	1,000	1,000
ENEA Australia Pty Ltd	96	95
Payment for goods and services:		
ENEA Australia Pty Ltd	989	1,085
Enerven Energy Infrastructure Pty Ltd (subsidiary of SA Power Networks)	120	129
SA Power Networks	-	699

Note 33. Related party transactions (continued)

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2024	2023
	$'000	$'000
Amounts owed by related parties (excluding GST):		
SA Power Networks	322	308
Wellington Electricity	134	179
International Infrastructure Services Company - NZ Branch	-	159
Transmission Operations Australia Pty Ltd	2,457	74
Transmission Operations Australia 2 Pty Ltd	-	50
Australian Energy Operations Pty Ltd	98	-
United Energy Distribution Holdings Pty Ltd	5,093	2,003
International Infrastructure Services Company - Australian Branch	89	59
CK William Australia Holdings Pty Ltd	92	92
ENEA Australia Pty Ltd	20	20
Amounts owed to related parties (excluding GST):		
Enerven Energy Infrastructure Pty Ltd (subsidiary of SA Power Networks)	20	-

No provisions for doubtful debts have been raised against related party balances.

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2024	2023
	$'000	$'000
Current receivables:		
Loan to Victoria Power Networks Pty Ltd	842,962	561,293

Note 34. Remuneration of auditors

Deloitte Touche Tohmatsu

	Consolidated	
	2024	2023
	$	$
Audit services		
Audit of the financial statements	869,050	825,200
Other services		
Other audit services	50,000	78,000
Audit of regulatory returns	577,350	571,200
	627,350	649,200
	1,496,400	1,474,400
Taxation and advisory services		
Tax advisory and compliance services	88,613	335,897
Advisory services		
Advisory and consultancy services	33,859	24,811

Note 35. Reconciliation of profit after income tax to net cash from operating activities

(a) Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	2024 **$'000**	**2023** **$'000**
Profit after income tax expense for the year	422,708	423,411
Adjustments for:		
Depreciation and amortisation	390,841	370,949
Gain on sale of non-current assets	(324)	(55,341)
Customer contributions - gifted assets	(114,128)	(53,072)
Defined benefit adjustment	3,758	2,847
Amortised finance charges	3,267	2,675
Hedging and foreign exchange (gain) / loss	(1,478)	(2)
Interest on Leases	2,527	2,813
Gain on investment in associate	(1,098)	(248)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables and contract assets	(362,116)	(287,689)
Decrease/(increase) in inventories	2,090	(15,884)
Decrease/(increase) in other assets	(3,163)	(16,062)
Increase/(decrease) in trade and other payables	126,391	2,593
Increase/(decrease) in provisions	4,140	3,694
Increase/(decrease) in contract liabilities	11,532	(31,739)
Movement in taxation balances	121,594	54,086
Increase in other liabilities	(18,768)	309
Net cash from operating activities	587,773	403,340

Note 35. Reconciliation of profit after income tax to net cash from operating activities (continued)

(b) Financing arrangements

Unrestricted access was available at balance date to the following lines of credit:

	2024 $'000	2023 $'000
Total facilities		
Bank overdrafts	3,000	3,000
Working capital facilities	60,000	75,000
Bank loans	998,548	997,600
Floating rate notes	274,653	794,348
Foreign denominated notes	3,259,898	2,705,196
Fixed rate notes	1,877,702	1,422,780
	6,473,801	5,997,924
Used at balance date		
Bank loans	673,548	707,600
Floating rate notes	274,653	794,348
Foreign denominated notes	3,259,898	2,705,196
Fixed rate notes	1,877,702	1,422,780
	6,085,801	5,629,924
Unused at balance date		
Bank overdrafts	3,000	3,000
Working capital facilities	60,000	75,000
Bank loans	325,000	290,000
	388,000	368,000

Note 36. Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the years presented.

Net debt	Consolidated 2024 $'000	Consolidated *Restated 2023 $'000
Cash and cash equivalents	126,549	107,500
Borrowings - repayable within one year	(742,635)	(699,382)
Borrowings - repayable after one year	(5,343,166)	(4,930,542)
Net debt	(5,959,252)	(5,522,424)

* Refer to Note 40 for details of restatement.

