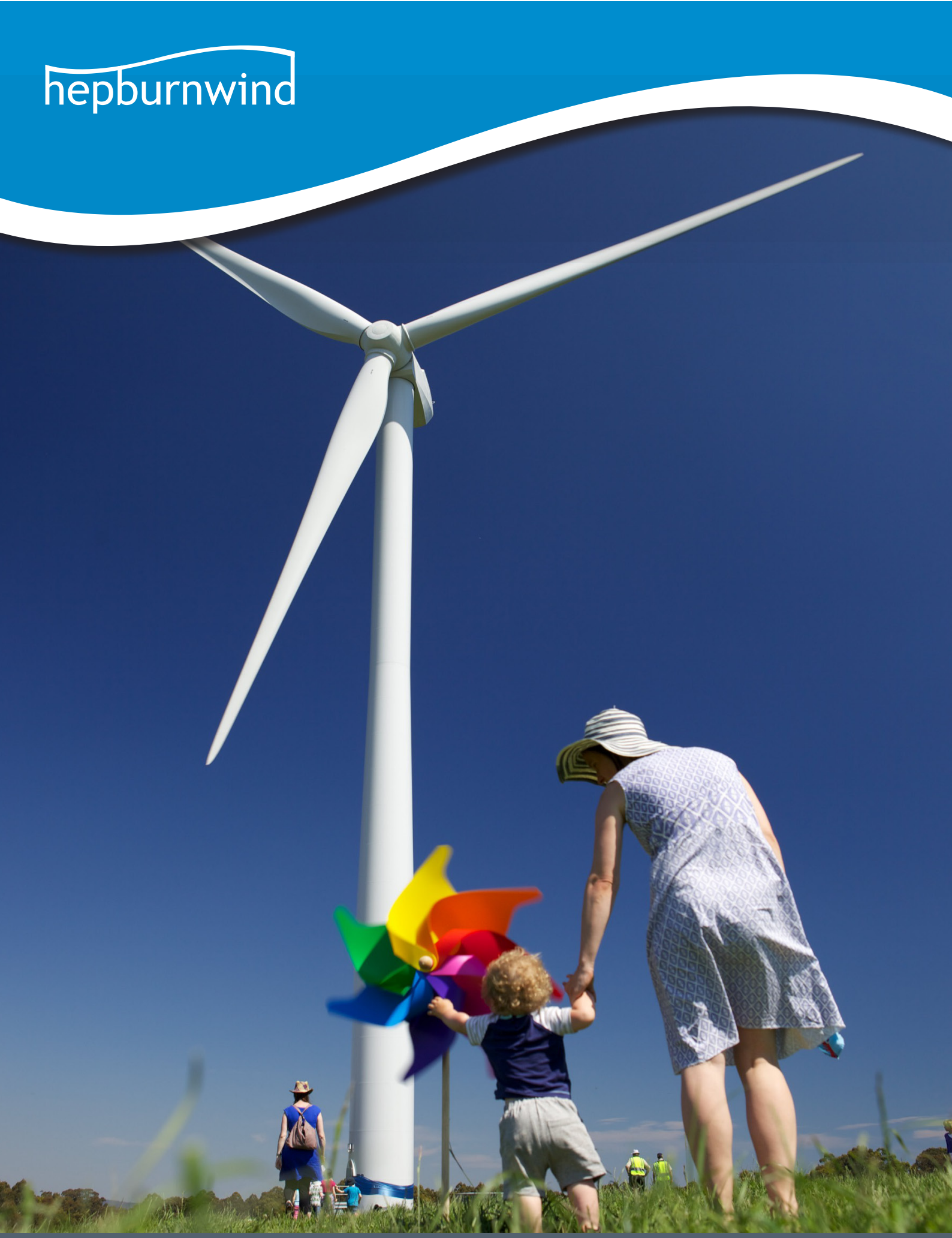
hepburnwind



Hepburn Community Wind Park Co-operative Limited

Disclosure Statement

Hepburn Community Wind Park Co-operative Limited

(Hepburn Wind)

ABN: 87 572 206 200
Reg. No: G0003442Y

Contents

Registered address: 13 Knox Street, Daylesford VIC 3460
Correspondence: PO Box 225, Daylesford VIC 3460, Australia
Phone: (03) 5348 3243
Email: info@hepburnwind.com.au
Web: hepburnwind.com.au

Revised May 2014

Cover photo by Karl von Moller

About this document

Under the Co-operatives National Law Application Act 2013, a co-operative is required to provide a Disclosure Statement to applicants for membership or shares. This statement in conjunction with the most recent Annual Report represents the disclosure statement. The Annual Report is available at hepburnwind.com.au/docs.

This Disclosure Statement is issued in accordance with section 68 of the Co-operatives National Law Application Act (the Act) by Hepburn Community Wind Park Co-operative Limited (Hepburn Wind), ABN 87 572 206 200, a distributing co-operative registered in Victoria under the Act, registration number G0003442Y.

Any person who receives or reads this document should not consider it as a recommendation to become a member of Hepburn Wind or to purchase shares. Recipients should read this document in its entirety and seek advice from their financial and other professional advisers before applying to subscribe for shares.

To the maximum extent permitted by law, Hepburn Wind, its directors, officers, employees, advisers and consultants and their associated companies, businesses, partners, directors, officers and employees accept no liability or responsibility for any loss or damage (however caused including without limitation for negligence) arising from reliance placed on the information contained in this document.

Structure and Governance

Hepburn Community Wind Park Co-operative Ltd

Hepburn Community Wind Park Co-operative Ltd (Hepburn Wind) was incorporated under the Act on 28 August 2007. Hepburn Wind has a wholly owned subsidiary company, Leonards Hill Wind Operations Pty Ltd (LHWO), ACN 141 239 894 which is the owner and operator of the wind farm assets and the lessee of the wind farm site.

The Hepburn Community Wind Farm at Leonards Hill via Daylesford has been operational since 22 June 2011. The project was funded with members' capital, government grants and finance from Bendigo and Adelaide Bank.

The co-operative's revenue is derived from the sale of energy generated by the wind farm to Red Energy Limited via the National Electricity Market (NEM) and the sale of the corresponding renewable energy certificates (Large-scale Generation Certificates, or LGCs) to various third parties. LGCs form part of Australia's Renewable Energy Target program.

Primary activities

The primary activities of Hepburn Wind, as stated in the Rules, are to:

- develop, own, operate and manage a wind farm or farms;
- generate and supply energy from the co-operative wind farm or farms;
- provide advice and assistance to its members to reduce energy usage and increase members' energy efficiency;
- raise community awareness of the benefits of sustainable and renewable energy.

