Make the shift
Annual Report 2021

The future of community energy

Hepburn Energy

The future of community energy

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

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

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

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

Contents

Hepburn Energy

A message from the board

99,633MWh

Total energy generated abating 106,610 tonnes of CO_2

$1,062,645

Plant and equipment asset upgrade

$2,068,854

Public investment in partnership programs

Dear members,

On 22 June at 10.20AM we had our 10 year anniversary of generation. We would like to say a huge thank you to the many hands and minds who have contributed to the co-operative over these years.

We would like to acknowledge the ongoing impact of COVID-19 on our members and supporters, as well as our suppliers and the wind farm. The market conditions for energy continued to be impacted by lockdowns and restrictions and we have worked hard to weather this phase. This year, we were bolstered by grant income, which allowed us to undertake asset upgrades, plan for our future through our solar farm planning permit application, and begin developing our new community energy retailing model, which will launch in early 2022. In order to best support our members during the pandemic, we resolved last year to deliver some of our cash reserves to members via a dividend and a share repurchase scheme and were pleased to deliver a dividend valued at $267,252 and a share repurchase of $497,075.

The major area of focus of the co-operative this financial year was the Rapid Earth Fault Current Limiter (REFCL) upgrades which were completed in April of 2021, marking the end of a significant project. The co-operative has worked on this project since notification of the legislative requirements from the State Government in 2018. We were successful in lobbying in 2019 to achieve full funding for the upgrade, and worked through to design, construction and commissioning of the solution in this current financial year. Importantly, we were able to get approval for a non-typical solution in order to ensure that the equipment upgrade would also be sufficient for our future plans for solar and battery storage on site. Deploying a construction project of this scale during a pandemic was extremely challenging and there were many supply chain issues and regulatory requirements we needed to navigate. Although these works took a major toll on our ability to generate during the year, it has put the co-operative in a robust position in regards to removal of problematic equipment and future-proofing our ageing high voltage plant that has now had over $1million of asset upgrades this year fully funded under the program. Through this solution, we also secured additional savings on the CAPEX for the future solar farm, installing one of the major pieces of equipment, a SMA inverter.

Finally, you will notice from our front cover and throughout the Annual Report, that we are changing our brand to Hepburn Energy to reflect our new phase of diversifying our generation portfolio from wind, to solar and battery storage, as well as our new community energy retailing model. This model will ensure a more consistent income via fixed pricing and support our community to reach its ambitions of zero-net emissions by 2030.

We have exciting plans ahead for the co-operative and look forward to sharing them with you at the virtual Annual General Meeting on 23 November.

Your board

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

Performance highlights

	FY2021	FY2020	Variance	Variance %
Revenue and income				
Electricity sales	$293,815	$801,192	($507,377)	-63%
Large Generation Certificate (LGC) sales	$213,804	$447,707	($233,903)	-52%
Movement in LGC's on hand	$27,935	($37,500)	$65,435	175%
Combined generation income	$535,554	$1,211,399	($675,845)	-56%
Grant revenue	$1,010,264	$211,210	$799,054	378%
Other revenue	$49,888	$50,161	($273)	-1%
Total revenue	$1,595,706	$1,472,770	$122,936	8%
Market value				
Electricity generated (per MWh)	$39.00	$70.44	($31.44)	-45%
Certificates created	$38.35	$41.05	($2.70)	-7%
All-in energy value	$77.35	$111.49	($34.14)	-31%
Outgoings				
Operating expenses	$538,282	$549,180	($10,898)	-2%
Community fund, sponsorships and local benefits (1)	$13,844	$32,388	($18,544)	-57%
Finance expenses	$18,551	$18,835	($284)	0%
Total outgoings excluding depreciation and provisions	$570,677	$600,403	($29,726)	-5%
Financial performance				
Group EBITDA	$1,014,961	$891,747	$123,214	14%
EBITDA cents per share	10.73	8.97	1.76	20%
Group earnings before depreciation (2)	$996,410	$872,912	$123,498	14%
Depreciation	$510,079	$494,924	$15,155	3%
Net profit before tax	$486,331	$377,988	$108,343	29%
Income tax expense	$131,785	$107,885	$23,900	22%
Net profit after tax	$354,546	$270,103	$84,443	31%
Loan outstanding	$1	$1	-	0%
Operations				
Wind farm availability (3)	95.5%	87.5%	8	8%
Wind speed average both turbines (m/s)	7.08	7.24	(0.16)	-2%
Wind farm generation (MWh)	6,228	10,952	(4,724)	-43%
Capacity factor	17.5%	28.0%	-10.5	-37.5%

Footnotes

1. Community contributions expense in the statutory accounts includes movement in provision for community grants of +$28,619 (2020: -$545) and the provision for community fund is after allowing for contributions by Meridian Powershop, Red Energy and wind farm tours.

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

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

Our Performance

REFCL

During the financial year the Group was required to undertake asset hardening on site in order to meet the legislated requirements of the State Government's Rapid Earth Fault Current Limiter (REFCL) Program. The REFCL program was deployed to reduce bushfire risk as a result of powerline faults or breakages. This major upgrade resulted in construction and commissioning of new equipment from October 2020 through to May 2021. During this time the wind farm was required to not generate, or to limit generation to 2MW, depending on the works and associated external grid testing by Powercor.

These works resulted in a significant reduction in generation by 41% compared to the prior year. In addition there were several major outages for 2-3 days at a time outside of the REFCL construction period for Powercor testing.

The co-operative has worked on this project since notification in 2018 to come up with a viable outcome and to minimise losses. This included lobbying for special consideration and acceptance into a hardship stream for full funding. The other key component was finding a technical solution that would ensure that the upgrade was fit for purpose for the future solar farm and that it addressed long term problematic equipment - the ABB STATCOM. The co-operative was able to meet these goals and ensure our aging plant is more robust for the future. The total value of this project was $1,111,474.09.

The major works completed on site were as follows:
– removal of the ABB STATCOM
– installation of a SMA inverter and Altro transformer integrated skid (MVPS)
– installation of a SMA Power Plant Manager
– 280m cable connecting new MVPS to substation
– new yard and fencing for MVPS
– replacement CT, VT and SA

Post commissioning the wind farm experienced grid integration issues through to June due to settings needed to be adjusted on the new Power Plant Manager to allow for Power Factor corrections. All settings were corrected and the wind farm has been running smoothly since that point.

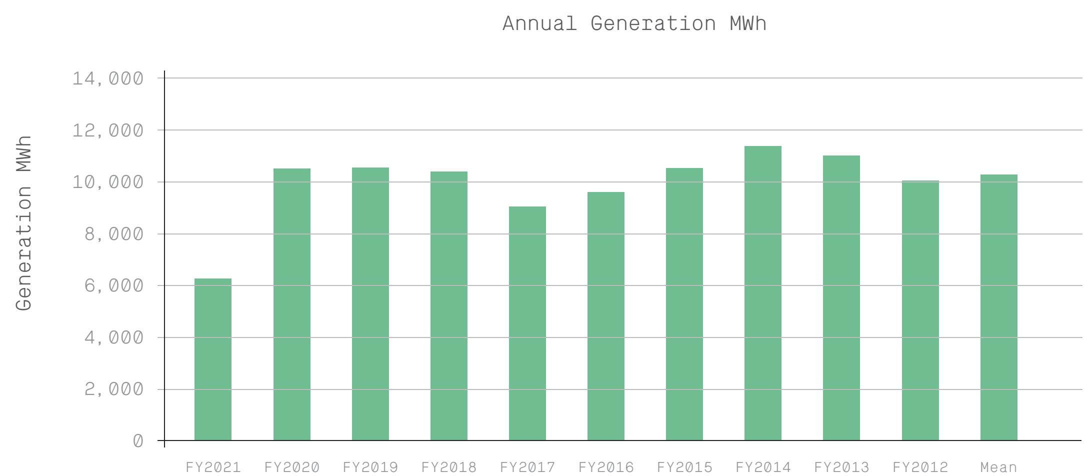
The co-operative was supported by a capable team of technical experts for the design of the technical solution undertaken by Middleton group; the grid connection requirements were managed by DNV GL; procurement and deployment of the high voltage and civil works was from the co-operatives long term service provider O'Brien's Electrical (formerly Laser) and Vestas provided site induction and management support where needed. Hepburn Energy is also very grateful to the State Government, who funded the upgrades through their High Voltage Customer Assistance Program (HCAP).

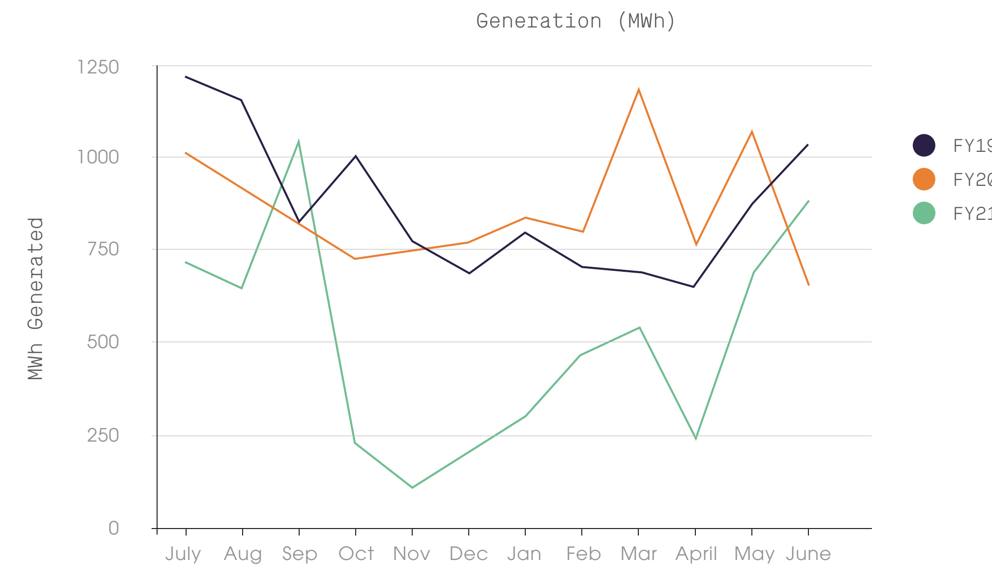
Operations and Maintenance

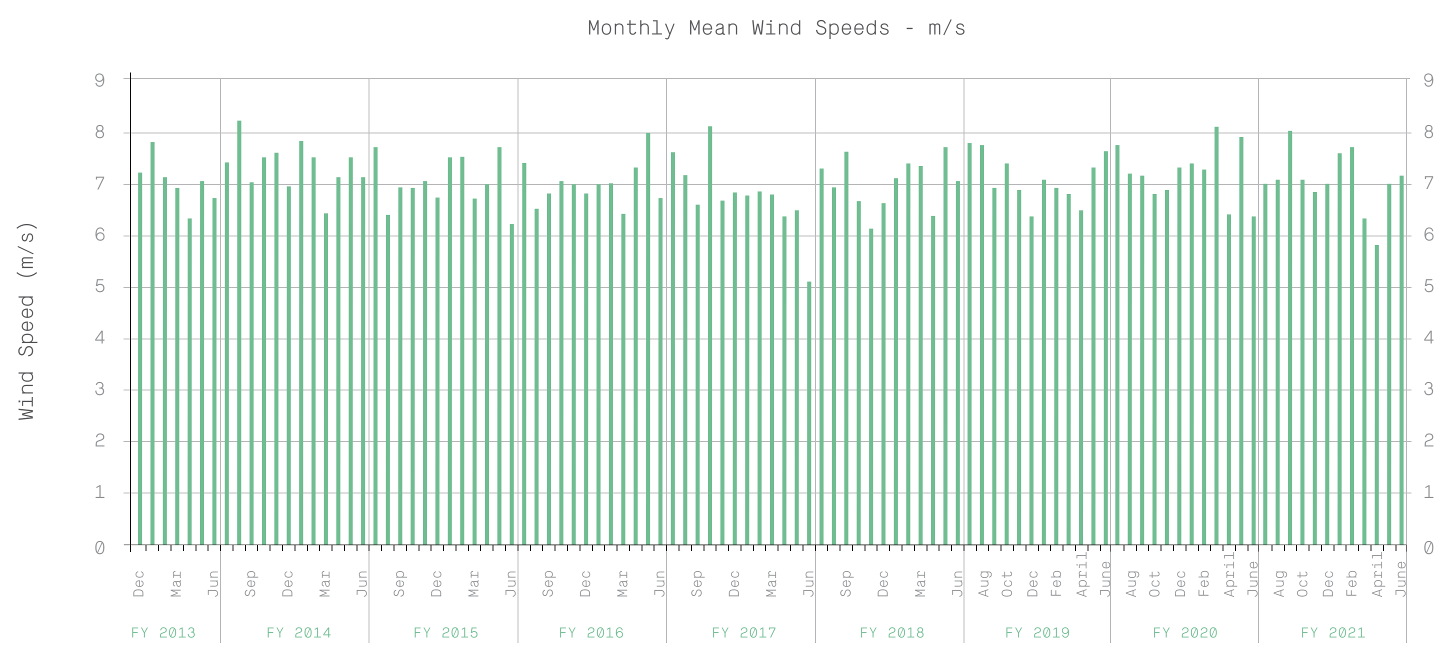
The wind farm generated 6,228MWh this financial year (6,047 after allowing for the marginal loss factor). The mean wind speed for the year was 7.08m/s compared to 7.24m/s the previous financial year.