Consolidated	Cash/bank overdraft $'000	Borrowings due within 1 year $'000	Borrowings due after 1 year $'000	Total $'000
Balance at 1 January 2023	110,616	(638,735)	(4,591,443)	(5,119,562)
Cash flows	(3,116)	(68,220)	(251,810)	(323,146)
Foreign exchange adjustments	-	121	4,539	4,660
Other non-cash movements	-	(700,148)	615,772	(84,376)
Prior year restatement	-	707,600	(707,600)	-
Balance at 31 December 2023	107,500	(699,382)	(4,930,542)	(5,522,424)
Cash flows	19,049	636,505	(835,803)	(180,249)
Foreign exchange adjustments	-	16,761	(259,704)	(242,943)
Other non-cash movements	-	(10,413)	(3,225)	(13,638)
Reclassification	-	(686,106)	686,106	-
Balance at 31 December 2024	126,549	(742,635)	(5,343,168)	(5,959,254)

Note 37. Interests in subsidiaries

(a) Subsidiaries

Details of the Consolidated Entity’s subsidiaries at 31 December 2024 are set out below

Name of entity	Place of business/ country of incorporation	Principal activities	Ownership interest held by the group 2024 %	2023 %
CHED Services Pty Ltd	Australia	Back office services	100.0	100.0
Power Network Services Pty Ltd	Australia	Construction & Maintenance	100.0	100.0
Powercor Australia Ltd	Australia	Electricity Distribution	100.0	100.0
CitiPower Pty Ltd	Australia	Trustee	100.0	100.0
The CitiPower Trust	Australia	Electricity Distribution	100.0	100.0
Energy Solutions Pty Ltd	Australia	Construction & Maintenance	100.0	100.0
Beon Aerial Services Pty Ltd	Australia	Aviation services	100.0	100.0
Beon NZ Holdings Limited[2]	New Zealand	Holding company	100.0	100.0
Beon NZ Limited[2]	New Zealand	Construction & Maintenance	100.0	100.0
NG Group Holdings Pty Ltd[1]	Australia	Holding company	50.0	50.0
NG Energy Pty Ltd[1]	Australia	Solar installations	50.0	50.0
NG Energy (SA) Pty Ltd[1]	Australia	Solar installations	50.0	50.0
Next Generation Electrical Group Pty Ltd[1]	Australia	Electricity services	50.0	50.0

[1] The Consolidated Entity controls these entities even though it holds less than 51% of the voting rights of this subsidiary given the Consolidated Entity is the largest shareholder with a 50% equity interest while the remaining shares are held by two investors.

[2] Beon NZ Holdings Limited and Beon NZ Limited were incorporated on 4 September 2023 and 13 September 2023 respectively. These new legal entities will support Energy Solutions expansion into the New Zealand market.

All wholly owned Australian entities are members of the Victoria Power Networks tax-consolidated group, of which Victoria Power Networks Pty Ltd is the head entity.

Significant restrictions
There are no significant restrictions applied to members of the Consolidated Entity.

Subsidiaries accounting policies

Subsidiaries are all entities (including structured entities) over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Consolidated Entity.

Intercompany transactions, balances and unrealised gains on transactions between Consolidated Entity companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

Note 38. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2024	2023
	$'000	$'000
Loss after income tax	(222,202)	(195,482)
Total comprehensive income	(222,202)	(195,482)

Statement of financial position

	Parent	
		*Restated
	2024	2023
	$'000	$'000
Total current assets	2,119,402	115,993
Total non-current assets	6,321,203	6,145,438
Total assets	8,440,605	6,261,431
Total current liabilities	1,875,604	40,284
Total non-current liabilities	6,126,423	5,501,926
Total liabilities	8,002,027	5,542,210
Equity		
Issued capital	1,639,196	1,639,196
Hedging reserve - cash flow hedges	114,566	141,911
Surplus acquisition reserve	(564,105)	(564,105)
Accumulated losses	(751,079)	(497,781)
Total equity	438,578	719,221

* Refer to Note 40 for details of the restatement.

Contingent liabilities
The parent entity did not have any contingent liabilities as at 31 December 2024 or 31 December 2023.

Determining the parent entity financial information

(i) Net current asset deficiency
As at 31 December 2024, the company's current liabilities exceed its current assets by $243,798 thousand (2023: net asset $75,709 thousand).