Rules

The Rules of the co-operative have the effect of a contract between the co-operative and each member and between the members of the co-operative. By becoming a member, a person becomes bound by and agrees to observe and perform the provisions of the Rules in so far as they apply to that person.

In particular, the Rules set out the requirements that each member must satisfy in order to be an active member of the co-operative. The rules are available for download at hepburnwind.com.au/docs.

Board of directors

The business of Hepburn Wind is managed by a board of seven directors. The directors are elected by members at Annual General Meetings and serve a three year term.

A brief biographical entry for each director may be found on the Hepburn Wind website and in the Annual Report.

Directors are not paid for their service as a director.

Special resolutions

A number of special resolutions have been approved in the past which have resulted in changes to the Rules of the co-operative. The current Rules of the co-operative have been updated accordingly.

Disclosure documents

Applicants for membership are entitled to a current copy of the Rules, the last Annual Report and a copy of all special resolutions passed by the co-operative which are applicable (except those providing for alteration of the Rules) free of charge.

The most recent Annual Report as submitted to the Registrar under section 249 of the Co-operatives Act is appended and forms part of this Disclosure Statement.

The Rules, Annual Reports and special resolutions are available for inspection at the registered office of Hepburn Wind, 13 Knox Street, Daylesford and may also be obtained from hepburnwind.com.au/docs or by telephoning (03) 5348 3243 for a printed copy.

Applicants for membership and/or shares should read and understand the Rules of the co-operative and the most recent Annual Report.

Co-operative membership

Maintaining active membership

In order to remain an active member of the co-operative, a member must either;

- purchase or consume energy generated directly or indirectly by the co-operative;
- subscribe to the co-operative's information advisory service relating to energy usage and efficiency;
- subscribe to the co-operative's free newsletter.

Currently all members are subscribed to the newsletter without charge.

If for a period of three years a member is inactive or the member's whereabouts are unknown, the board must declare the membership of the member cancelled and forfeit that person's shares.

The right to vote

The right to vote attaches to membership, not shareholding. Each member has one vote only regardless of the number of shares held. To exercise their vote, a member must be present at an general meeting, except where the Act requires a resolution to be voted by postal ballot. Only active members are eligible to vote. The Act does not allow members under 18 years of age to vote or hold the office of director.

Liability of members

A member is not personally liable to the creditors of the co-operative or to the co-operative itself, except of any fees or charges owing by that member to the co-operative.

Rights and liabilities attaching to shares

Nature of a share

A share in the co-operative is personal property.

It is a requirement that each member hold shares in the co-operative. Shares may be transferred, with the consent of the board, to any person including another member provided that the board is satisfied

that there are reasonable grounds for believing that the person will be an active member of the co-operative.

An administrator, trustee in bankruptcy or executor appointed under a law of a state or territory to administer the estate of the member may be registered as the holder of a share.

Share issue

A share in Hepburn Wind has a nominal value of $1. The board has determined that shares are to be issued at a premium of 10%, resulting in a price of $1.10 per share ($1 nominal value plus 10c premium).

The full price of shares subscribed for must be paid upon application.

Trading of shares

Shares in Hepburn Wind are not tradeable on a stock exchange, however shares may be transferred with the consent of the board between members and between members and applicants for membership.

Purchase or repayment of shares

The co-operative is permitted to purchase the shares of a member where the member so requests or to repay to a member the whole of the amount paid up on any share held by a member. However, the co-operative does so at the board's discretion, and is not obligated to repay the value of the shares immediately if this would adversely affect the financial viability of the co-operative.

Any share purchased or repaid by the co-operative will be cancelled and disclosed in the co-operative's Annual Report.

Forfeiture of shares

Where membership is being cancelled under the active membership rule, the board must declare that the shares of the member are forfeited.

The co-operative must repay the amount due in relation to the cancellation within 12 months of the date of cancellation. In accordance with section 138(3) of the Act, the amount to be repaid is the paid up value of the shares. However where the board considers that repayment would adversely affect the financial position of the co-operative, the co-operative may retain the money until such time as repayment would not adversely affect the financial position of the co-operative. However this amount must be paid within 10 years of the cancellation of the membership.

Winding up

In the event of dissolution of the co-operative, if any property remains after the satisfaction of all its debts and liabilities (including the refund of the amounts paid up on the shares), the property shall be distributed among the members in proportion to their shareholding.

If an inactive member's membership of the co-operative is cancelled within two years before commencement of the winding up of the co-operative, the person is liable on the winding up to contribute to the property of the co-operative the nominal value of any shares forfeited in connection with that cancellation.

Similarly, if under Section 107 of the Act, the proposed co-operative repurchases any share of a member, or repays to a member the whole or any part of the amount paid up on any share held by a member within two years before commencement of the winding up of the co-operative, the member or former member is liable on the winding up to contribute to the property of the co-operative the amount that was paid by the co-operative to the member or former member in respect of the repurchase or repayment together with any amount unpaid on those shares immediately before the purchase or repayment.

Other disclosures

Significant changes

The 2013 Annual Report incorporating financial statements for the co-operative can be found at hepburnwind.com.au/docs.

Australia's Clean Energy Future legislative framework, and in particular the price on carbon, provides indirect benefits to clean energy generators. The Federal Government has been clear that it intends to repeal the framework at the earliest opportunity. The repeal of the Carbon Pricing Mechanism is expected to result in a reduction of energy prices.

Clean energy generators also derive a significant portion of their income from the generation and sale of renewable energy certificates under the Renewable Energy Target (RET). The Federal Government has begun a review into the RET and it is widely expected that the government will move to weaken the legislated target.

Due to these foreshadowed events, revenues are likely to be considerably below those originally forecast in the early stages of the project. The board and staff are working hard to prepare the co-operative for this new operating environment which will include reducing the co-operative's debt and operating expenses. Hepburn Wind is pursuing a strategy of securing a premium from the sale of branded energy-products in order to maximise revenue.

In the current environment it may be a number of years before the co-operative is in a position to pay dividends to members.

Any noteworthy developments subsequent to Annual Report are announced at hepburnwind.com.au/significant-events and in newsletters. Interested parties are urged to subscribe to the Hepburn Wind's newsletter via the co-operative's website. Past newsletters are reproduced at hepburnwind.com.au/news/newsletters.

Disclaimer

This disclosure statement has been lodged with the Victorian Registrar of Co-operatives pursuant to section 68 of the Co-operatives National Law Applications Act 2013. The Registrar and her servants, employees, agents and delegates specifically disclaim all liability including if due to the negligence of any one or more of them, for the contents of the statement.