This was Hepburn Energy's first full year with our new service provider for Operations and Maintenance (O&M), Vestas. Both parties have been working to bed down operations which have included: changing the mobilisation location for Vestas's remote sites from Warrnambool back to Lal Lal Wind Farm, in order to reduce travel time and to improve the delivery of performance guarantee obligations; ensuring spare parts are available off the shelf for turbine maintenance; ensuring SCADA systems are reporting correctly to all parties; and, addressing pre-existing conditions of the wind farm including lightning strike damage to the blades for which the co-operative successfully made an insurance claim.

The turbine 6-monthly service was undertaken in November and a frequency converter was also replaced during the financial year. The capacity factor of the turbines rated poorly at 17.5% due to the REFCL construction period. Since commissioning however, the capacity factor has been over 30%. There were no health and safety events to report for the financial year.







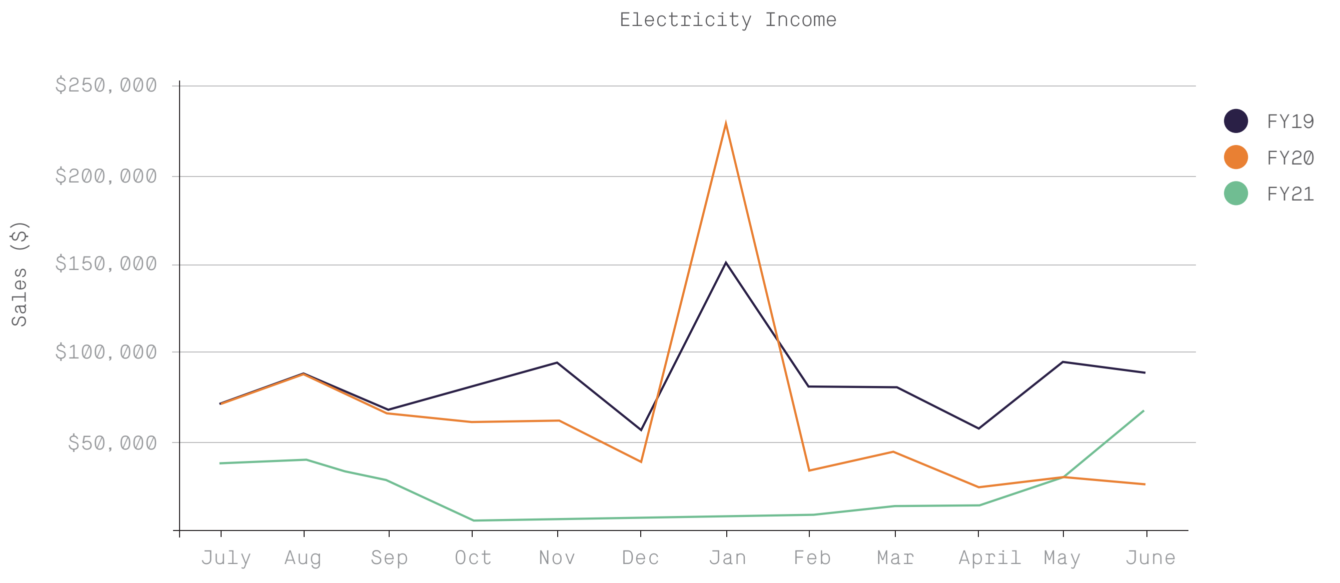
Income

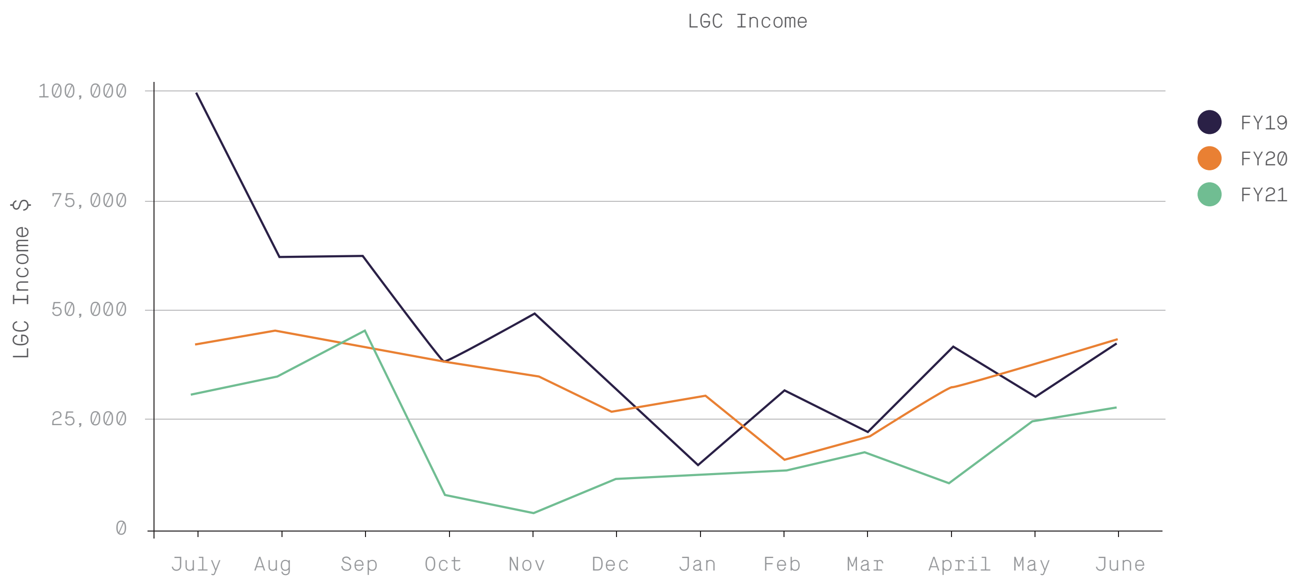
REFCL works created significant down time for the wind farm and lowered financial returns during this period. Vestas is also liable for under performance in relation to the 97% availability guarantee. The estimated liquidated damages for months 1-12 of the 18 month production period is $6,809.44 total value of Liquidated Damages (if applicable). These will be totaled at the end of the production period and will be issued as such.

Over the reporting period there continued to be a gradual reduction in the wholesale electricity price. The Australian economy continued to be significantly impacted by the COVID-19 pandemic which had flow on impacts to the energy market. The spot market for electricity has continued to experience significant volatility due to COVID-19 lockdowns reducing consumption since March 2020 which has also resulted in further reductions in the wholesale electricity price.

The average electricity price was $39.00 per MWh which is down by 44.6% on the previous year (following a fall of 23% in the previous year) and the average renewable energy certificate price was $38.35 which is down 7% compared to the prior year. This resulted in an all-in price of $77.35, down 31% on the previous financial year (following a fall of 22% in the previous year) and together with significant constraints on generation due to REFCL, Hepburn Energy had a decrease in total generation income of 56% to $535,554.

Other revenue was up by $799,054 to $1,010,264, mainly as a result of the $970,246 received by Hepburn Energy through HCAP grant income (with $141,210 in HCAP grant income brought in as income in the prior year).



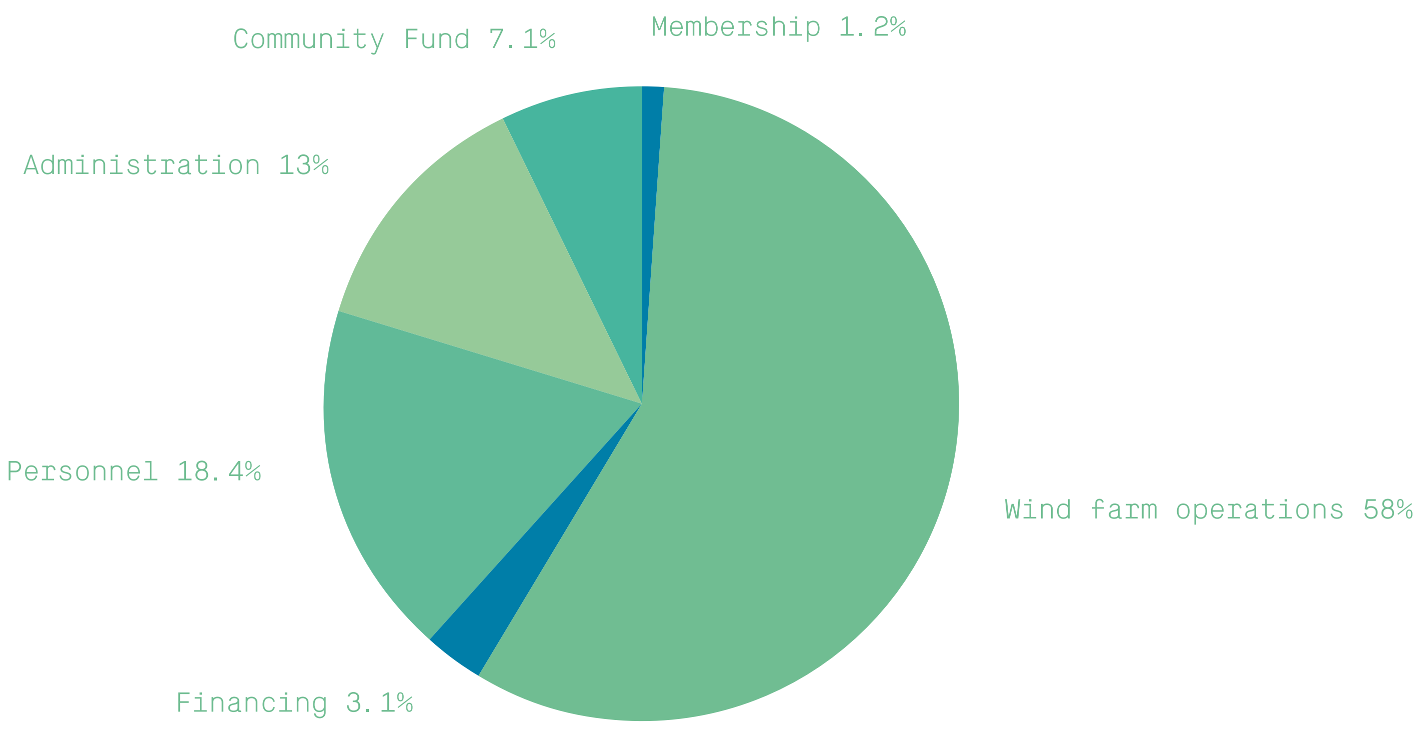


Expenses

Administrative expenses were in line with the prior year with increases in accounting and share registry expenses (due to the member returns) offset by a reduction in consultancy expenses. Communication, public meetings and events were down by $4,959, mainly due to a decrease in public events and meetings.

Personnel expenses increased by $35,026 with the most significant change being increased wages and salaries of $23,332 and related superannuation expenses. This included additional work required for the REFCL project. This was offset by $18,308 in wages and superannuation that was capitalised and funded through grant income received. The balance was offset by a second grant under the New Energy Jobs Fund Round 5. The co-operative continues to have a very lean baseline staff resource at 0.9FTE across three part time staff for co-operative management. Staffing is increased when grants provide funding needed to undertake additional programs and projects.

Depreciation and amortisation expenses increased in the year by $15,155. This was mainly a result of the works having been completed and depreciation commenced on the $1,111,307 in capital works stemming from the REFCL project funded by the HCAP grant program. Operating expenses were down by $41,162 with wind farm operation expenses having reduced by $47,197 due to the co-operatives new Operations and Management contract with Vestas. This was partially offset by increases in insurance and the fire levy payment. The tax position for the year is an income tax expense of $131,785 reflective of the profit earned in the year.



Securing our future

Solar farm development

After submitting the Hybrid Facility Planning Permit for 7.44MW of solar in late 2020, Hepburn Energy has been working with contractors to provide additional documents required by The Department of Environment, Land, Water and Planning (DELWP, the responsible authority). These documents included development plans and site elevations. The permit seeks to develop solar adjacent to the existing wind turbines and allows for a future battery storage facility of 10MWh. The solar design proposes to use 'sensitive design principles' to maintain the high-quality agricultural land and utilises a system known as PEG, which would reduce the physical and visual footprint of the solar array by over 50%, bringing the size down to 18 acres and fitting the natural topography. The solar development would make the most of the existing grid availability upgraded in 2010 as part of the wind farms initial development.

Our retailing future

As the co-operative works towards becoming Australia's first community-owned wind, solar and battery farm, it has launched a new brand, Hepburn Energy. This brand comes with a new look, a new website and new products. The Hepburn Energy team believes this shift will better deliver for co-operative members and the community.

Under the banner of Hepburn Energy, the co-operative will have a new community retailing offer. To facilitate this, at the time of writing, Hepburn Energy has changed retailers from Powershop to Flow Power who will act as the backend for the co-operative's new product range. Hepburn Energy is very grateful for Powershop's support over the past five years. With Flow Power, Hepburn Energy will deploy energy products that reward customers for the region's renewable energy transition and offer energy-saving tools. These products will be available to residents, businesses, EV charging stations and large energy users. Hepburn Energy will support the shire's transition to zero-net energy by 2025 by supplying 100% renewable energy while being cost-competitive. This new offer will be available in early 2022.