Notwithstanding the working capital deficiency, management believes that the going concern assumption is appropriate and that the Company will be able to pay its debts as and when they fall due by instructing subsidiaries to distribute funds.

In the application of A-IFRS management are required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Note 39. Material accounting policy information

The accounting policies that are material to the Consolidated Entity are set out either in the respective notes or below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The Consolidated Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Set out below are the new and revised Standards and amendments effective for the current year that are relevant to the Consolidated Entity:

Pronouncement	Impact
AASB 2023-4: Amendment to AASB 1060 General Purpose Financial Statements - Simplified Disclosure for For-Profit and Not-for-Profit Tier 2 Entities	The Consolidated Entity is within the scope of the Pillar Two top up tax that that has been substantively enacted in the Australia for income years beginning on or after 1 January 2024. The first period for which a Pillar Two return will be required is the income year ending on 31 December 2024. The Consolidated Entity has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. The Consolidated Entity has performed the necessary preliminary analysis in preparation for complying with the Pillar Two model rules for the income year ending on 31 December 2024. Based on the preliminary analysis derived from information in respect of 31 December 2023, the Group does not expect any potential exposure to Pillar Two top up taxes.
AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants	Clarifies when liabilities should be presented as current or non-current in the statement of financial position, including the impact of covenants on that classification. The amendments may impact the classification of the Consolidated Entity's financial liabilities in future periods as certain of those liabilities are subject to covenants. The application of the amendment is detailed in Note 40.
AASB 2022-5 Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback	Requires a seller-lessee to subsequently measure lease liabilities arising from a sale and leaseback transaction in a way that does not result in recognition of a gain or loss that relates to the right of use it retains. The Consolidated Entity does not currently have sale and leaseback arrangements. The Consolidated Entity will apply the amendments if sale and leaseback arrangements are entered into in the future.

Basis of preparation
The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for the assets.

Where applicable, comparative figures have been adjusted to conform to changes in presentation for the current year.

Net current asset deficiency
As at 31 December 2024, the Consolidated Entity's current liabilities exceed its current assets by $53,791 thousand (2023: $215,982 thousand).

Notwithstanding the working capital deficiency, the directors believe that the going concern assumption is appropriate and that the Consolidated Entity will be able to pay its debts as and when they fall due given:

- The Consolidated Entity has access to $388,000 thousand in unused finance facilities as at 31 December 2024;
- The Consolidated Entity has forecast to generate operating cash flows and profits in 2024;
- Included in current liabilities are $55,448 thousand employee entitlement provisions not expected to be paid in 2024;
- Included in current liabilities are $281,285 thousand customer deposits that will be settled through augmentation works rather than cash payments;
- The directors have a reasonable expectation that the Consolidated Entity will be able to re-finance or replace finance facilities as they mature in the ordinary course of business as there is an active plan in place and no issues historically with obtaining such funding.

Note 39. Material accounting policy information (continued)

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Parent entity information
In accordance with the *Corporations Act 2001*, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 38.

Rounding of amounts
The company is of a kind referred to in *Corporations Instrument 2016/191*, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Victoria Power Networks (Finance) Pty Ltd as at 31 December 2024 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated Entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Consolidated Entity. Losses incurred by the Consolidated Entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Consolidated Entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Consolidated Entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign currency translation
The financial statements are presented in Australian dollars, which is Victoria Power Networks (Finance) Pty Ltd's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Current and non-current classification
Assets and liabilities are presented in the Statement of Financial Position based on current and non-current classification.

An asset is classified as current when:

Note 39. Material accounting policy information (continued)

- it is either expected to be realised or intended to be sold or consumed in the Consolidated Entity's normal operating cycle;
- it is held primarily for the purpose of trading;
- it is expected to be realised within 12 months after the reporting period; or
- the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- it is either expected to be settled in the Consolidated Entity's normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within 12 months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Investments
Investments include non-derivative financial assets with fixed or determinable payments and fixed maturities where the Consolidated Entity has the positive intention and ability to hold the financial asset to maturity. This category excludes financial assets that are held for an undefined period. Investments are carried at amortised cost using the effective interest rate method adjusted for any principal repayments. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Foreign currency transactions
All foreign currency transactions during the financial period are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated using the exchange rate at that date.