Pursuant to the Act, the responsibility for ensuring that the Act has been complied with in preparation of the disclosure statement lies with those issuing the statement. Persons making false or misleading statements in a disclosure statement may be liable for criminal penalties and expose themselves to civil liability to anyone who suffers a loss as a consequence.

It is not possible for a disclaimer statement to include all material relevant to each co-operative's circumstances. Each member should make his or her own enquiries, and is advised to obtain professional advice if they feel this necessary.

Signed for and on behalf of the directors in accordance with a resolution of the board.

Anthony Gill

Simon Holmes à Court

9 May 2014

Co-operative identity, values and principles

Definition

A co-operative is an autonomous association of persons (corporations/individuals) united voluntarily to meet their common economic, social or cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

Co-operative values

Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. Self help, expressed through mutual action as a group, provides the motivation for self reliance and assuming responsibility for taking control of one's own affairs. Democracy and equity sustain the solidarity of the co-operative by ensuring that no individual member can secure power or gain advantage to the detriment of other members.

In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

Co-operative principles

Seven internationally recognised co-operative principles outlined below act as guidelines by which co-operatives put the above values into practice.

1. Voluntary and Open Membership

Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political, or religious discrimination.

2. Democratic Member Control

Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other level are organised in a democratic manner.

3. Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. They usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing the co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

4. Autonomy and Independence

Co-operatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

5. Education, Training & Information

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public, particularly young people and opinion leaders, about the nature and benefits of co-operatives.

6. Co-operation among Co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

7. Concern for the Community

While focusing on member needs, co-operatives work for the sustainable development of their communities through policies accepted by their members.

Hepburn Community Wind Park Co-operative Ltd

ABN 87 572 206 200

Financial Statements

For the Year Ended 30 June 2013

Contents

30 June 2013

Directors' Report
30 June 2013

Your directors present their report, together with the financial statements of the Group, being the Co-operative and its controlled entities, for the financial year ended 30 June 2013.

Directors

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

Names	Position	Elected/Resigned
Dan Cass	Director	Elected 30 March 2011
John Edgoose	Director	Elected 23 March 2013
Anthony Gill	Chairperson	Appointed 14 September 2012 Elected 23 March 2013
Rob Hill	Director	Elected 6 November 2011 Retired 4 October 2012
Simon Holmes à Court	Director	Elected 18 July 2007 Re-elected 6 November 2011
Daniel Magasanik	Director	Elected 28 April 2010
Martin May	Director	Elected 28 April 2010 Retired 9 September 2012
David Perry	Director	Elected 6 November 2011
Kate Redwood	Director	Elected 28 April 2010 Retired 14 September 2012
Peter Rogers	Director	Elected 30 March 2011 Retired 14 September 2012
Mitch Watson	Director	Elected 23 March 2013

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

Staff

At 30 June 2013, the Group employed three staff members:
- Tracy Anthony (Chief Executive Officer)
- Taryn Lane (Community Officer)
- Jessica Beavis (Administration Officer)

Principal activities

The principal activities of the Group over the course of the financial year were to complete the permit requirements for the wind farm, optimise wind farm operations and refine the governance and structure of the Group.

Directors' Report
30 June 2013

Operating results and review of operations

The Group's earnings before interest, taxes, depreciation and amortisation (EBITDA) were $539,402 (2012: EBITDA of $112,853).

Significant depreciation of capital items plus interest expenses resulted in a consolidated loss for the Group of $17,945 (2012: consolidated loss of $525,855).

The table below summarises the operating result of the Group.

	2013 $	2012 $
Income	**1,063,291**	718,341
Expenses	**(523,889)**	(605,488)
EBITDA	**539,402**	112,853
Interest	**(132,962)**	(200,863)
Operating profit (loss) before depreciation, amortisation and income tax	**406,440**	(88,010)
Depreciation and amortisation	**(424,385)**	(437,845)
Operating profit (loss) before income tax	**(17,945)**	(525,855)
Income tax expense	**-**	-
Consolidated profit (loss) for the year	**(17,945)**	(525,855)

The EBITDA of $539,402 (2012: EBITDA of $112,853) represents earnings of 5.44 cents per share (2012: earnings of 1.19 cents per share).

Dividends paid or recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made for the 2013 financial year.

The group made an operating profit before depreciation, amortisation and income tax of $406,440 (2012: loss of $88,010) representing earnings of 4.10 cents per share. $405,000 of the cash profit was applied against the Co-operative's loan facility.

The directors are considering various options to return all or part of the cash surplus to members and will discuss their recommendation at the Annual General Meeting.

Significant changes in state of affairs

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

During the year the board resolved to consolidate the operations of its subsidiaries, Leonards Hill Wind Farm Pty Ltd and Leonards Hill Wind Operations Pty Ltd as the structure had outlasted its original purpose. The transfer of the assets and operations of Leonards Hill Wind Farm Pty Ltd to Leonards Hill Wind Operations Pty Ltd was completed by 30 June 2013. The board, in their capacity as shareholder of Leonards Hill Farm Pty Ltd resolved to wind up Leonards Hill Wind Farm Pty Ltd and the secretary applied to ASIC on 27 August 2013 for the voluntary deregistration of the company.

On 1 July 2012 the Federal Carbon Pricing Mechanism came into effect, which translated to improved market prices for electricity.

Directors' Report
30 June 2013

After balance date events

On 7 September 2013 the Federal Coalition was returned to government. The new Government has made it clear that their intention is to dismantle the Carbon Pricing Mechanism and review the Renewable Energy Target. Both actions present a significant threat to energy revenues in the medium term.

The new Government has also announced its intention to implement new noise monitoring requirements for wind farms. Details have yet to be finalised, but may result in significant additional expenses at the wind farm.

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.

Future developments and results

Wind farm performance is dependent upon market and weather factors that are inherently unpredictable.

Developments other than those discussed in this report and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

Environmental issues

The Group's operations are subject to various environmental regulations under the laws of the Commonwealth and State of Victoria. As a condition of the wind farm's planning permit, the Group has developed 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/planning) have been endorsed by Hepburn Shire Council as the reponsible planning authority and are currently being implemented by the Group. The Group has implemented the plans to the satisfaction of the responsible authority.

Indemnification and insurance of officers and auditors

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 co-operative

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

The Co-operative was not a party to any such proceedings during the year.