To support these changes, the new website seeks to streamline information for members, supporters, community and potential customers. The website will have a greater focus on Hepburn Energy's electricity products while also improving usability, particularly for members. (Hepburn Energy would like to thank Andrew Wood from Latitude Design for his excellent work with branding and website development.)

These new energy products and the website were supported by the State Governments' New Energy Jobs Fund 5 Grant of $70,940. The co-operative's project 'Hepburn Wind Micro-PPA model and Z-NET in Action' investigated retailing options that could boost decarbonisation efforts and increase demand management across the shire.

Community Energy Target

Hepburn Energy has advocated for a Victorian Community Energy Target and a financial mechanism to support the sector since 2017. Over the past financial year, the co-operative made several strategic interventions to build policy momentum leading to the next state election. Activities included; a renewed petition from C4CE (hosted by Yes2Renewables) that secured 1,049 signatures; coordinating a National Advocacy webinar on community energy with 91 attendees; and collaborating with community energy groups to hold meetings with Members of Parliament.

These activities built on past submissions to the State Government, including the Parliamentary Inquiry into Tackling Climate Change in Victorian Communities. In June, the government released their Inquiry response, with full support for research into a financial mechanism to support community energy and partial support for a Community Energy Target, an exciting outcome for the campaign.

Submissions

Hepburn Energy wrote and contributed to several substantial submissions in the 2021 financial year. In October 2020 the co-operative collaborated with C4CE to produce a detailed submission for the VRET II Market Sounding process, highlighting the unique needs of community energy generators. In March 2021 Hepburn Energy completed a submission for the Neighbourhood Battery Initiative, highlighting the importance of community ownership, investment and governance models. In late June 2021 the co-operative produced a submission for the Australian Local Power Agency Bill 2021. This Bill has been championed by Independent Member for Indi, Helen Hains and looks to establish regional community energy hubs.

Our stakeholders

Engaging with our membership

A large achievement of this past financial year has been the delivery of the co-operative's second dividend. Members could elect to reinvest or donate their dividend to the community fund (now the Impact Fund). Members received 2.7c fully franked dividend per ordinary share and were paid a total of $245,553.43 in dividends. Of the co-operative's 2009 members, 177 elected to reinvest their dividends, creating 10,860 new shares. Some members chose to donate to the Impact Fund, contributing $10,839 in total. In addition, there was a share buy-back pool of $497,075 that 149 members took up.

Hepburn Energy's 2020 Annual General Meeting was held in November via Zoom Webinar, a first for the co-operative. The AGM looked at the impacts of the global COVID-19 pandemic on members, community and co-operative, including the effects of depressed electricity prices. A quorum was achieved with 54 members present and the minutes can be reviewed here.

On June 22 Hepburn Energy celebrated 10 years of generation. Unfortunately, a physical event was not possible because of COVID-19 restrictions. Instead, Hepburn Energy shared news via Facebook, Twitter and e-newsletter.

Engaging with our community

This financial year Hepburn Energy's community engagement activities moved online and on-air. Staff participated in various webinars, contributed to academic publications and featured on ABC's Fight for Planet A. The co-operative also featured in a face-to-face exhibition from the Australian Museum called "Spark" which looked at solutions to the climate crisis.

In August 2020, the co-operative was incredibly excited to be a key focus of Craig Reucassels "Fight for Planet A", a three-part series looking at energy, transport, health, food and how businesses, organisations and individuals can act on climate change. Hepburn Energy featured in Episode 1 and discussed community energy and Hepburn Z-NET, offering an example of how communities can forge a pathway to zero-net emissions by 2030. The episode aired on ABC on Tuesday 11 August, and you can watch it here.

General Manager, Taryn Lane, was the 2016 Churchill Fellow, investigating zero-carbon communities across Europe. In 2021, Taryn produced an article summarising her findings and the current policy tools needed to support community transition efforts in the Australian political context. This article was integrated into a book Policy Futures: A Reform Agenda and launched in March at Parliament House, with Taryn presenting alongside several contributors. You can read a version of the article on the University of Queensland website here.

Furthermore, Hepburn Energy staff supported impactful research from Ed Langham (PhD) from the University of Technology Sydney and Linda Wollersheim at Deakin University. The co-operative is also working on an Australian Research Council funded project called "A Just Climate Transition" with the University of New South Wales.

Hepburn Z-NET partnership projects

Hepburn Energy's partnership projects to support the community to reach zero-net emissions have been highly effective this past year. Despite ongoing COVID-19 impacts, there has been strong takeup in the community of the programs on offer. In particular the co-operative is grateful for the proactive partnership the co-operative has had with the Hepburn Shire Council, which has helped us leverage fantastic outcomes for the community. The Council has also been highly impactful in supporting the efforts of the Hepburn Z-NET Roundtable, ensuring the collaboration is on track to meet shared goals.

New EV charger

At the end of 2020 a minor driving accident knocked down the Daylesford EV charging station. Fortunately, no one was harmed, and the damage was covered by insurance. The new charger is a 25kW DC unit and is on the ChargeFox network.

Hepburn Z-NET Shire-wide Electricity Audit

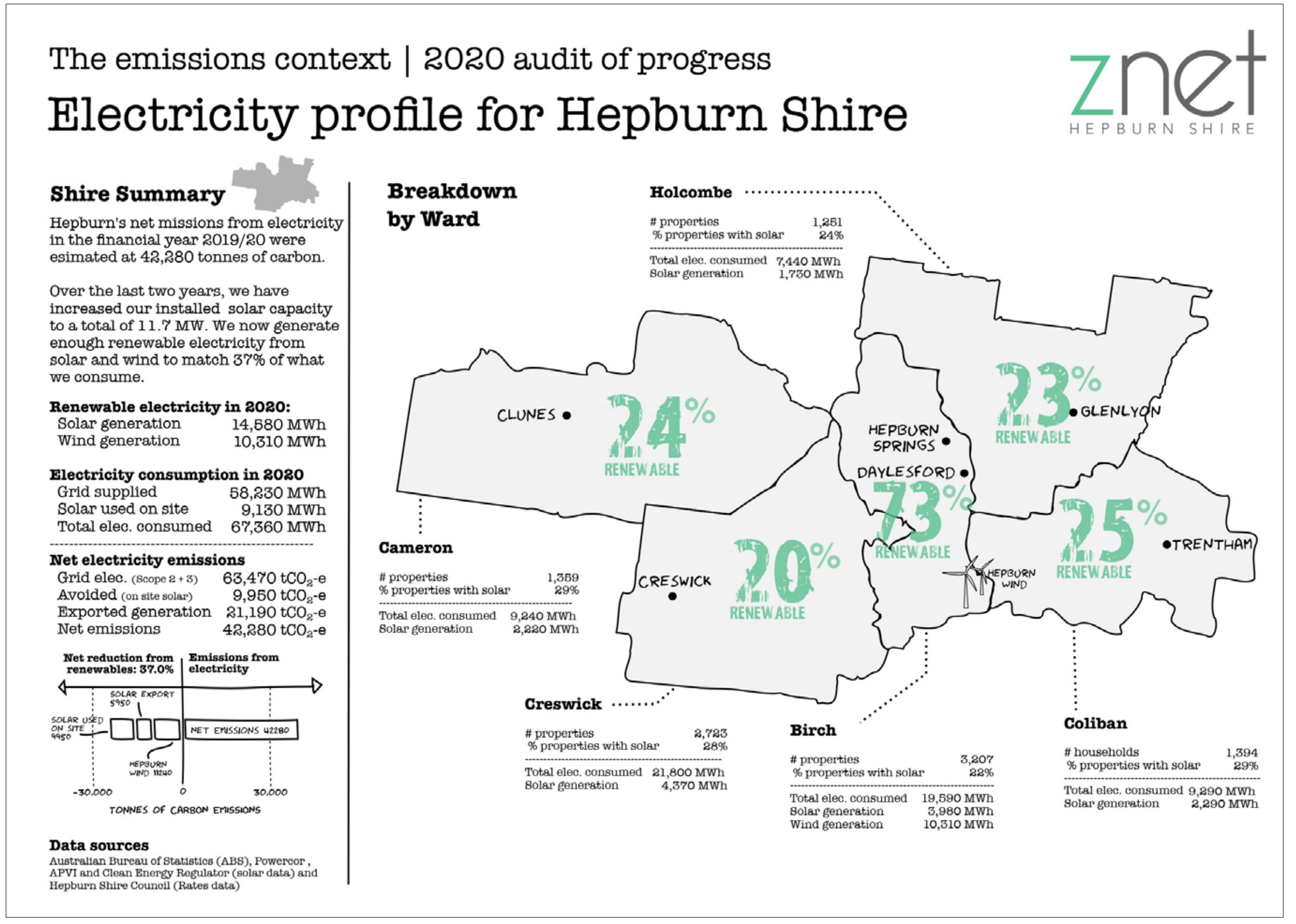
The second Hepburn Z-NET audit was carried out in early 2021 for the previous financial year in order to track progress towards Z-NET goals. The audit found that over the last two years the community increased rooftop solar capacity to 11.7MW, meeting the 2029 rooftop solar target in 2021. This brings local renewable sources to 37% of local electricity consumption. Solar generated 14,580MWh of renewable energy and the wind farm generated 10,310MWh. There was 58,230MWh of electricity consumed from the grid and 9,130MWh of solar (consumed on-site), totalling 67,360MWhs.

The Hepburn Z-NET website

Hepburn Energy collaborated with the Hepburn Shire Council, Renew, local sustainability groups, and the Z-NET Community Roundtable to deliver a website. Organised around key 'Action' areas including Home, Farm, School, Work, and more, with tailored information on emissions, programs, and resources to help residents and travellers cut Co2 and their living costs. Funders for the website included Hepburn Shire Council, Creswick Community Bank and Sustainability Victoria. You can view the website here.

Z-NET Agriculture Guide

Hepburn Energy supported the development of a new Guide for "How Hepburn Shire Farms can reach Z-NET" a guide to reach zero-net emissions in agriculture, with a webinar hosted by Farmers for Climate Action on Thursday 24 June. The booklet is a great resource offering information on reducing emissions from fossil fuels, livestock, land use, soil carbon and agricultural inputs. You can view the guide and webinar here.



Hepburn Z-NET partnership projects continued

Hepburn Solar Bulk-Buy

This financial year the Hepburn Solar Bulk-Buy, delivered by the Central Victorian Greenhouse Alliance's More Australian Solar Homes, deepened their work across the shire, supporting residents, farmers and businesses to learn about and install solar. Over this period they installed 45 systems with a total capacity of 173.6kW and eight batteries. The Hepburn Solar Bulk-Buy has contributed to high residential solar rates and helped meet the Z-NET residential solar target for 2029 in 2020. You can learn more about the Hepburn Solar Bulk-Buy on the Z-NET website here.

Hepburn EV Bulk-Buy

Hepburn Energy partnered with the Good Car Company to deliver the Hepburn EV Bulk-Buy, which concluded in November 2020. This partnership project sold 12 electric vehicles and grew community awareness and interest in EVs. The Good Car Company will be delivering further bulk-buys in the future and Hepburn Energy will notify members when these come up. You can learn more about the Hepburn EV Bulk-Buy on the website here.

Home Energy Assessments and Energy Savvy Upgrades

The Z-NET Home Energy Assessments and Energy Savvy Upgrades program launched in 2020 and made excellent progress throughout the financial year. Despite Covid-19 lockdowns and restrictions, the program has already assessed 71 homes and facilitated 25 energy-efficient retrofits with 19 planned retrofits. The program is delivered by Transition Creswick and is, in part, funded by Hepburn Energy. The retrofits leveraged additional State Government funding through the Energy Savvy Upgrades Program, designed to support low-income households to improve their energy efficiency with subsidised upgrades of up to $880 per household. You can view the program here.

National Climate Awards

The Cities Power Partnership runs the National Climate Awards and in October 2020 the Hepburn Shire Council were a finalist under the Innovation (regional) category for their work in the Hepburn Z-NET collaboration. The final award went to the Sunshine Coast Council in Queensland for their Blue Heart Sunshine Coast project.

Impact Fund

In 2019-2020 the co-operative reviewed the Community Grants program which funded 60 local projects with grants totalling over $115,230 since 2011. This review noted several grant programs of similar scope, so staff developed the Hepburn Energy Impact Fund to take a different approach. The Impact Fund has twin goals, to contribute to the shire's zero-net emissions target for 2030 and to enable a thriving, resilient community and ecosystem that can regenerate to climate change impacts. The Fund adopts a partnership and invitation model where Hepburn Energy works with grantees on their potential projects. For more information on the Impact Fund go to the website here.

Trentham Carbon Forestry Project

Trentham Sustainability Group is undertaking a regenerative forestry initiative called the Trentham Carbon Forestry Project, funded through the Hepburn Energy Impact Fund. This project aims to work with local landholders to increase sustainable woodlot management by building carbon sinks and enhancing biodiversity. The project will be delivered in partnership with wood4good, a central Victorian enterprise looking to support sustainable forestry practices. To find out more, go to the Hepburn Z-NET website here.