Exchange rate differences are brought to account in the Statement of Profit or Loss and Other Comprehensive Income in the period in which they arise except that:

(i) exchange differences which related to assets under construction for future productive use are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings; and

(ii) exchange differences on transactions entered into in order to hedge certain foreign currency risks. (refer to Note 29)

Goods and Services Tax (GST) and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Note 39. Material accounting policy information (continued)

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Consolidated Entity for the annual reporting period ended 31 December 2024. The Consolidated Entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Pronouncement	**Impact**
AASB 18 Presentation and Disclosure in Financial Statements	AASB 18 replaces AASB 101 Presentation of Financial Statements and is applicable from 1 January 2028. It will not change the recognition and measurement of items in the financial statements, but will affect presentation and disclosure in the financial statements, including introducing new categories and defined subtotals in the statement of profit or loss, requiring the disclosure of management-defined performance measures, and changing the grouping of information in the financial statements.

Note 40. Change in accounting policy - classification and disclosure of non-current liabilities with covenants

The Australian Accounting Standards Board issued 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.* These pronouncements amend AASB 101 *Presentation of Financial Statements* 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:
- clarify that a liability is classified as non-current if an entity has the right at the reporting date to defer settlement of the liability for at least twelve months after the reporting date;
- clarify the reference to settlement of a liability by the issue of equity instruments in classifying liabilities; and
- require the disclosure of information that enables users of the financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

Based on the revised guidance, the Consolidated Entity has re-assessed existing loan arrangements and updated the classification of certain revolving bank loans to align with the underlying overall facility maturity date, based on rights effective at the reporting date. Previously, revolving bank loans were classified as current liabilities due to interpretation of pervasive substantive covenant requirements and short-term rollover periods.

The Consolidated Entity has retrospectively applied the amendments to AASB 101 from 1 January 2024, and as a result have restated the comparatives for the 2023 reporting period. As the change impacts current & non-current classification only and does not have an impact on equity, no restatement of opening balance of the comparative period at 1 January 2023 has been presented.

The impact of the restatement of comparatives is summarised below:

Note 40. Change in accounting policy - classification and disclosure of non-current liabilities with covenants (continued)

	Consolidated Previously presented	31 December Adjusted	2023 Restated
	$'000	$'000	$'000
Assets			
Current assets	1,057,421	-	1,057,421
Non-current assets	9,841,798	-	9,841,798
Total Assets	10,899,219	-	10,899,219
Liabilities			
Borrowings	1,406,982	(707,600)	699,382
Current liabilities	1,981,003	(707,600)	1,273,403
Borrowings	4,222,941	707,600	4,930,541
Non-current liabilities	5,400,840	707,600	6,108,440
Total liabilities	7,381,843	-	7,381,843
Net assets	3,517,376	-	3,517,376
Total equity	3,517,376	-	3,517,376

Note 41. Events after the reporting period

No matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Victoria Power Networks (Finance) Pty Ltd
Directors' declaration
31 December 2024

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 39 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 31 December 2024 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors

T. H. Rourke
Director

25 February 2025

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Independent Auditor’s Report

to the members of Victoria Power Networks (Finance) Pty Ltd

Opinion

We have audited the financial report of Victoria Power Networks (Finance) Pty Ltd (the “Company”) and its subsidiaries (the “Group”) which comprises the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and the directors’ declaration.

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

- Giving a true and fair view of the Group’s financial position as at 31 December 2024 and of their financial performance for the year then ended; and
- Complying with Australian Accounting Standards 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 & 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.

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.

Other Information

The directors are responsible for the other information. The other information comprises Directors’ Report included in the Group’s annual report for the year ended 31 December 2024, 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 we do not express any form of assurance conclusion thereon.

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, 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.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible:

- For the preparation of the financial report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group in accordance with Australian Accounting Standards; and
- For such internal control as the directors determine is necessary to enable the preparation of the financial report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and is free from material misstatement, whether due to fraud or error.

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 has 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 this 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 Group'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 Group'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 Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

Deloitte.

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.

Deloitte Touche Tohmatsu

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Stuart Kortum
Partner
Chartered Accountants
Melbourne, 25 February 2025