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

Directors' Report
30 June 2013

Information on Directors

Director	Experience	Elected
Dan Cass	Dan has an honours degree in science history and was science curator at Museum Victoria. Dan was communications manager at Greenpeace Australia Pacific. His consulting firm, Dan Cass & Co. provides specialist services to renewables firms, to reduce project risk and accelerate project approvals. He is on the Editorial Advisory Board of the Sustainable Energy Developments series, CRC Press. He writes on environment and clean energy for the Guardian Australia.	Elected 30 March 2011
John Edgoose	John currently runs JWE Renewables an energy consultancy specialising in medium-scale renewable energy solutions for businesses and community groups. Previously, for 14 years he managed a variety of energy efficiency and renewable energy programs for the Victorian Government. Prior to working in the sustainable energy sector John worked for 15 years in the education sector teaching physics, energy and environmental studies including four years as Deputy Director and Director of the remote MLC Marshmead campus near Mallacoota. John holds qualifications in science, education and management, including a Masters of Science in Renewable Energy. He has significant experience undertaking project, financial analysis, due diligence and risk analysis.	Elected 23 March 2013
Anthony Gill	Tony is one of Australia's leading experts on co-operatives. Since 1981, he has worked for various co-operatives, state government agencies and co-operative industry associations, and represented Victoria on the Co-operatives Council of Australia. Tony has extensive experience as a board member. He has been a director of 15 co-operatives and 3 companies, and is currently a director of 2 co-operatives including Hepburn Wind. Special responsibilities: Chairperson	Appointed 14 September 2012 Elected 23 March 2013
Simon Holmes à Court	Simon has a broad range of commercial experience, ranging from 'dot com' businesses in Silicon Valley to remote cattle stations in the Northern Territory. Simon has previously been a director of Heytesbury Pty Ltd, one of Australia's largest private companies, and is the Chairman of Melbourne based Observant Pty Ltd, which designs and manufactures agricultural and environmental management solutions. Simon is the founder and Chairman of Embark, a non-profit company helping communities to own and benefit from their own renewable energy projects.	Elected 18 July 2007 Re-elected 6 November 2011
Daniel Magasanik	Daniel was a founding director of the Energy Research and Development Corporation and the co-founder of McLennan Magasanik Associates, a consultancy that specialised in the energy area, and now works part-time with Marsden Jacob Associates. His main interest is the sustainable extraction and conversion of energy. Daniel holds a bachelor degree in chemical engineering from McGill University in Montreal and a PhD from the Illinois Institute of Technology in Chicago. The Magasanik family has a longstanding connection with the Daylesford area through orienteering and a property bordering the Wombat State Forest near Korweinguboora.	Elected 28 April 2010

Directors' Report
30 June 2013

Information on Directors continued

Director	Experience	Elected
David Perry	David holds a PhD in auditory neuroscience, and a bachelor degree in electrical engineering, both from The University of Melbourne. He previously worked on Australia's first bionic eye, and was Research & Program Manager at The Climate Group, a global solutions-focused NGO. He is currently working as a consultant engineer. David and his partner live in Macedon.	Elected 6 November 2011
Mitch Watson	Mitch is a permanent Daylesford resident and local business-owner, with tertiary qualifications in Applied Science and business management. Mitch operates two businesses in the local region, Daylesford Heirloom Farms, which grows and markets rare and old fruit and vegetable seedlings, and Daylesford and Hepburn Mineral Springs Company, which provides customers with a locally produced alternative to imported bottled mineral water, with a focus on sustainability and minimised environmental impact.	Elected 23 March 2013

Meetings of directors

During the financial year, 12 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Meetings attended	Meetings eligible to attend
Dan Cass	12	12
John Edgoose	3	3
Anthony Gill	9	9
Rob Hill	2	3
Simon Holmes à Court	12	12
Daniel Magasanik	12	12
Martin May	2	2
David Perry	11	12
Kate Redwood	3	3
Peter Rogers	3	3
Mitch Watson	3	3

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

Directors' Report
30 June 2013

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2013 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:..... Director: .....
Simon Holmes à Court Daniel Magasanik

Dated 27 October 2013

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 2013, 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.

Prowse Perrin & Twomey
Certified Practising Accountants
20 Lydiard Street South
Ballarat VIC 3350

.....
Mr Jason Hargreaves (Partner)

Dated 25 October 2013

Statement of Comprehensive Income

For the Year Ended 30 June 2013

		Consolidated		Parent	
		2013	2012	2013	2012
	Note	$	$	$	$
Revenue		**1,063,420**	720,294	**44,925**	37,455
Cost of merchandise sales		**(129)**	(1,953)	**(129)**	(1,953)
	2	**1,063,291**	718,341	**44,796**	35,502
Admininstrative expenses	3(a)	**(95,009)**	(124,176)	**(65,130)**	(95,847)
Communications & public meetings	3(b)	**(11,198)**	(39,039)	**(10,414)**	(39,000)
Personnel expenses	3(c)	**(156,690)**	(196,176)	**(68,598)**	(100,680)
Depreciation & amortisation	3(d)	**(424,386)**	(437,845)	**-**	-
Interest	3(e)	**(132,962)**	(200,863)	**(960)**	(6,752)
Other operating expenses	3(f)	**(216,986)**	(214,259)	**(24,636)**	(34,377)
Community contributions	3(g)	**(44,005)**	(31,838)	**(44,005)**	(31,838)
Loss before income tax		**(17,945)**	(525,855)	**(168,947)**	(272,992)
Income tax expense	17	**-**	-	**-**	-
Loss for the year		**(17,945)**	(525,855)	**(168,947)**	(272,992)
Other comprehensive income:					
Other comprehensive income for the year, net of tax		**-**	-	**-**	-
Total comprehensive income for the year		**(17,945)**	(525,855)	**(168,947)**	(272,992)

The accompanying notes form part of these financial statements.