Wattwatchers

Hepburn Energy has collaborated with Wattwatchers to support six Hepburn Shire schools to install demand management packages to help them monitor and save on energy. The Energy Starter packs are from Solar Schools and include smart energy devices (from Wattwatchers), online resources and educational tools. The schools involved will see when they are generating energy (if they have solar), how they're consuming energy and their respective greenhouse gas emissions. You can learn more about the program here.

Schools Curriculum

In January 2021 Hepburn Energy staff Marie Lakey and Carlena D'Arma undertook training to deliver Hepburn Energy's bespoke schools curriculum developed by CERES School of Nature and Climate. The curriculum looks at renewables, climate change and provides a great introduction to some fundamental science concepts. The program will be delivered at schools and onsite when restrictions ease; there is also an online component available in the latter half of 2021. For more information and updates go to the Hepburn Z-NET website here.

Event Sponsorship

Hepburn Energy supported Resourceful Hepburn to run an online event looking to kick off a recycling enterprise in the Hepburn Shire. The event drew over 40 attendees and has spurred conversations about this enterprise's potential direction, including; repair, upcycling, sale of goods and materials, and commercial food waste composting.

Acknowledgements

Significant items subsequent to preparation of the Statutory Accounts

No significant items to be reported.

Acknowledgements

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

We are particularly grateful to Ron and Nathalie Liversidge, Powershop, Vestas, Flow Power, Meridian Energy, Vestas, DELWP, Sustainability Victoria, Ashurst Legal, The University of Melbourne, Fulcrum3D, Middleton Group, Meralli Solar, Kinelli Solar, Enhar Consulting, O'Brian's Electrical, DNV GL, Renew, Gamcorp, Ecology and Heritage Partners, The Difference Incubator, Share Connect, Central Victorian Greenhouse Alliance, Nilsson, Noel & Holmes Surveyors Pty Ltd, Bendigo and Adelaide Bank, Bleyer Lawyers, Powercor, Laser Electrical, Marsh Insurance Brokers, Clean Energy Council, Re-Alliance, Friends of the Earth Melbourne, BREAZE, Hepburn Shire Council, Yes2Renewables, Coalition for Community Energy, Coffeys, Geordie Scott-Walker Ecological Consulting Services, Fire Management Consultants, SMA, Latitude Design, Marshall Day,and CountPro. We are also indebted to countless others who have provided advice, reduced fees or support in other ways.

2020 Financials
Hepburn Community Wind Park Co-Operative Ltd

Hepburn Community Wind Park Co-operative Ltd

ABN 87 572 206 200

Financial Statements

For the Year Ended 30 June 2021

Prepared by CountPro Pty Ltd
20 Lydiard Street South
Ballarat VIC 3350
www.countpro.com.au

Hepburn Community Wind Park Co-operative Ltd

ABN 87 572 206 200

Contents

For the Year Ended 30 June 2021

Directors' Report

For the Year Ended 30 June 2021

Your directors present their report, together with the financial statements of the Group, being the Co-operative and its controlled entity, for the financial year ended 30 June 2021.

Directors

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

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

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

Staff

At 30 June 2021, the Group employed three part time staff:
- Taryn Lane (General Manager)
- Carlena D'Arma (Administration & Membership Officer)
- Marie Lakey (Communications Officer)

Principal activities

The principal activities of the Group over the course of the financial year were to:
- operate the wind farm comprising two wind turbines at Leonards Hill in Victoria,
- develop a solar farm at Leonards Hill in Victoria, and
- optimise wind farm operations and the Co-operative functions.

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

Directors' Report

For the Year Ended 30 June 2021

Operating results and review of operations

The Group's earnings before interest, taxes, depreciation and amortisation were $1,014,961 (2020: EBITDA of $891,747) representing earnings of $10.73 cents per share (2020: 8.97 cents per share).

After allowing for significant depreciation of capital items and interest expenses the result was a consolidated profit after tax for the year of $354,546 (2020: consolidated profit of $270,103).

The Group has received grants as part of the High Voltage Capital Assistance program. The terms of the grant require that certain milestones are met for the Group to become entitled to the grant income. During the year the Group met milestones enabling $970,264 (2020: $141,210) of the grants received to be recorded as income.

The table below summarises the operating result of the Group:

	2021	2020
	$	$
Income	**1,595,706**	1,472,770
Expenses	**(580,745)**	(581,023)
Earnings before interest, taxes, depreciation and amortisation	**1,014,961**	891,747
Interest	**(18,551)**	(18,835)
Operating profit before depreciation, amortisation and income tax	**996,410**	872,912
Depreciation and amortisation	**(510,079)**	(494,924)
Operating profit before income tax	**486,331**	377,988
Income tax expense	**(131,785)**	(107,885)
Consolidated profit for the year	**354,546**	270,103

Dividends paid or recommended

Dividends were declared and paid during the 2021 financial year of 2.7 cents per share totalling $268,418.

Capital return

During the 2021 financial year a voluntary repurchase of shares from the members was completed. The total value of shares repurchased from the members totalled $497,075.

Significant changes in state of affairs

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

Material market events
During the financial year the Group was required to undertake asset hardening on site in order to meet the legislated requirements of the State Government’s Rapid Earth Fault Current Limiter (REFCL) Program. The REFCL program was deployed to reduce bushfire risk as a result of powerline faults or breakages. This major upgrade resulted in construction and commissioning of new equipment from October 2020 through to May 2021. During this time the wind farm was required to not generate, or to limit generation to 2MW, depending on the works and associated external grid testing by Powercor. This resulted in reduced generation and income over the seven month period. The capital expenses of the upgrade totalled $1,111,307 and were paid for under two grant streams from the State Government.

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For the Year Ended 30 June 2021

In addition, the Renewable Energy Target (RET) scheme reached its maximum volume of 33,000 GWh per annum in 2020 with a continued requirement to provide LGCs to 2030. It had been anticipated by the market that LGCs would have an ongoing value until 2030. During the 2019 year it became apparent that there would be an oversupply of LGCs in future years and the oversupply, together with the impact of changes to the application of the Clean Energy Regulator surrender shortfall mechanism, resulted in a market response of a 50% reduction in prices during the 2019 financial year from around $80 to $40 per LGC. These factors have continued to impact on the prices of LGCs during the reporting period with average LGC price during the year of around $38 per LGC.

Over the reporting period there continued to be a gradual reduction in the wholesale electricity price which initially commenced around November 2019. During the year the Australian economy continued to be significantly impacted by the COVID-19 pandemic and the spot market for electricity has continued to experience significant volatility due to COVID-19 lockdowns reducing consumption from March 2020 which has also resulted in further reductions in the wholesale electricity price.

The reductions in the market prices for LGCs and wholesale electricity has had a material impact on the revenue of the Group during the year.

Matters or circumstances arising after the end of the year

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

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

Environmental issues

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

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

Where applicable, these plans (available at hepburnwind.com.au/wind-farm/#!planning-compliance) have been endorsed by Hepburn Shire Council as the responsible planning authority. The plans have been implemented by the Group to the satisfaction of the responsible authority.

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Hepburn Community Wind Park Co-operative Ltd
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Directors' Report
For the Year Ended 30 June 2021

Indemnification and insurance of officers

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

Proceedings on behalf of the Co-operative

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

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

Information on Directors

Director	Experience & Special Responsibilities	Elected
Graham White	Graham is a Mechanical Engineer and has worked in aerospace and energy industries for over 40 years. He has a Bachelor of Engineering (Thermodynamics and Aeronautics) from Carleton University in Ottawa and a Masters in Engineering Science (Solar) from the University of Western Australia. Graham has worked extensively in a number of countries including significant periods in Canada, Australia, Papua New Guinea, New Zealand and India. Graham was the Managing Director of Garrad Hassan (Australasia), a renewable energy consultancy company for 15 years. During this period he was involved in many wind farm and solar projects, including tasks for the development of the Hepburn Wind project. Graham has recently retired and lives in Woodend. Chairperson. Member of the Operations Committee and Future Generation Working Group.	Appointed 19 May 2015 Elected 7 November 2015 Re-elected 3 November 2018 Elected chairperson 25 September 2018
Mark Fogarty	Mark has over 20 years of experience in clean energy development, from origination, financing and regulatory perspectives. He is passionate about clean energy projects working with community and agricultural stakeholders. Mark's technical skills include legal, governance and financial management. Member of the Finance & Risk Committee and Future Generation Working Group	Appointed 19 December 2018 Elected 16 November 2019

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Directors' Report

For the Year Ended 30 June 2021

Director	Experience & Special Responsibilities	Elected
Linda Hancock	Linda has had a long career working in corporate social responsibility for social and environmental sustainability. She is currently a Chief Investigator of the Australian Research Council Centre for Excellence in Electro Materials Science (ACES). Linda has worked on the board of governors of ACOSS and VCOSS and has resided in Daylesford since the 1980s. Member of the Finance & Risk Committee and Future Generation Working Group.	Elected 10 November 2017
Paul Houghton	Paul's key areas of knowledge and experience are in business development, finance and project management. Over the past 15 years, Paul has managed his own accommodation business, developing close links within the local area. Paul has lived in Daylesford for 19 years. Member of the Finance & Risk Committee and Future Generation Working Group.	Elected 10 November 2017 Re-elected 21 November 2020
David Perry	David holds a PhD in Auditory Neuroscience, and a Bachelor Degree in Electrical Engineering, both from the University of Melbourne. He has worked across medicine, agriculture and energy and is CTO and co-founder of BOOMPower, a software company that helps asset managers understand, procure and verify solar and energy efficiency solutions. David and his partner live in Malmsbury. Member of the Operations Committee; Health, Safety & Environment Committee and Future Generation Working Group.	Elected 6 November 2011 Re-elected 15 November 2014 Re-elected 10 November 2017 Re-elected 21 November 2020
Stuart Read	Stuart has developed expertise in board governance through his role as Company Secretary of Superpartners, Australia's largest industry superannuation fund. Graduating from Melbourne University with a BA and LLB he has since completed two Graduate Diploma's – in organisational dynamics and corporate governance. Stuart is a Castlemaine resident. Member of the Finance & Risk Committee; Health, Safety & Environment Committee; Communications Committee and Future Generation Working Group.	Elected 10 November 2017 Re-elected 16 November 2019
Justine Watson	Justine has been working in public sector executive teams, leading transformational and regulatory change programs. She serves on the board of the More To Life Foundation and is a founding member of the Compassionate Ballarat Steering Group and holds Australian Public Service Medal for Strategy Leadership. Justine currently lives in Daylesford. Member of the Communications Committee.	Appointed 19 December 2018 Elected 16 November 2019

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Directors' Report

For the Year Ended 30 June 2021

Meetings of directors

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

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

Auditor's independence declaration

The auditor's independence declaration for the year ended 30 June 2021, in accordance with section 307C of the *Corporations Act 2001*, has been received and can be found on page 7 of the financial report.

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

Director: ....
Graham White

Director: ....
David Perry

Dated: 13 October 2021

CountPro AUDIT

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

CountPro Audit Pty Ltd ....
CountPro Audit Pty Ltd

....
Jason Hargreaves
Director

20 Lydiard Street South, Ballarat, VIC 3350

Dated: 12 October 2021

20 Lydiard Street South, Ballarat ▸ PO Box 605, Ballarat, VIC, 3353 ▸ Phone (03) 5331 2333 ▸ www.countpro.com.au

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

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2021

		Consolidated		Parent	
		2021	2020	2021	2020
	Note	$	$	$	$
Revenue	2	**1,595,706**	1,472,770	**532,507**	421,663
Administrative expenses	3	**(78,414)**	(78,217)	**(50,916)**	(54,834)
Communications, public meetings and events	4	**(2,320)**	(7,279)	**(2,320)**	(7,279)
Personnel expenses	5	**(110,375)**	(75,349)	**(110,375)**	(75,349)
Depreciation and amortisation	6	**(510,079)**	(494,924)	**(1,280)**	(1,284)
Interest	7	**(18,551)**	(18,835)	**-**	-
Other operating expenses	8	**(347,173)**	(388,335)	**(10,636)**	(14,481)
Community contributions	9	**(42,463)**	(31,843)	**(42,463)**	(31,843)
Profit before income tax		**486,331**	377,988	**314,517**	236,593
Income tax (expense)/benefit	10	**(131,785)**	(107,885)	**40,029**	33,510
Profit for the year		**354,546**	270,103	**354,546**	270,103
Other comprehensive income:					
Other comprehensive income for the year, net of tax		**-**	-	**-**	-
Total comprehensive income for the year		**354,546**	270,103	**354,546**	270,103

The accompanying notes form part of these financial statements.