Statement of Financial Position

As At 30 June 2013

	Note	Consolidated 2013 $	Consolidated 2012 $	Parent 2013 $	Parent 2012 $
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	4	**156,257**	240,556	**36,769**	30,624
Trade and other receivables	5	**155,058**	50,410	**11,959**	3,028
Inventories	6	**46,426**	76,393	**3,152**	3,281
Other assets	7	**2,171**	219	**2,171**	219
TOTAL CURRENT ASSETS		**359,912**	367,578	**54,051**	37,152
NON-CURRENT ASSETS					
Investments in subsidiaries	8	**-**	-	**20**	120
Other financial assets	9	**-**	-	**9,034,670**	9,186,585
Property, plant and equipment	10	**10,114,230**	10,486,264	**-**	-
Intangible assets	11	**5,002**	9,149	**-**	-
TOTAL NON-CURRENT ASSETS		**10,119,232**	10,495,413	**9,034,690**	9,186,705
TOTAL ASSETS		**10,479,144**	10,862,991	**9,088,741**	9,223,857
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	12	**114,424**	70,173	**60,802**	22,691
Provisions	13	**3,379**	4,252	**-**	-
TOTAL CURRENT LIABILITIES		**117,803**	74,425	**60,802**	22,691
NON-CURRENT LIABILITIES					
Borrowings	14	**1,945,000**	2,350,000	**-**	-
TOTAL NON-CURRENT LIABILITIES		**1,945,000**	2,350,000	**-**	-
TOTAL LIABILITIES		**2,062,803**	2,424,425	**60,802**	22,691
NET ASSETS		**8,416,341**	8,438,566	**9,027,939**	9,201,166
EQUITY					
Issued capital	15	**9,917,227**	9,921,507	**9,917,227**	9,921,507
Retained earnings		**(1,500,886)**	(1,482,941)	**(889,288)**	(720,341)
TOTAL EQUITY		**8,416,341**	8,438,566	**9,027,939**	9,201,166

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2013

2013	Parent				
	Members Capital $	Applications Pending $	Share Premium Reserve $	Retained Earnings $	Total $
Balance at 1 July 2012	**9,640,148**	**275,500**	**5,859**	**(720,341)**	**9,201,166**
Profit or loss attributable to members of the parent entity	**-**	**-**	**-**	**(168,947)**	**(168,947)**
Applications received (refunded)	**-**	**(4,300)**	**-**	**-**	**(4,300)**
Issue of shares	**265,800**	**(265,800)**	**20**	**-**	**20**
Balance at 30 June 2013	**9,905,948**	**5,400**	**5,879**	**(889,288)**	**9,027,939**

2012	Parent				
	Members Capital $	Applications Pending $	Share Premium Reserve $	Retained Earnings $	Total $
Balance at 1 July 2011	8,930,107	626,510	-	(447,349)	9,109,268
Profit or loss attributable to members of the parent entity	-	-	-	(272,992)	(272,992)
Applications received	-	359,031	-	-	359,031
Issue of shares	710,041	(710,041)	5,859	-	5,859
Balance at 30 June 2012	9,640,148	275,500	5,859	(720,341)	9,201,166

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2013

2013

	Consolidated				
	Members Capital	Applications Pending	Share Premium Reserve	Retained Earnings	Total
	$	$	$	$	$
Balance at 1 July 2012	**9,640,148**	**275,500**	**5,859**	**(1,482,941)**	**8,438,566**
Profit attributable to members of the parent entity	**-**	**-**	**-**	**(17,945)**	**(17,945)**
Applications received (refunded)	**-**	**(4,300)**	**-**	**-**	**(4,300)**
Issue of shares	**265,800**	**(265,800)**	**20**	**-**	**20**
Balance at 30 June 2013	**9,905,948**	**5,400**	**5,879**	**(1,500,886)**	**8,416,341**

2012

	Consolidated				
	Members Capital	Applications Pending	Share Premium Reserve	Retained Earnings	Total
	$	$	$	$	$
Balance at 1 July 2011	8,930,107	626,510	-	(957,086)	8,599,531
Profit attributable to members of the parent entity	-	-	-	(525,855)	(525,855)
Applications received	-	359,031	-	-	359,031
Issue of shares	710,041	(710,041)	5,859	-	5,859
Balance at 30 June 2012	9,640,148	275,500	5,859	(1,482,941)	8,438,566

Statement of Cash Flows

For the Year Ended 30 June 2013

		Consolidated		Parent	
		2013	2012	2013	2012
	Note	$	$	$	$
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers		**984,156**	710,873	**35,207**	11,346
Payments to suppliers and employees		**(481,509)**	(724,430)	**(191,384)**	(327,711)
Interest received		**3,501**	28,218	**39**	24,387
Finance costs		**(132,962)**	(200,863)	**(960)**	(6,752)
Net cash provided by (used in) operating activities	19	**373,186**	(186,202)	**(157,098)**	(298,730)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of property, plant and equipment		**(48,205)**	(506,784)	**-**	-
Loans repaid (made to) related parties		**-**	-	**167,523**	(1,423,089)
Net cash provided by (used in) investing activities		**(48,205)**	(506,784)	**167,523**	(1,423,089)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds (refunds) from share applications		**(4,280)**	367,768	**(4,280)**	367,768
Repayment of borrowings		**(405,000)**	(1,230,374)	**-**	(350,608)
Payment of borrowing costs		**-**	(11,718)	**-**	-
Net cash provided by (used in) financing activities		**(409,280)**	(874,324)	**(4,280)**	17,160
Net increase (decrease) in cash and cash equivalents held		**(84,299)**	(1,567,310)	**6,145**	(1,704,659)
Cash and cash equivalents at beginning of year		**240,556**	1,807,866	**30,624**	1,735,283
Cash and cash equivalents at end of financial year	4	**156,257**	240,556	**36,769**	30,624

Notes to the Financial Statements
For the Year Ended 30 June 2013

The financial report includes the consolidated financial statements and notes of Hepburn Community Wind Park Co-operative Ltd and controlled entities (the Group) and the separate financial statements and notes of Hepburn Community Wind Park Co-operative Ltd as an individual parent entity (Parent), incorporated and domiciled in Australia.

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 - Reduced Disclosure Requirements and the *Corporations Act 2001*.

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

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

(b) Principles of consolidation

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

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period that they were controlled. A list of controlled entities is contained in Note 23 to the financial statements.

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

(c) Cash and cash equivalents

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

(d) Inventories

A controlled company of the co-operative receives Large-scale Generation Certificates (LGCs) arising from its generation of renewable energy, which it holds available for sale. The company values held LGCs in the month leading up to the reporting date using the average of the rates provided by two entites that frequently purchase LGCs from the company.

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 2013

1 Summary of Significant Accounting Policies continued

(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 less depreciation and impairment losses. 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 diminishing value basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Land is not depreciated.

All classes of property, plant and equipment are depreciated at a rate of 4%.

The assets' 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. These gains and losses are included in the statement of comprehensive income.

(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

Initial recognition and measurement

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

Notes to the Financial Statements
For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies continued

(g) Financial instruments continued

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in arm's length transaction. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

(a) the amount at which the financial asset or financial liability is measured at initial recognition;

(b) less principal repayments;

(c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and

(d) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The classification of financial instruments depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and at the end of each reporting period for held-to-maturity assets.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Notes to the Financial Statements
For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies continued

(g) Financial instruments continued

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost .

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to be realised within 12 months after the end of the reporting period, which will be classified as current assets.

If during the period the Group sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

The Group did not hold any held-to-maturity investments in the current or comparative financial year.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be realised within 12 months after the end of the reporting period.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Fees payable on the establishment of loan facilities are recognised as transaction costs of the loan.

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

Impairment

Objective evidence that a financial asset is impaired includes default by a debtor, evidence that the debtor is likely to enter bankruptcy or adverse economic conditions in the stock exchange. At the end of each reporting period, the Group assess whether there is objective evidence that a financial asset has been impaired through the occurrence of a loss event. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to indicate that an impairment has arisen.

Notes to the Financial Statements
For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies continued

(g) Financial instruments continued

Impairment continued

Where a subsequent event causes the amount of the impairment loss to decrease (e.g. payment received), the reduction in the allowance account (provision for impairment of receivables) is taken through profit and loss.

However, any reversal in the value of an impaired available for sale asset is taken through other comprehensive income rather than profit and loss.

Impairment losses are recognised through an allowance account for loans and receivables in the statement of comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

When available-for-sale investments are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss.

(h) Impairment of non-financial assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information and dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Value in use is calculated by discounting the estimated future cash flows of the asset or cash-generating unit (CGU) at a pre-tax discount rate reflecting the specific risks in the asset / CGU. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment losses recognised in respect of CGU's are allocated first to reduce the carrying amount of goodwill to nil and then to the other assets in the unit in proportion to their carrying amount.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Assets, other than goodwill that have an allocated impairment loss are reviewed for reversal indicators at the end of each reporting period. After recognition of an impairment loss, the amortisation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount on a systematic basis over its remaining useful life.

Notes to the Financial Statements
For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies continued

(h) Impairment of non-financial assets continued

Impairment losses are recognised as an expense immediately, unless the relevant asset is property, plant and equipment held at fair value (other than investment property carried at a revalued amount) in which case the impairment loss is treated as a revaluation decrease as described in the accounting policy for property, plant and equipment.

(i) 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.

(j) Employee benefits

Provision is made for the Co-operative'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, plus related on-costs.

(k) 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 (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income). Each entity in the income tax consolidated group reports its contribution to the income tax expense (income) 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 (income) 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.

Notes to the Financial Statements
For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies continued

(k) Income tax continued

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.

(l) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(m) Revenue and other income

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as discussed below.

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

Sale of goods

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Notes to the Financial Statements
For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies continued

(m) Revenue and other income continued

Provision of services

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

(n) Borrowing costs

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

(o) 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 Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the 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.

(p) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Notes to the Financial Statements
For the Year Ended 30 June 2013

2 Revenue and Other Income

	Consolidated		Parent	
	2013	2012	2013	2012
	$	$	$	$
Sales revenue				
Merchandise	234	1,734	234	1,734
Cost of sales	(129)	(1,953)	(129)	(1,953)
	105	(219)	105	(219)
Electricity	639,258	284,932	-	-
Large-scale Generation Certificates	405,612	320,964	-	-
Movement in inventory of Large-scale Generation Certificates	(29,838)	73,112	-	-
Site tours	1,054	2,822	1,054	2,822
Other contributions from Red Energy	19,821	-	19,821	-
Launch day receipts	-	2,925	-	2,925
Community Fund contribution from Red Energy	16,963	5,588	16,963	5,588
Other Community Fund contributions	5,000	-	5,000	-
	1,057,975	690,124	42,943	11,116
Other revenue				
Interest - investment	3,501	28,217	38	24,386
Other income	1,815	-	1,815	-
	5,316	28,217	1,853	24,386
	1,063,291	718,341	44,796	35,502

3 Operating expenses

(a) Administration expenses

Accounting fees	26,279	42,253	26,129	42,254
Audit fees	6,200	4,180	6,200	4,180
Bank charges	12,196	11,689	25	226
Bookkeeping	12,860	11,132	12,860	11,132
Legal services	5,946	16,971	5,946	16,971
Printing, postage & stationary	1,295	4,552	784	4,027
Secretarial fees	1,911	453	1,016	-
Share registry	6,830	12,226	6,830	12,226
Telephone, mobile & internet	6,906	6,307	5,340	4,831
Municipal rates	14,586	14,413	-	-
	95,009	124,176	65,130	95,847

Notes to the Financial Statements
For the Year Ended 30 June 2013

3 Operating expenses continued

(b) Communications and public meetings

	Consolidated		Parent	
	2013	2012	2013	2012
	$	$	$	$
Advertising	1,413	15,263	1,413	15,263
Entertainment	1,954	775	1,501	775
Travel	331	64	-	25
Annual General Meeting	6,558	5,226	6,558	5,226
Launch and public events	1,124	14,027	1,124	14,027
Street stalls	1,818	320	1,818	320
Project documentation	(2,000)	3,364	(2,000)	3,364
	11,198	39,039	10,414	39,000

(c) Personnel expenses

Wages, salaries and contractors	142,281	177,643	62,281	93,895
Recruitment costs	-	343	-	343
Movement in leave provisions	(873)	4,252	-	-
Staff training & welfare	955	-	-	-
Superannuation contributions	12,966	12,644	5,766	5,567
Workcover	1,361	1,294	551	875
	156,690	196,176	68,598	100,680

(d) Depreciation and amortisation

Depreciation	420,239	434,755	-	-
Amortisation	4,147	3,090	-	-
	424,386	437,845	-	-

(e) Interest

Interest paid	132,962	200,863	960	6,752
	132,962	200,863	960	6,752

Notes to the Financial Statements
For the Year Ended 30 June 2013

3 Operating expenses continued

(f) Other operating expenses

	Consolidated		Parent	
	2013	2012	2013	2012
	$	$	$	$
Doubtful debts	1,125	-	1,125	-
Insurance	40,400	44,670	14,041	22,110
Licence fees	2,812	3,179	213	1,533
Office equipment	-	1,284	-	1,284
Office rent	7,929	7,800	7,929	7,800
Project development	-	1,650	-	1,650
Project management	1,328	-	1,328	-
Wind farm rent	23,173	22,903	-	-
Wind farm operation	136,145	130,159	-	-
Wind farm compliance	4,074	2,614	-	-
	216,986	214,259	24,636	34,377

(g) Community contributions

Community Fund grants	42,455	30,147	42,455	30,147
Sponsorships	1,550	1,691	1,550	1,691
	44,005	31,838	44,005	31,838

4 Cash and Cash Equivalents

Operating accounts	73,066	162,300	3,578	2,368
Share offer trust account	-	252	-	252
High interest share offer account	-	6,451	-	6,451
Market participant security	50,000	50,000	-	-
Community Fund account	33,191	21,553	33,191	21,553
	156,257	240,556	36,769	30,624