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

Statement of Financial Position
As At 30 June 2021

	Note	Consolidated 2021 $	Consolidated 2020 $	Parent 2021 $	Parent 2020 $
Assets					
Current Assets					
Cash and cash equivalents	11	**741,232**	1,863,619	**186,220**	1,710,557
Current tax assets	19(a)	**-**	18,377	**119,800**	165,646
Trade and other receivables	12	**181,153**	249,426	**5,080**	25,282
Inventories	13	**34,251**	6,316	**-**	-
Other financial assets	14	**1,677,337**	1,585,073	**1,677,337**	1,585,073
Total Current Assets		**2,633,973**	3,722,811	**1,988,437**	3,486,558
Non-Current Assets					
Investments in subsidiaries	15	**-**	-	**20**	20
Loans to related entities	16	**-**	-	**7,998,849**	6,925,567
Property, plant and equipment	17	**7,949,515**	7,389,117	**20,004**	21,284
Right-of-use assets	18(a)	**749,272**	762,911	**16,877**	-
Deferred tax assets	19(b)	**1,465**	5,313	**4,980**	885
Total Non-Current Assets		**8,700,252**	8,157,341	**8,040,730**	6,947,756
Total Assets		**11,334,225**	11,880,152	**10,029,167**	10,434,314
Liabilities					
Current Liabilities					
Current tax liabilities	19(c)	**44,071**	-	**-**	-
Trade and other payables	20	**496,416**	133,676	**12,960**	74,785
Provisions	21	**80,426**	48,752	**80,426**	48,752
Lease liabilities	18(b)	**16,778**	8,126	**8,249**	-
Income in advance	22	**-**	601,290	**-**	-
Total Current Liabilities		**637,691**	791,844	**101,635**	123,537
Non-Current Liabilities					
Borrowings	23	**1**	1	**-**	-
Lease liabilities	18(b)	**377,629**	377,530	**8,628**	-
Provisions	21	**400,968**	400,000	**968**	-
Total Non-Current Liabilities		**778,598**	777,531	**9,596**	-
Total Liabilities		**1,416,289**	1,569,375	**111,231**	123,537
Net Assets		**9,917,936**	10,310,777	**9,917,936**	10,310,777

The accompanying notes form part of these financial statements.

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

Statement of Financial Position
As At 30 June 2021

	Note	Consolidated 2021 $	Consolidated 2020 $	Parent 2021 $	Parent 2020 $
Equity					
Issued capital	24	**9,470,442**	9,949,411	**9,470,442**	9,949,411
Retained earnings		**447,494**	361,366	**447,494**	361,366
Total Equity		**9,917,936**	10,310,777	**9,917,936**	10,310,777

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
For the Year Ended 30 June 2021

Consolidated

	Members capital $	Share premium reserve $	Retained earnings $	Total $
2021				
Balance at 1 July 2020	**9,940,110**	**9,301**	**361,366**	**10,310,777**
Profit attributable to members of the consolidated group	**-**	**-**	**354,546**	**354,546**
Shares issued during the year	**16,460**	**1,646**	**-**	**18,106**
Shares bought back during the year	**(497,075)**	**-**	**-**	**(497,075)**
Dividends paid or provided for	**-**	**-**	**(268,418)**	**(268,418)**
Balance at 30 June 2021	**9,459,495**	**10,947**	**447,494**	**9,917,936**
2020				
Balance at 1 July 2019	9,933,110	8,601	91,263	10,032,974
Profit attributable to members of the consolidated group	-	-	270,103	270,103
Shares issued during the year	7,000	700	-	7,700
Balance at 30 June 2020	9,940,110	9,301	361,366	10,310,777

Parent

	Members capital $	Share premium reserve $	Retained earnings $	Total $
2021				
Balance at 1 July 2020	**9,940,110**	**9,301**	**361,366**	**10,310,777**
Profit attributable to members of the parent entity	**-**	**-**	**354,546**	**354,546**
Shares issued during the year	**16,460**	**1,646**	**-**	**18,106**
Shares bought back during the year	**(497,075)**	**-**	**-**	**(497,075)**
Dividends paid or provided for	**-**	**-**	**(268,418)**	**(268,418)**
Balance at 30 June 2021	**9,459,495**	**10,947**	**447,494**	**9,917,936**
2020				
Balance at 1 July 2019	9,933,110	8,601	91,263	10,032,974
Profit attributable to members of the parent entity	-	-	270,103	270,103
Shares issued during the year	7,000	700	-	7,700
Balance at 30 June 2020	9,940,110	9,301	361,366	10,310,777

Statement of Cash Flows
For the Year Ended 30 June 2021

		Consolidated		Parent	
		2021	2020	2021	2020
	Note	$	$	$	$
Cash flows from operating activities:					
Receipts from customers		**1,014,183**	2,075,119	**31,006**	14,542
Payments to suppliers and employees		**(634,019)**	(535,198)	**(246,518)**	(132,204)
Interest received		**21,905**	44,904	**21,861**	44,137
Income tax (paid)/received		**(65,490)**	(189,544)	**81,779**	10,398
Net cash provided by/(used in) operating activities	25	**336,579**	1,395,281	**(111,872)**	(63,127)
Cash flows from investing activities:					
Purchase of property, plant and equipment		**(630,235)**	(206,221)	**-**	-
Repayments of/(proceeds from) related party loans		**-**	-	**(583,734)**	1,457,449
Payments for financial assets		**(92,263)**	(496,019)	**(92,263)**	(496,019)
Net cash (used in)/provided by investing activities		**(722,498)**	(702,240)	**(675,997)**	961,430
Cash flows from financing activities:					
Proceeds from share applications		**6,160**	7,700	**6,160**	7,700
Payments for share buy-backs		**(497,075)**	-	**(497,075)**	-
Dividends paid		**(245,553)**	-	**(245,553)**	-
Net cash (used in)/provided by financing activities		**(736,468)**	7,700	**(736,468)**	7,700
Net (decrease)/increase in cash and cash equivalents held		**(1,122,387)**	700,741	**(1,524,337)**	906,003
Cash and cash equivalents at beginning of year		**1,863,619**	1,162,878	**1,710,557**	804,554
Cash and cash equivalents at end of financial year	11	**741,232**	1,863,619	**186,220**	1,710,557

Notes to the Financial Statements

For the Year Ended 30 June 2021

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

The financial report was authorised for issue on 13 October 2021 by the directors of the Co-operative.

1 Summary of significant accounting policies

(a) Basis of preparation

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

The Co-operative has opted to adopt Australian Accounting Standards - Simplified Disclosures ahead of its mandatory effective date of 1 July 2021. Other than the change in disclosure requirements, the adoption of the Australian Accounting Standards - Simplified Disclosures has no significant impact on the financial statements because the Co-operative's previous financial statements were prepared in full compliance with the recognition and measurement requirements of Australian Accounting Standards.

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

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

(b) Principles of consolidation

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

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

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

Hepburn Community Wind Park Co-operative Ltd
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Notes to the Financial Statements
For the Year Ended 30 June 2021

(c) Cash and cash equivalents

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

(d) Inventories

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

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

(e) Property, plant and equipment

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

Property

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

Plant and equipment

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

Depreciation

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

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

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

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

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

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

(f) Intangibles and amortisation

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

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

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

(g) Financial instruments

Classification

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

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

Amortised cost

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

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

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

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

Impairment of financial assets

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

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

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

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

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

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

Trade receivables and contract assets

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

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

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

Other financial assets measured at amortised cost

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

(h) Trade and other payables

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

(i) Employee benefits

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2021

(j) Income tax

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2021

(k) Leases

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

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

Right-of-use asset

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

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

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

Lessee accounting

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

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2021

(l) Revenue and other income

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

Revenue from contracts with customers

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

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

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

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

Grant income

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

(m) Borrowing costs

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

Notes to the Financial Statements

For the Year Ended 30 June 2021

(n) Goods and services tax (GST)

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

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

(o) Comparative figures

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

	Consolidated		Parent	
	2021	**2020**	**2021**	**2020**
	$	**$**	**$**	**$**
2 Revenue				
Revenue from contracts with customers				
Revenue from ordinary operations				
Sale of goods	**507,619**	1,248,899	**-**	877
Other revenue from contracts with customers				
Grants	**970,264**	141,210	**-**	-
Total revenue from contracts with customers	**1,477,883**	1,390,109	**-**	877
Other revenue				
Community fund contributions	**12,130**	2,368	**12,050**	1,788
Dividend income	**-**	-	**489,548**	371,838
Interest income	**11,443**	36,893	**11,403**	36,260
Grants	**40,000**	70,000	**-**	-
Movement in inventories	**27,935**	(37,500)	**-**	-
Other income	**26,315**	10,900	**19,506**	10,900
	117,823	82,661	**532,507**	420,786
Total revenue	**1,595,706**	1,472,770	**532,507**	421,663

Notes to the Financial Statements

For the Year Ended 30 June 2021

	Consolidated		Parent	
	2021	2020	2021	2020
	$	$	$	$
Disaggregation of revenue from contracts with customers				
(a) Timing of revenue recognition				
At a point in time	**1,477,883**	1,390,109	-	877
	1,477,883	1,390,109	-	877
(b) Type of contract				
Sale of goods - Electricity	**260,289**	771,420	-	-
Sale of goods - Large-scale Generation Certificates	**213,804**	447,706	-	877
Sale of Goods - Transmission use of system income	**33,526**	29,773	-	-
Hight Voltage Capital Assistance Program grants	**970,264**	141,210	-	-
	1,477,883	1,390,109	-	877

(c) Unsatisfied performance obligations

Aggregate amount of the transaction price allocated to long term contracts that are partially or fully unsatisfied at the end of the year:

Grants	-	601,290	-	-
	-	601,290	-	-

At 30 June 2021 there were no contracts for which the performance obligations had not been satisfied. The transaction price allocated to contracts where the performance obligations were unsatisfied at 30 June 2020 were all recognised as revenue during the year ended 30 June 2021.

Notes to the Financial Statements

For the Year Ended 30 June 2021

	Consolidated		Parent	
	2021	2020	2021	2020
	$	$	$	$
3 Administrative expenses				
Accounting fees	**16,715**	12,210	**8,408**	6,105
Audit fees	**6,150**	5,550	**3,075**	2,775
Bank charges	**790**	1,164	**190**	146
Bookkeeping	**7,626**	7,004	**3,768**	3,502
Consulting fees	**-**	9,300	**-**	9,300
Legal services	**1,510**	6,000	**-**	6,000
Management accounting expense	**19,750**	19,100	**9,875**	9,550
Office supplies and information technology	**6,286**	7,486	**6,286**	7,320
Secretarial fees	**355**	709	**82**	442
Share registry	**18,750**	8,857	**18,750**	8,857
Website expenses	**482**	837	**482**	837
	78,414	78,217	**50,916**	54,834
4 Communications, public meetings and events				
Contributions to landowner	**-**	98	**-**	98
Merchandise written off	**-**	318	**-**	318
Public events and meetings	**1,965**	6,604	**1,965**	6,604
Other communication expenses	**355**	259	**355**	259
	2,320	7,279	**2,320**	7,279
5 Personnel expenses				
Wages, salaries and contractors	**113,530**	90,198	**113,530**	90,198
Superannuation contributions	**10,597**	8,569	**10,597**	8,569
Movement in leave provisions	**4,022**	6,719	**4,022**	6,719
Workcover	**534**	216	**534**	216
HCAP capitalised wages	**(18,308)**	(30,353)	**(18,308)**	(30,353)
	110,375	75,349	**110,375**	75,349

Notes to the Financial Statements

For the Year Ended 30 June 2021

	Consolidated 2021 $	Consolidated 2020 $	Parent 2021 $	Parent 2020 $
6 Depreciation and amortisation				
Depreciation - plant and equipment	**479,563**	464,467	**1,280**	1,284
Depreciation - right-of-use asset	**30,516**	30,457	**-**	-
	510,079	494,924	**1,280**	1,284
7 Interest				
Interest paid	**26**	-	**-**	-
Interest expense on lease liabilities	**18,525**	18,835	**-**	-
	18,551	18,835	**-**	-
8 Other operating expenses				
Insurance	**51,981**	47,201	**9,636**	11,011
Licence fees	**1,450**	2,950	**1,000**	1,000
Municipal payment in lieu of rates	**13,858**	6,163	**-**	-
Office rent	**-**	4,940	**-**	2,470
Wind farm operation	**279,884**	327,081	**-**	-
	347,173	388,335	**10,636**	14,481
9 Community contributions				
Community fund grants	**9,545**	23,750	**9,545**	23,750
Energy fund	**2,899**	5,238	**2,899**	5,238
Local benefit program	**1,400**	900	**1,400**	900
Sponsorships	**-**	2,500	**-**	2,500
Provision for community fund programme	**28,619**	(545)	**28,619**	(545)
	42,463	31,843	**42,463**	31,843

Hepburn Community Wind Park Co-operative Ltd
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Notes to the Financial Statements
For the Year Ended 30 June 2021