5 Trade and Other Receivables

Trade receivables	156,140	50,410	12,707	3,028
Provision for impairment	(1,125)	-	(1,125)	-
	155,015	50,410	11,582	3,028
GST receivable	-	-	334	-
Other receivables	43	-	43	-
	155,058	50,410	11,959	3,028

Notes to the Financial Statements
For the Year Ended 30 June 2013

6 Inventories

	Consolidated		Parent	
	2013	2012	2013	2012
	$	$	$	$
Merchandise	3,152	3,281	3,152	3,281
Large-scale Generation Certificates	43,274	73,112	-	-
	46,426	76,393	3,152	3,281

7 Other Assets

Monies on trust	2,171	219	2,171	219
	2,171	219	2,171	219

8 Investments in subsidaries

Leonards Hill Wind Operations Pty Ltd	-	-	20	20
Leonards Hill Wind Farm Pty Ltd	-	-	-	100
	-	-	20	120

9 Other Financial Assets

Loans to related entities

Leonards Hill Wind Operations Pty Ltd	-	-	9,034,670	9,179,330
Leonards Hill Wind Farm Pty Ltd	-	-	-	7,255
	-	-	9,034,670	9,186,585

10 Property, Plant and Equipment

PLANT AND GRID CONNECTION

Wind Farm Development				
At cost	25,552	25,552	-	-
Accumulated depreciation	(3,482)	(2,562)	-	-
	22,070	22,990	-	-
Wind Farm Construction				
At cost	11,111,232	11,067,926	-	-
Accumulated depreciation	(1,182,503)	(769,953)	-	-
	9,928,729	10,297,973	-	-

Notes to the Financial Statements
For the Year Ended 30 June 2013

10 Property, Plant and Equipment continued

	Consolidated		Parent	
	2013	2012	2013	2012
	$	$	$	$
Wind Farm Compliance				
Bat and bird monitoring - at cost	**31,885**	29,535	**-**	-
Electromagnetic interference mitigation - at cost	**1,910**	1,910	**-**	-
Electromagnetic interference survey - at cost	**3,150**	3,150	**-**	-
Heritage protection and management - at cost	**6,067**	6,067	**-**	-
Landscaping and screening - at cost	**9,561**	9,561	**-**	-
Noise monitoring - at cost	**85,783**	83,234	**-**	-
Preparation of management plans - at cost	**20,312**	20,312	**-**	-
Accumulated depreciation	**(12,230)**	(6,170)	**-**	-
	146,438	147,599	**-**	-
Wind Farm Project Management				
At cost	**18,512**	18,512	**-**	-
Accumulated depreciation	**(1,519)**	(810)	**-**	-
	16,993	17,702	**-**	-
Total property, plant and equipment	**10,114,230**	10,486,264	**-**	-

(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	Wind Farm Construction	Wind Farm Compliance	Wind Farm Project Management	Total
	$	$	$	$	$
Balance at the beginning of year	**22,990**	**10,297,973**	**147,599**	**17,702**	**10,486,264**
Additions	**-**	**43,306**	**4,899**	**-**	**48,205**
Depreciation expense	**(920)**	**(412,550)**	**(6,060)**	**(709)**	**(420,239)**
Balance at 30 June 2013	**22,070**	**9,928,729**	**146,438**	**16,993**	**10,114,230**

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

Notes to the Financial Statements
For the Year Ended 30 June 2013

11 Intangible Assets

	Consolidated		Parent	
	2013	2012	2013	2012
	$	$	$	$
Formation costs				
Cost	**400**	800	**-**	-
Accumulated amortisation	**(278)**	(439)	**-**	-
	122	361	**-**	-
Borrowing costs				
Cost	**11,718**	11,718	**-**	-
Accumulated depreciation	**(6,838)**	(2,930)	**-**	-
	4,880	8,788	**-**	-
	5,002	9,149	**-**	-

12 Trade and Other Payables

Trade payables	**67,958**	33,563	**55,788**	17,900
GST payable	**34,035**	21,853	**-**	524
PAYG withholding payable	**8,792**	9,742	**3,738**	2,198
Superannuation payable	**3,214**	5,015	**1,276**	2,069
Other payables	**425**	-	**-**	-
	114,424	70,173	**60,802**	22,691

13 Provisions

Provision for annual leave	**3,379**	4,252	**-**	-
	3,379	4,252	**-**	-

14 Borrowings

Bank loans	**1,945,000**	2,350,000	**-**	-
	1,945,000	2,350,000	**-**	-

The Bendigo Bank holds the following securities in relation to the bank loan (facility limit of $3,100,000):

- Registered Mortgage Debenture over Leonards Hill Wind Operations Pty Ltd.
- Unlimited Guarantee and Indemnity from Hepburn Community Wind Park Co-operative Ltd and Embark Australia 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.
- Set Off Agreement against Fixed Term Deposit of $1,000,000 held with Bendigo & Adelaide Bank and being in the name of Embark Australia Ltd.

Notes to the Financial Statements
For the Year Ended 30 June 2013

15 Issued Capital

	Consolidated		Parent	
	2013	2012	2013	2012
	$	$	$	$
9,905,948 ordinary shares (2012: 9,640,148)	**9,905,948**	9,640,148	**9,905,948**	9,640,148
Pending applications	**5,400**	275,500	**5,400**	275,500
Share premium reserve	**5,879**	5,859	**5,879**	5,859
	9,917,227	9,921,507	**9,917,227**	9,921,507

Ordinary shares participate in dividends and the proceeds on winding up of the Co-operative entity in proportion to the number of shares held. At a meeting of shareholders 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 therefore been treated as equity.

Applications pending consists of Victorian and interstate applications which had been received and not formally accepted at the reporting date. A number of applications from applicants residing outside of Victoria are being held pending approval from the various state Registrars and ASIC.

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 after that date are allocated to the share premium reserve.

16 Contingent Liabilities

The Co-operative and its controlled entities had the following contingent liabilities which have not been recognised in the statement of financial position:

A controlled entity of the Co-operative is party to a number of contracts related to the development and construction of the wind farm that are yet to be finalised. The total exposure across these contracts is not expected to exceed $190,000.

Once finalised, costs associated with these items would be categorised as items of property, plant and equipment. In the meantime, these contingent liabilities have not been recognised in the statement of financial position. In the meantime, these contingent liabilities have not been recognised in the statement of financial position.