10 Income tax expense

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

	Consolidated 2021 $	Consolidated 2020 $	Parent 2021 $	Parent 2020 $
Prima facie tax expense on profit before income tax at 26% (2020: 27.5%)	**126,446**	103,947	**81,774**	65,063
Add / (less) tax effect of:				
- Non-deductible expenses	**2,481**	6,531	**2,481**	6,531
- Non-taxable inter-company dividends	**-**	-	**(127,282)**	(102,256)
- Movement in non deductible provisions	**7,441**	(149)	**7,441**	(149)
- Non assessable cashflow boost	**4,642**	2,750	**4,642**	2,750
- Change in company tax rate	**(59)**	(306)	**(199)**	(51)
Income tax expense/(benefit)	**131,785**	107,885	**(40,029)**	(33,510)
11 Cash and cash equivalents				
Operating accounts	**619,489**	207,236	**64,477**	54,174
Short-term bank deposits	**69,208**	1,612,931	**69,208**	1,612,931
Community fund accounts	**52,535**	43,452	**52,535**	43,452
	741,232	1,863,619	**186,220**	1,710,557
12 Trade and other receivables				
Trade receivables and accrued income	**167,316**	226,461	**550**	-
	167,316	226,461	**550**	-
Accrued interest income	**508**	10,970	**506**	10,964
GST receivable	**-**	-	**4,024**	14,318
Prepayments	**13,329**	11,995	**-**	-
	13,837	22,965	**4,530**	25,282
	181,153	249,426	**5,080**	25,282

Notes to the Financial Statements

For the Year Ended 30 June 2021

	Consolidated		Parent	
	2021	2020	2021	2020
	$	$	$	$
13 Inventories				
Large-scale Generation Certificates	**34,251**	6,316	**-**	-
	34,251	6,316	**-**	-
14 Other financial assets				
Bank Term Deposits	**1,677,337**	1,585,073	**1,677,337**	1,585,073
	1,677,337	1,585,073	**1,677,337**	1,585,073
15 Investments in subsidiaries				
Leonards Hill Wind Operations Pty Ltd	**-**	-	**20**	20
	-	-	**20**	20
16 Loans to related entities				
Leonards Hill Wind Operations Pty Ltd	**-**	-	**7,998,849**	6,925,567
	-	-	**7,998,849**	6,925,567

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Notes to the Financial Statements

For the Year Ended 30 June 2021

	Consolidated		Parent	
	2021	2020	2021	2020
	$	$	$	$
17 Property, plant and equipment				
Wind farm development, compliance and project management				
At cost	**326,870**	326,870	**-**	-
Accumulated depreciation	**(110,551)**	(97,476)	**-**	-
	216,319	229,394	**-**	-
Wind farm construction				
At cost	**11,154,801**	11,154,801	**-**	-
Accumulated depreciation	**(4,701,270)**	(4,255,232)	**-**	-
	6,453,531	6,899,569	**-**	-
Office and other equipment				
At cost	**15,315**	14,656	**-**	-
Accumulated depreciation	**(11,140)**	(8,948)	**-**	-
	4,175	5,708	**-**	-
Future energy generation projects				
At cost	**186,566**	117,529	**25,409**	25,409
Accumulated depreciation	**(5,405)**	(4,125)	**(5,405)**	(4,125)
	181,161	113,404	**20,004**	21,284
Rapid Earth Fault Current Limiter				
At cost	**1,111,307**	141,042	**-**	-
Accumulated depreciation	**(16,978)**	-	**-**	-
	1,094,329	141,042	**-**	-
Total property, plant and equipment	**7,949,515**	7,389,117	**20,004**	21,284

Notes to the Financial Statements

For the Year Ended 30 June 2021

(a) Movements in carrying amounts

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

	Wind farm development, compliance and project management	Wind farm construction	Office and other equipment	Future energy generation projects	Rapid Earth Fault Current Limiter	Total
	$	$	$	$	$	$
Year Ended 30 June 2021						
Balance at the beginning of year	**229,394**	**6,899,569**	**5,708**	**113,404**	**141,042**	**7,389,117**
Additions	**-**	**-**	**659**	**69,037**	**970,265**	**1,039,961**
Depreciation expense	**(13,075)**	**(446,038)**	**(2,192)**	**(1,280)**	**(16,978)**	**(479,563)**
Balance at 30 June 2021	**216,319**	**6,453,531**	**4,175**	**181,161**	**1,094,329**	**7,949,515**
Year Ended 30 June 2020						
Balance at the beginning of year	242,504	7,346,830	5,118	52,911	-	7,647,363
Additions	-	-	3,402	61,777	141,042	206,221
Depreciation expense	(13,110)	(447,261)	(2,812)	(1,284)	-	(464,467)
Balance at 30 June 2020	229,394	6,899,569	5,708	113,404	141,042	7,389,117

Notes to the Financial Statements

For the Year Ended 30 June 2021

18 Leases

The Group as a lessee

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

Terms and conditions of leases

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

	Consolidated		Parent	
	2021	2020	2021	2020
	$	$	$	$
(a) Right-of-use assets				
Right -of-use asset over land	**793,368**	793,368	**-**	-
Less accumulated depreciation	**(60,973)**	(30,457)	**-**	-
	732,395	762,911	**-**	-
Right-of-use asset over buildings	**16,877**	-	**16,877**	-
	16,877	-	**16,877**	-
	749,272	762,911	**16,877**	-

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

	Right-of-use asset over land	Right-of-use asset over building	Total
Consolidated	$	$	$
Year ended 30 June 2021			
Balance at beginning of year	**762,911**	**-**	**762,911**
Additions to right-of-use assets	**-**	**16,877**	**16,877**
Depreciation charge	**(30,516)**	**-**	**(30,516)**
Balance at end of year	**732,395**	**16,877**	**749,272**
Year ended 30 June 2020			
Initial adoption of AASB 16	787,203	-	787,203
Revaluation due to changes in lease payments	6,165	-	6,165
Depreciation charge	(30,457)	-	(30,457)
Balance at end of year	762,911	-	762,911

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

	Consolidated		Parent	
	2021	2020	2021	2020
	$	$	$	$
(b) Lease liabilities				
Current				
Lease liabilities	**16,778**	8,126	**8,249**	-
	16,778	8,126	**8,249**	-
Non current				
Lease liabilities	**377,629**	377,530	**8,628**	-
	377,629	377,530	**8,628**	-
	394,407	385,656	**16,877**	-

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

	Consolidated				
	< 1 year	1 - 5 years	> 5 years	Total undiscounted lease liabilities	Lease liabilities included in this Statement Of Financial Position
	$	$	$	$	$
2021					
Lease liabilities	**35,491**	**115,435**	**506,372**	**657,298**	**394,407**
2020					
Lease liabilities	26,651	106,605	533,023	666,279	385,656

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

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

	Consolidated		Parent	
	2021	2020	2021	2020
	$	$	$	$
Interest expense on lease liabilities	**18,525**	18,835	**-**	-
Depreciation of right-of-use assets	**30,516**	30,457	**-**	-
	49,041	49,292	**-**	-

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

	Consolidated		Parent	
	2021	2020	2021	2020
	$	$	$	$
19 Tax assets and liabilities				
(a) Current tax assets				
Provision for income tax	**-**	18,377	**119,800**	165,646
	-	18,377	**119,800**	165,646
(b) Deferred tax assets				
Deferred tax assets/(liabilities) comprise the tax effect of:				
Expenses not deductible until paid	**6,957**	5,991	**6,957**	5,991
Right-of-use asset	**11,283**	5,914	**-**	-
Differences in accounting and tax depreciation rates	**(2,738)**	(3,740)	**(1,850)**	(2,255)
Income not assessable until received	**(14,037)**	(2,852)	**(127)**	(2,851)
	1,465	5,313	**4,980**	885
(c) Current tax liabilities				
Provision for income tax	**44,071**	-	**-**	-
	44,071	-	**-**	-
20 Trade and other payables				
Trade payables	**411,591**	109,848	**1,729**	65,307
Accrued expense	**64,250**	-	**-**	-
GST payable	**9,344**	14,350	**-**	-
PAYG withholding payable	**7,344**	6,540	**7,344**	6,540
Superannuation payable	**2,933**	2,173	**2,933**	2,173
Other payables	**954**	765	**954**	765
	496,416	133,676	**12,960**	74,785

Notes to the Financial Statements

For the Year Ended 30 June 2021

	Consolidated		Parent	
	2021	2020	2021	2020
	$	$	$	$
21 Provisions				
Current				
Provision for leave entitlements	**23,924**	20,869	**23,924**	20,869
Provision for community fund programme (i)	**56,502**	27,883	**56,502**	27,883
	80,426	48,752	**80,426**	48,752
Non current				
Provision for leave entitlements	**968**	-	**968**	-
Provision for making good leased land	**400,000**	400,000	**-**	-
	400,968	400,000	**968**	-
	481,394	448,752	**81,394**	48,752

(i) Community fund

The Co-operative operates a Community Fund for the purpose of making contributions to local community groups. The Co-operative maintains a separate bank account on behalf of the Community Fund. The balance of the Community Fund account and transactions during the year are included in the statement of financial position and statement of comprehensive income of the Co-operative. The amounts applied to (by) the Community Fund and the provision for the balance of funds available for use by the Community Fund are set out below:

	Consolidated		Parent	
	2021	2020	2021	2020
	$	$	$	$
Opening community fund balance	**27,883**	28,428	**27,883**	28,428
Contribution by Co-operative	**30,000**	30,000	**30,000**	30,000
Contributions by energy retailers	**538**	1,788	**538**	1,788
Other contributions	**11,512**	-	**11,512**	-
Site tours	**400**	-	**400**	-
Interest income	**14**	55	**14**	55
Grants to community groups	**(9,545)**	(23,750)	**(9,545)**	(23,750)
Sponsorships to community groups	-	(2,500)	-	(2,500)
Local benefit program	**(1,400)**	(900)	**(1,400)**	(900)
Energy fund	**(2,900)**	(5,238)	**(2,900)**	(5,238)
	56,502	27,883	**56,502**	27,883

Notes to the Financial Statements

For the Year Ended 30 June 2021

	Consolidated		Parent	
	2021	2020	2021	2020
	$	$	$	$
22 Income in advance				
HCAP grants	-	601,290	-	-
	-	601,290	-	-

The Group has received grants totalling $1,111,474 as part of the High Voltage Capital Assistance program. The terms of the grant require that certain milestones are met for the Group to become entitled to the grant amounts. Any unexpended amounts on the completion of the project are required to be repaid. At 30 June 2021 the Group had met milestones enabling $970,264 (2020: $141,210) of the grants received to be recorded as income comprising the full balance of the grants received.

	Consolidated		Parent	
	2021	2020	2021	2020
	$	$	$	$
23 Borrowings				
Bank Loans				
Bendigo and Adelaide Bank	**1**	1	**-**	-
	1	1	**-**	-

The limit of the bank loan facility from Bendigo and Adelaide Bank at 30 June 2021 was $500,000 (30 June 2020: $500,000).

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2021

	Consolidated		Parent	
	2021	2020	2021	2020
	$	$	$	$
24 Issued capital				
9,459,495 ordinary shares (2020: 9,940,110)	**9,459,495**	9,940,110	**9,459,495**	9,940,110
Share premium reserve	**10,947**	9,301	**10,947**	9,301
	9,470,442	9,949,411	**9,470,442**	9,949,411

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

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

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

	Consolidated		Parent	
	2021	2020	2021	2020
	No.	No.	No.	No.
(a) Ordinary shares				
At the beginning of the reporting period	**9,940,110**	9,933,110	**9,940,110**	9,933,110
Shares issued during the year (i)	**16,460**	7,000	**16,460**	7,000
Shares bought back during the year (ii)	**(497,075)**	-	**(497,075)**	-
At the end of the reporting period	**9,459,495**	9,940,110	**9,459,495**	9,940,110

(i) shares issued during the year includes dividends re-invested totalling 10,860 shares (2020: nil).

(ii) Hepburn Wind invited eligible members to participate in a member share buy back, under which Hepburn Wind offered to purchase up to 497,075 shares at a price of $1.00. The offer was fully taken up.

Notes to the Financial Statements

For the Year Ended 30 June 2021

	Consolidated		Parent	
	2021	2020	2021	2020
	$	$	$	$
25 Cash flow information				
Reconciliation of net profit for the year to cash flows provided by operating activities:				
Profit for the year	**354,546**	270,103	**354,546**	270,103
Non-cash flows in profit:				
Depreciation and amortisation	**479,563**	464,467	**1,280**	1,284
Depreciation right-of-use asset	**30,516**	30,457	**-**	-
Inter-company dividends	**-**	-	**(489,548)**	(371,838)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:				
(Increase)/decrease in trade and other receivables	**(533,017)**	625,609	**9,908**	8,854
(Increase)/decrease in inventories	**(27,935)**	37,500	**-**	-
(Increase)/decrease in deferred taxes	**66,295**	(81,659)	**(4,096)**	(4,523)
(Increase)/decrease in current tax assets	**-**	-	**45,846**	(18,589)
Increase/(decrease) in lease liabilities	**(8,126)**	(7,712)	**-**	-
Increase/(decrease) in trade and other payables	**(47,066)**	50,342	**(51,611)**	45,408
(Increase)/decrease in provision for employee entitlements	**4,023**	6,719	**4,023**	6,719
(Increase)/decrease in provision for community fund grants	**17,780**	(545)	**17,780**	(545)
Cashflow from operations	**336,579**	1,395,281	**(111,872)**	(63,127)

26 Matters or circumstances arising after the end of the year

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

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

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

27 Financial risk management

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

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

	Consolidated		Parent	
	2021	2020	2021	2020
	$	$	$	$
Financial Assets				
Cash and cash equivalents	**741,232**	1,863,619	**186,220**	1,710,557
Trade and other receivables	**181,153**	249,426	**5,080**	25,282
Other financial investments	**1,677,337**	1,585,073	**1,677,337**	1,585,073
Loans to related parties	**-**	-	**7,998,849**	6,925,567
Total financial assets	**2,599,722**	3,698,118	**9,867,486**	10,246,479
Financial Liabilities				
Trade and other payables	**496,416**	133,676	**12,960**	74,785
Borrowings	**1**	1	**-**	-
Total financial liabilities	**496,417**	133,677	**12,960**	74,785

28 Auditors' remuneration

Remuneration of the auditor, CountPro Audit Pty Ltd (formerly PPT Audit Pty Ltd), for:				
Audit and review of the financial statements	**6,150**	5,550	**3,075**	2,775
	6,150	5,550	**3,075**	2,775
Remuneration of related entity, CountPro Pty Ltd (formerly PPT Professional Pty Ltd), for:				
Accounting services	**16,715**	12,210	**8,408**	6,105
Management accounting services	**19,750**	19,100	**9,875**	9,550
	36,465	31,310	**18,283**	15,655
	42,615	36,860	**21,358**	18,430

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

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

29 Related party transactions

Related parties

The Group's main related parties are as follows:

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

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

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

Transactions with related parties

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

30 Key management personnel compensation

The total remuneration paid to key management personnel of the Co-operative and its controlled entities was $88,169 (2020: $78,395).

31 Controlled entities

	Country of Incorporation	2021 Percentage Owned (%)*	2020 Percentage Owned (%)*
Leonards Hill Wind Operations Pty Ltd	Australia	**100**	100

* Percentage of voting power is in proportion to ownership

32 Contingent assets and liabilities

In the opinion of the Directors, the Group did not have any contingent assets or liabilities at 30 June 2021 or 30 June 2020.

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

33 Co-operative details

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

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

Directors' Declaration

The directors of the Co-operative declare that:

1. The financial statements and notes, as set out on pages 8 to 37 are in accordance with the *Corporations Act 2001* and:

   a. comply with Accounting Standards - Simplified Disclosures; and

   b. give a true and fair view of the financial position as at 30 June 2021 and of the performance for the year ended on that date of the Co-operative and its controlled entities.

2. In the directors' opinion, there are reasonable grounds to believe that the Co-operative and its controlled entities will be able to pay its debts as and when they become due and payable.

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

Director: ....
Graham White

Director: ....
David Perry

Dated: 13 October 2021

Hepburn Community Wind Park Co-operative Ltd

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

Opinion

We have audited the financial report of Hepburn Community Wind Park Co-operative Ltd (the Co-operative) and its controlled entities (the Group), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended; and

(ii) complying with Australian Accounting Standards - Simplified Disclosures and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

Responsibilities of Directors for the Financial Report

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

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

20 Lydiard Street South, Ballarat ▸ PO Box 605, Ballarat, VIC, 3353 ▸ Phone (03) 5331 2333 ▸ www.countpro.com.au

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

CountPro Audit Pty Ltd
....
CountPro Audit Pty Ltd

....
Jason Hargreaves
Director

20 Lydiard Street South, Ballarat, VIC 3350

Dated: 14 October 2021

20 Lydiard Street South, Ballarat ▸ PO Box 605, Ballarat, VIC, 3353 ▸ Phone (03) 5331 2333 ▸ www.countpro.com.au

2020 Financials
Leonards Hill Wind Operations Pty Ltd Ltd

Leonards Hill Wind Operations Pty Ltd

ABN 86 141 239 894

Financial Statements

For the Year Ended 30 June 2021

Prepared by CountPro Pty Ltd
20 Lydiard Street South
Ballarat VIC 3350
www.countpro.com.au

Leonards Hill Wind Operations Pty Ltd
ABN 86 141 239 894

Contents

For the Year Ended 30 June 2021

Directors' Report

For the Year Ended 30 June 2021

Your directors present their report on Leonards Hill Wind Operations Pty Ltd for the financial year ended 30 June 2021.

Directors

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

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

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

Principal activities

The principal activities of Leonards Hill Wind Operations Pty Ltd during the financial year were to:
- operate the wind farm comprising two wind turbines located at Leonards Hill in Victoria,
- develop a solar farm at Leonards Hill in Victoria, and
- optimise wind farm operations.

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

Operating results

The profit of the Company for the year after providing for income tax amounted to $489,548 (2020: profit of $371,838).

The Company has received grants as part of the High Voltage Capital Assistance program. The terms of the grant require that certain milestones are met for the Company to become entitled to the grant income. During the year the Group met milestones enabling $970,264 (2020: $141,210) of the grants received to be recorded as income.

Dividends paid or recommended

Dividends were paid to the parent entity totalling $489,548 during the year (2020: $371,838).

Significant changes in state of affairs

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

Material market events
During the financial year the Company was required to undertake asset hardening on site in order to meet the legislated requirements of the State Government’s Rapid Earth Fault Current Limiter (REFCL) Program. The REFCL program was deployed to reduce bushfire risk as a result of powerline faults or breakages. This major upgrade resulted in construction and commissioning of new equipment from October 2020 through to May 2021. During this time the wind farm was required to not generate, or to limit generation to 2MW, depending on the works and associated external grid testing by Powercor. This resulted in reduced generation and income over the seven month period. The capital expenses of the upgrade totalled $1,111,307 and were paid for under two grant streams received from the State Government.

In addition, the Renewable Energy Target (RET) scheme reached its maximum volume of 33,000 GWh per annum in 2020 with a continued requirement to provide LGCs to 2030. It had been anticipated by the market that LGCs would have an ongoing value until 2030. During the 2019 year it became apparent that there would be an oversupply of LGCs in future years and the oversupply, together with the impact of changes to the application of the Clean Energy Regulator surrender shortfall mechanism, resulted in a market response of a 50% reduction in prices during the 2019 financial year from around $80 to $40 per LGC. These factors have continued to impact on the prices of LGCs during the reporting period with average LGC price during the year of around $38 per LGC.

Over the reporting period there continued to be a gradual reduction in the wholesale electricity price which initially commenced around November 2019. During the year the Australian economy continued to be significantly impacted by the COVID-19 pandemic and the spot market for electricity has continued to experience significant volatility due to COVID-19 lockdowns reducing consumption from March 2020 which has also resulted in further reductions in the wholesale electricity price.

The reductions in the market prices for LGCs and wholesale electricity has had a material impact on the revenue of the Company during the year.

Matters or circumstances arising after the end of the year

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

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

Environmental issues

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

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

Where applicable, these plans (available at hepburnwind.com.au/winf-farm/#!planning-compliance) have been endorsed by Hepburn Shire Council as the responsible planning authority. The plans have been implemented by the company to the satisfaction of the responsible authority.

Leonards Hill Wind Operations Pty Ltd
ABN 86 141 239 894

Directors' Report
For the Year Ended 30 June 2021

Indemnification and insurance of officers

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

Proceedings on behalf of the company

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

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

Auditor's independence declaration

The auditor's independence declaration for the year ended 30 June 2021, in accordance with section 307C of the *Corporations Act 2001*, has been received and can be found on page 4 of the financial report.

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

Director: ....
David Perry

Director: ....
Graham White

Dated: 13 October 2021

CountPro AUDIT

Leonards Hill Wind Operations Pty Ltd
ABN 86 141 239 894

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

CountPro Audit Pty Ltd
....
CountPro Audit Pty Ltd

....
Jason Hargreaves
Director

20 Lydiard Street South, Ballarat, VIC 3350

Dated: 12 October 2021

20 Lydiard Street South, Ballarat ▸ PO Box 605, Ballarat, VIC, 3353 ▸ Phone (03) 5331 2333 ▸ www.countpro.com.au

Leonards Hill Wind Operations Pty Ltd
ABN 86 141 239 894

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2021

	Note	2021 $	2020 $
Revenue	2	**1,552,747**	1,422,947
Administrative expenses	3	**(27,498)**	(23,384)
Depreciation and amortisation expense	4	**(508,799)**	(493,640)
Interest	5	**(18,551)**	(18,835)
Other operating expenses	6	**(336,537)**	(373,855)
Profit before income tax		**661,362**	513,233
Income tax expense	7	**(171,814)**	(141,395)
Profit for the year		**489,548**	371,838
Other comprehensive income:			
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive income for the year		**489,548**	371,838

The accompanying notes form part of these financial statements.

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Leonards Hill Wind Operations Pty Ltd
ABN 86 141 239 894

Statement of Financial Position
As At 30 June 2021

	Note	2021 $	2020 $
Assets			
Current Assets			
Cash and cash equivalents	8	**555,012**	153,063
Trade and other receivables	9	**180,097**	238,462
Inventories	10	**34,251**	6,316
Total Current Assets		**769,360**	397,841
Non-Current Assets			
Deferred tax assets	11(a)	**-**	4,428
Property, plant and equipment	12	**7,929,511**	7,367,833
Right-of-use assets	13(a)	**732,395**	762,911
Total Non-Current Assets		**8,661,906**	8,135,172
Total Assets		**9,431,266**	8,533,013
Liabilities			
Current Liabilities			
Provision for income tax	11(b)	**163,871**	147,269
Trade and other payables	14	**487,480**	73,210
Income in advance	15	**-**	601,290
Lease liabilities	13(b)	**8,529**	8,126
Total Current Liabilities		**659,880**	829,895
Non-Current Liabilities			
Deferred tax liabilities	11(c)	**3,515**	-
Borrowings	16	**7,998,850**	6,925,568
Lease liabilities	13(b)	**369,001**	377,530
Provisions	17	**400,000**	400,000
Total Non-Current Liabilities		**8,771,366**	7,703,098
Total Liabilities		**9,431,246**	8,532,993
Net Assets		**20**	20
Equity			
Issued capital	18	**20**	20
Total Equity		**20**	20

The accompanying notes form part of these financial statements.

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Leonards Hill Wind Operations Pty Ltd
ABN 86 141 239 894

Statement of Changes in Equity

For the Year Ended 30 June 2021

	Issued capital $	Retained earnings $	Total $
2021			
Balance at 1 July 2020	**20**	**-**	**20**
Profit attributable to members	**-**	**489,548**	**489,548**
Dividends paid	**-**	**(489,548)**	**(489,548)**
Balance at 30 June 2021	**20**	**-**	**20**
2020			
Balance at 1 July 2019	20	-	20
Profit attributable to members	-	371,838	371,838
Dividends paid	-	(371,838)	(371,838)
Balance at 30 June 2020	20	-	20

The accompanying notes form part of these financial statements.

Leonards Hill Wind Operations Pty Ltd
ABN 86 141 239 894

Statement of Cash Flows

For the Year Ended 30 June 2021

	Note	2021 $	2020 $
Cash flows from operating activities:			
Receipts from customers		**983,177**	2,060,579
Payments to suppliers and employees		**(387,502)**	(402,995)
Interest received		**44**	767
Income tax paid		**(147,269)**	(199,941)
Net cash provided by operating activities	20	**448,450**	1,458,410
Cash flows from investing activities:			
Payments for property, plant and equipment		**(630,235)**	(206,221)
Net cash used in investing activities		**(630,235)**	(206,221)
Cash flows from financing activities:			
Net proceeds from / (repayments of) related party loans		**583,734**	(1,457,449)
Net cash provided by / (used in) financing activities		**583,734**	(1,457,449)
Net increase / (decrease) in cash and cash equivalents held		**401,949**	(205,260)
Cash and cash equivalents at beginning of year		**153,063**	358,323
Cash and cash equivalents at end of financial year	8	**555,012**	153,063

The accompanying notes form part of these financial statements.

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

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

The financial statements were authorised for issue on 13 October 2021 by the Directors of the Company.

1 Summary of significant accounting policies

(a) Basis of preparation

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

The Company has opted to adopt Australian Accounting Standards - Simplified Disclosures ahead of its mandatory effective date of 1 July 2021. Other than the change in disclosure requirements, the adoption of the Australian Accounting Standards - Simplified Disclosures has no significant impact on the financial statements because the Company's previous financial statements were prepared in full compliance with the recognition and measurement requirements of Australian Accounting Standards.