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

Notes to the Financial Statements
For the Year Ended 30 June 2013

17 Income Tax Expense

(a) The prima facie tax on profit before income tax is reconciled to the income tax expense as follows:

	Consolidated		Parent	
	2013	2012	2013	2012
	$	$	$	$
Prima facie tax on profit before income tax at 30% (2012: 30%)	**(5,384)**	(156,481)	**(50,684)**	(81,898)
Add tax effect of tax loss not booked	**5,384**	156,481	**50,684**	81,898
Income tax expense	**-**	-	**-**	-

(b) Tax assets are not recognised until it is probable that future profits will be available against which the benefits of the deferred tax asset can be utilised.

	Consolidated		Parent	
	2013	2012	2013	2012
	$	$	$	$
Deferred tax assets that have not been recorded in the financial statements are comprised as follows:				
Tax losses	**1,558,560**	869,213	**405,441**	367,825
	1,558,560	869,213	**405,441**	367,825

18 Dividends

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

Notes to the Financial Statements
For the Year Ended 30 June 2013

19 Cash Flow Information

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

	Consolidated		Parent	
	2013	2012	2013	2012
	$	$	$	$
Profit (loss) for the year	**(17,945)**	(525,855)	**(168,947)**	(272,992)
Cash flows excluded from profit attributable to operating activities				
Non-cash flows in profit:				
Depreciation and amortisation	**424,386**	437,845	**-**	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:				
(Increase)/decrease in trade and other receivables	**(104,605)**	(11,655)	**(8,554)**	26,937
(Increase)/decrease in inventories	**29,967**	(73,240)	**129**	(128)
(Increase)/decrease in other assets	**(1,952)**	-	**(1,952)**	-
Increase/(decrease) in trade and other payables	**44,208**	(17,549)	**22,226**	(52,547)
Increase/(decrease) in provisions	**(873)**	4,252	**-**	-
Cashflow from operations	**373,186**	(186,202)	**(157,098)**	(298,730)

20 Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, 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	
	2013	2012	2013	2012
	$	$	$	$
Financial Assets				
Cash and cash equivalents	**156,257**	240,556	**36,769**	30,623
Trade and other receivables	**155,058**	50,410	**11,959**	3,028
Loans to related parties	**-**	-	**9,034,670**	9,186,585
Total financial assets	**311,315**	290,966	**9,083,398**	9,220,236
Financial Liabilities				
Trade and other payables	**114,424**	70,173	**60,802**	22,691
Borrowings	**1,945,000**	2,350,000	**-**	-
Total financial liabilities	**2,059,424**	2,420,173	**60,802**	22,691

Notes to the Financial Statements
For the Year Ended 30 June 2013

21 Key Management Personnel Compensation

The total remuneration paid to key management personnel of the Co-operative and its controlled entities is $ 87,200 (2012: $ 46,995).

22 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 21: Interests of 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.

Transactions with related parties

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

Payments to related parties

A controlled entity of the Co-operative has paid a fee to Embark Australia Ltd, a non-profit company limited by guarantee, of which Simon Holmes à Court is a director, for the provision of a guarantee and use of a term deposit held in the name of Embark Australia Ltd as security for the bank loan of the controlled entity.

	Consolidated		Parent	
	2013	2012	2013	2012
	$	$	$	$
Loan security fee	**10,000**	10,000	**-**	-
	10,000	10,000	**-**	-

Notes to the Financial Statements
For the Year Ended 30 June 2013

23 Controlled Entities

	Country of Incorporation	Percentage Owned (%)* 2013	Percentage Owned (%)* 2012
Leonards Hill Wind Operations Pty Ltd	Australia	**100**	100
Leonards Hill Wind Farm Pty Ltd	Australia	**100**	100

* Percentage of voting power is in proportion to ownership

During the year the board resolved to consolidate the operations of its subsidiaries, Leonards Hill Wind Farm Pty Ltd and Leonards Hill Wind Operations Pty Ltd as the structure had outlasted its original purpose. The transfer of the assets and operations of Leonards Hill Wind Farm Pty Ltd to Leonards Hill Wind Operations Pty Ltd was completed by 30 June 2013. The board, in their capacity as shareholder of Leonards Hill Farm Pty Ltd resolved to wind up Leonards Hill Wind Farm Pty Ltd and the secretary applied to ASIC on 27 August 2013 for the voluntary deregistration of the company.

24 Community Fund

The Co-operative operates a Community Fund for the purpose of making contributions to local community groups.

The Community Fund maintains a separate bank account in the name of the Co-operative. 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.

	Consolidated		Parent	
	2013	2012	2013	2012
	$	$	$	$
Opening Community Fund balance	**467**	-	**467**	-
Contribution by Co-operative	**30,488**	30,000	**30,488**	30,000
Contribution by Red Energy	**16,963**	5,588	**16,963**	5,588
Other Community Fund contributions	**5,000**	-	**5,000**	-
Interest income	**21**	61	**21**	61
Grants to community groups	**(42,455)**	(32,647)	**(42,455)**	(32,647)
Sponsorships to community groups	**(1,550)**	(1,691)	**(1,550)**	(1,691)
Management fee	**(2,544)**	(838)	**(2,544)**	(838)
Bank charges	**(9)**	(6)	**(9)**	(6)
Closing Community Fund balance	**6,381**	467	**6,381**	467

25 Co-operative Details

The registered office and principal place of business of the co-operative is:
Hepburn Community Wind Park Co-operative Ltd
13 Knox 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 31, are in accordance with the *Corporations Act 2001* and:

   a. comply with Accounting Standards - Reduced Disclosure Requirements; and

   b. give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the Co-operative and consolidated group.

2. In the directors' opinion, there are reasonable grounds to believe that the Co-operative 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: ..... Simon Holmes à Court

Director: ..... Daniel Magasanik

Dated 27 October 2013

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

We have audited the accompanying financial report of Hepburn Community Wind Park Co-operative Ltd, which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Co-operative and the consolidated entity.

Directors' Responsibility 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 - Reduced Disclosure Requirements 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Co-operative's preparation of the financial report that gives a true and fair view 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 Co-operative's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Hepburn Community Wind Park Co-operative Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

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

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

Opinion

In our opinion the financial report of Hepburn Community Wind Park Co-operative Ltd is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Co-operative's and the consolidated entity's financial position as at 30 June 2013 and of their performance for the year ended on that date; and

(b) complying with Australian Accounting Standards - Reduced Disclosure Requirements (including Australian Accounting Intertpretations)and the *Corporations Regulations 2001*.

Prowse Perrin & Twomey
Certified Practising Accountants
20 Lydiard Street South
Ballarat VIC 3350

.....
Mr Jason Hargreaves (Partner)

Dated 28 October 2013