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

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

(b) Cash and cash equivalents

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

(c) Inventories

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

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

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

(d) Property, plant and equipment

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

Property

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

Plant and equipment

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

Depreciation

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

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

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

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

(e) Intangibles and amortisation

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

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

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

(f) Financial instruments

Classification

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

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

Amortised cost

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

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

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

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

Impairment of financial assets

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

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

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

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

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

Trade receivables and contract assets

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

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

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

Other financial assets measured at amortised cost

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

(g) Trade and other payables

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

(h) Income tax

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

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

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

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

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

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

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

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

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

(i) Leases

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

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

Right-of-use asset

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

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

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

Lessee accounting

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

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2021

(j) Revenue and other income

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

Revenue from contracts with customers

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

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

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

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

Grant income

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

(k) Borrowing costs

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

Notes to the Financial Statements

For the Year Ended 30 June 2021

(l) Goods and services tax (GST)

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

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

(m) Comparative figures

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

	2021	2020
	$	$
2 Revenue		
Revenue from contracts with customers		
Revenue from ordinary operations		
Sale of goods	**507,619**	1,248,022
Other revenue from contracts with customers		
Grants	**970,264**	141,210
	1,477,883	1,389,232
Other revenue		
Interest income	**40**	633
Grants	**40,000**	70,000
Movement in inventories	**27,935**	(37,500)
Other income	**6,889**	582
	74,864	33,715
	1,552,747	1,422,947

Disagregation of revenue from contracts with customers

	2021	2020
(a) Timing of revenue recognition		
At a point in time	**1,477,883**	1,389,232
	1,477,883	1,389,232

Notes to the Financial Statements

For the Year Ended 30 June 2021

	2021 $	2020 $
(b) Type of contract		
Sale of goods - Electricity	**260,289**	771,421
Sale of goods - Large-scale Generation Certificates	**213,804**	446,830
Sale of goods - Transmission use of system income	**33,526**	29,771
High Voltage Capital Assistance Program grants	**970,264**	141,210
	1,477,883	1,389,232

(c) Unsatisfied performance obligations

Aggregate amount of the transaction price allocated to long term contracts that are partially or fully unsatisfied at the end of the year:

	2021 $	2020 $
Grants	-	601,290
	-	601,290

At 30 June 2021 there were no contracts for which the performance obligations had not been satisfied. The transaction price allocated to contracts where the performance obligations were unsatisfied at 30 June 2020 were all recognised as revenue during the year ended 30 June 2021.

	2021 $	2020 $
3 Administrative expenses		
Accounting fees	**8,308**	6,105
Audit fees	**3,075**	2,775
Bank charges	**599**	1,019
Bookkeeping	**3,858**	3,502
Legal services	**1,510**	-
Management accounting expense	**9,875**	9,550
Office supplies and information technology	**-**	166
Secretarial fees	**273**	267
	27,498	23,384
4 Depreciation and amortisation		
Depreciation - plant and equipment	**478,283**	463,183
Depreciation - right-of-use asset	**30,516**	30,457
	508,799	493,640

Notes to the Financial Statements

For the Year Ended 30 June 2021

	2021 $	2020 $
5 Interest		
Bank interest	**26**	-
Interest expense on lease liabilities	**18,525**	18,835
	18,551	18,835
6 Other operating expenses		
Insurance	**42,345**	36,191
Licence fees	**450**	1,950
Municipal payment in lieu of rates	**13,858**	6,163
Office rent	**-**	2,470
Wind farm operation	**279,884**	327,081
	336,537	373,855

7 Income tax expense

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

	2021 $	2020 $
Prima facie tax payable on profit from ordinary activities before income tax at 26% (2020: 27.5%)	**171,954**	141,140
Less tax effect of change in company tax rate on deferred taxes	**(140)**	255
	171,814	141,395
8 Cash and cash equivalents		
Operating accounts	**555,012**	153,063
	555,012	153,063
9 Trade and other receivables		
Trade receivables	**166,766**	226,461
Accrued interest income	**2**	6
Prepayments	**13,329**	11,995
	180,097	238,462

Notes to the Financial Statements

For the Year Ended 30 June 2021

	2021	2020
	$	$
10 Inventories		
Large-scale Generation Certificates	**34,251**	6,316
	34,251	6,316
11 Tax assets and liabilities		
(a) Deferred tax assets		
Deferred tax assets (liabilities) comprise the tax effect of:		
- Right-of-use asset	-	5,914
- Differences in accounting and tax depreciation rates	-	(1,484)
- Income not assessable until received	-	(2)
	-	4,428
(b) Current tax liabilities		
Provision for income tax	**163,871**	147,269
	163,871	147,269
(c) Deferred tax liabilities		
Deferred tax liabilities (assets) comprise the tax effect of:		
- Right-of-use asset	**(11,284)**	-
- Difference in accounting and tax depreciation rates	**889**	-
- Income not assessable until received	**13,910**	-
	3,515	-

Leonards Hill Wind Operations Pty Ltd
ABN 86 141 239 894

Notes to the Financial Statements

For the Year Ended 30 June 2021

	2021	2020
	$	$
12 Property, plant and equipment		
Wind farm development, compliance and project management		
At cost	**326,870**	326,870
Accumulated depreciation	**(110,551)**	(97,476)
	216,319	229,394
Wind farm construction		
At cost	**11,154,801**	11,154,801
Accumulated depreciation	**(4,701,270)**	(4,255,232)
	6,453,531	6,899,569
Office and other equipment		
At cost	**15,315**	14,656
Accumulated depreciation	**(11,140)**	(8,948)
	4,175	5,708
Future energy generation projects		
At cost	**161,157**	92,120
	161,157	92,120
Rapid earth fault current limiter		
At cost	**1,111,307**	141,042
Accumulated depreciation	**(16,978)**	-
	1,094,329	141,042
Total property, plant and equipment	**7,929,511**	7,367,833

Notes to the Financial Statements

For the Year Ended 30 June 2021

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

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

	Wind farm development, compliance and project management	Wind farm construction	Office and other equipment	Future energy generation projects	Rapid earth fault current limiter	Total
	$	$	$	$	$	$
Year ended 30 June 2021						
Balance at the beginning of year	**229,394**	**6,899,569**	**5,708**	**92,120**	**141,042**	**7,367,833**
Additions	**-**	**-**	**659**	**69,037**	**970,265**	**1,039,961**
Depreciation expense	**(13,075)**	**(446,038)**	**(2,192)**	**-**	**(16,978)**	**(478,283)**
Balance at the end of the year	**216,319**	**6,453,531**	**4,175**	**161,157**	**1,094,329**	**7,929,511**
Year ended 30 June 2020						
Balance at the beginning of year	242,504	7,346,830	5,118	30,343	-	7,624,795
Additions	-	-	3,402	61,777	141,042	206,221
Depreciation expense	(13,110)	(447,261)	(2,812)	-	-	(463,183)
Balance at the end of the year	229,394	6,899,569	5,708	92,120	141,042	7,367,833

Leonards Hill Wind Operations Pty Ltd
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Notes to the Financial Statements

For the Year Ended 30 June 2021

13 Leases

Company as a lessee

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

Terms and conditions of leases

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

	2021	2020
	$	$
(a) Right-of-use assets		
Right-of-use asset over land	**793,368**	793,368
Less accumulated depreciation	**(60,973)**	(30,457)
	732,395	762,911

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

	2021	2020
	$	$
Balance at the beginning of the year	**762,911**	-
Initial adoption of AASB 16	**-**	787,203
Revaluation due to changes in lease payments	**-**	6,165
Depreciation charge	**(30,516)**	(30,457)
	732,395	762,911

Notes to the Financial Statements

For the Year Ended 30 June 2021

	2021	2020
	$	$
(b) Lease liabilities		
Current		
Lease liabilities	**8,529**	8,126
	8,529	8,126
Non current		
Lease of land	**369,001**	377,530
	369,001	377,530
	377,530	385,656

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

	< 1 year	1 - 5 years	> 5 years	Total undiscounted lease liabilities	Lease liabilities included in this Statement Of Financial Position
	$	$	$	$	$
2021					
Lease liabilities	**26,651**	**106,605**	**506,372**	**639,628**	**377,530**
2020					
Lease liabilities	26,651	106,605	533,023	666,279	385,656

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

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

	2021	2020
	$	$
Interest expense on lease liabilities	**18,525**	18,834
Depreciation of right-of-use assets	**30,516**	30,457
	49,041	49,291

Notes to the Financial Statements

For the Year Ended 30 June 2021

	2021	2020
	$	$
14 Trade and other payables		
Trade payables	**409,862**	44,543
Accrued expense	**64,250**	-
GST payable	**13,368**	28,667
	487,480	73,210
15 Income in advance		
HCAP grants	**-**	601,290
	-	601,290

The company has received grants totalling $1,111,474 as part of the High Voltage Capital Assistance program. The terms of the grant require that certain milestones are met for the company to become entitled to the grant amounts. Any unexpended amounts at the end of the project are required to be repaid. At 30 June 2021 the company had met milestones enabling $970,264 (2020: $141,210) of the grants received to be recorded as income comprising the full balance of the grants received.

	2021	2020
	$	$
16 Borrowings		
Loans from related entity:		
Hepburn Community Wind Park Co-operative Ltd	**7,998,849**	6,925,567
Bank loans:		
Bendigo & Adelaide Bank Ltd	**1**	1
	7,998,850	6,925,568

The limit of the bank loan facility from Bendigo & Adelaide Bank Ltd at 30 June 2021 was $500,000 (30 June 2020: $500,000).

The Bendigo & Adelaide Bank Ltd holds the following security in relation to the bank loan facility:
- Registered Mortgage Debenture over Leonards Hill Wind Operations Pty Ltd.
- Unlimited Guarantee and Indemnity from Hepburn Wind Park Co-operative Ltd.
- Mortgage of Lease incorporating right of access over property situated at Leonards Hill, Victoria.
- Registered Charge over Hepburn Community Wind Park Co-operative Ltd.

Notes to the Financial Statements

For the Year Ended 30 June 2021

	2021	2020
	$	$
17 Provisions		
Provision for making good leased land	400,000	400,000
	400,000	400,000
18 Issued capital		
20 ordinary shares (2020: 20 ordinary shares)	**20**	20
	20	20

19 Dividends

Dividends were declared and paid to the parent entity during the 2021 financial year totalling $489,548 (2020: $371,838).

20 Cash flow information

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

	2021	2020
Profit for the year	**489,548**	371,838
Non-cash flows in profit:		
Depreciation and amortisation	**478,283**	463,183
Depreciation right-of-use asset	**30,516**	30,457
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	**(542,925)**	616,755
(Increase)/decrease in inventories	**(27,935)**	37,500
Increase/(decrease) in lease liabilities	**(8,126)**	(7,712)
Increase/(decrease) in trade and other payables	**4,544**	4,935
Increase/(decrease) in income taxes payable	**16,602**	(52,672)
Increase/(decrease) in deferred taxes payable	**7,943**	(5,874)
	448,450	1,458,410

Leonards Hill Wind Operations Pty Ltd
ABN 86 141 239 894

Notes to the Financial Statements

For the Year Ended 30 June 2021

21 Matters or circumstances arising after the end of the year

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

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

22 Financial Risk Management

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

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

	2021	2020
	$	$
Financial Assets		
Cash and cash equivalents	**555,012**	153,063
Trade and other receivables	**180,097**	238,462
Total financial assets	**735,109**	391,525
Financial Liabilities		
Trade and other payables	**487,480**	73,210
Borrowings	**7,998,850**	6,925,568
Total financial liabilities	**8,486,330**	6,998,778

Notes to the Financial Statements

For the Year Ended 30 June 2021

	2021 $	2020 $
23 Auditors' remuneration		
Remuneration of the auditor, CountPro Audit Pty Ltd (formerly PPT Audit Pty Ltd), for:		
Audit and review of the financial statements	**3,075**	2,775
	3,075	2,775
Remuneration of related entity, CountPro Pty Ltd (formerly PPT Professional Pty Ltd), for:		
Accounting services	**8,308**	6,105
Management accounting services	**9,875**	9,550
	18,183	15,655
	21,258	18,430

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

24 Related party transactions

Related parties

The Company's main related parties are as follows:

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

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2021

Transactions with related parties

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

Payments to related parties

The company recorded dividends during the year of $489,548 (2020: $371,838) to the Parent. The dividends were offset against amounts owing between the entities.

Loans from related parties

The Company has loans payable to the Parent originally arising from the contributions by the Parent towards the establishment of the wind farm. The amount owing to the Parent at 30 June 2021 is $7,998,849 (30 June 2020: $6,925,567). The loan is an unsecured loan and no interest is charged on the loan. During the 2021 financial year there were net drawdowns on the loan resulting in an increase in the loan of $1,073,282 (2020: net repayments resulting in a reduction in the loan of $1,085,611).

Other transactions with related parties

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

25 Contingent assets and liabilities

In the opinion of the directors the Company did not have any contingent assets or liabilities at 30 June 2021 or 30 June 2020.

26 Company details

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

Leonards Hill Wind Operations Pty Ltd
Office 3
22-24 Howe Street
Daylesford VIC 3460

Leonards Hill Wind Operations Pty Ltd
ABN 86 141 239 894

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 5 to 28, are in accordance with the *Corporations Act 2001* and:

    a. comply with Accounting Standards - Simplified Disclosures; and

    b. give a true and fair view of the financial position as at 30 June 2021 and of the performance for the year ended on that date of the Company.

2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Director: ....
David Perry

Director: ....
Graham White

Dated: 13 October 2021

CountPro AUDIT

Leonards Hill Wind Operations Pty Ltd

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

Opinion

We have audited the financial report of Leonards Hill Wind Operations Pty Ltd (the Company), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(i) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year ended; and

(ii) complying with Australian Accounting Standards - Simplified Disclosures and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

Responsibilities of Directors for the Financial Report

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

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

20 Lydiard Street South, Ballarat ▸ PO Box 605, Ballarat, VIC, 3353 ▸ Phone (03) 5331 2333 ▸ www.countpro.com.au

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

CountPro Audit Pty Ltd
....
CountPro Audit Pty Ltd

....
Jason Hargreaves
Director

20 Lydiard Street South, Ballarat, VIC 3350

Dated: 14 October 2021

Hepburn
Energy

The future of community energy