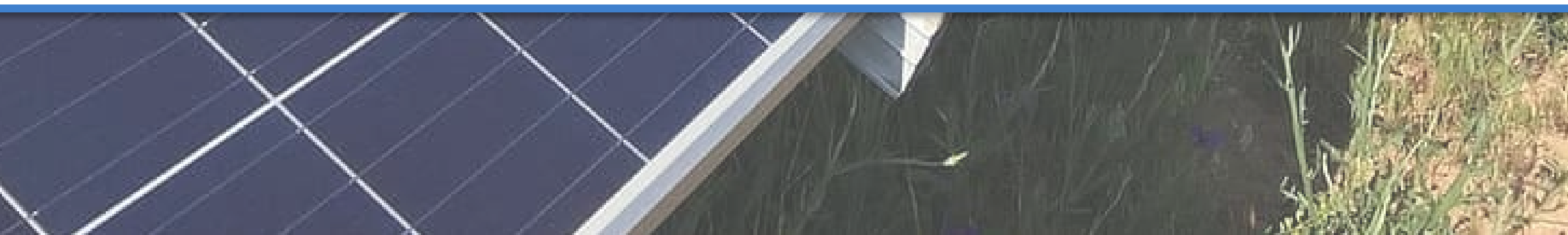
SolarShare

2021 Annual Report



SOLARSHARE COMMUNITY ENERGY LTD

ACN: 600 571 220

ANNUAL REPORT

For the reporting period 1st July 2020 to 30th June 2021

Contents

CHAIR OF THE BOARD'S REPORT

On behalf of the SolarShare Board of Directors, I am pleased to present the seventh Annual Report of SolarShare Community Energy Limited.

We have been talking about the growth and change in the company for more than 18 months, and this has certainly happened in the last financial year.

Our highlights were:

- Breaking ground for the farm on 28th August 2020
- Mechanical and civil completion of the build on 14th December
- Connection to the grid and the commencement of energy production on 12th March 2021

In the three and half months of the financial year, we have generated 498 MWh of electricity, which equates to 403 tonnes of CO^2e offset, which is great. This of course also means the company moved to cash flow positive, which makes everyone happy. We are intending to make a return to investors as a result of this year's operating results.

In parallel we have continued to develop the company. Clara Wilson joined the company as CEO on 1st July, working 2 days a week, and we are all delighted with Clara's attitude and contribution – she's certainly removing day to day operational activities from the board.

We held an internal strategy day at the end of July, to determine what is next for SolarShare, and we have identified 2 opportunity types that we want to pursue: a community scale battery, or solar and a variety of other components on large body corporate residential properties. We'll be developing first round business cases for these, with the intention to bring another investment opportunity to the community - I hope by Christmas, but likely to be early next calendar year.

During this financial year of operation, the board developed it's own internal structure, with the documentation and terms of reference for a Finance, Audit and Risk committee, a Nominations committee, and an Investment committee. This has already improved the efficiency and effectiveness of the board, and I thank all of the board members for their efforts and support during the year.

During the year, there were changes to the board: Michelle McCann did not offer herself for re-election at the AGM in April, and departed the Board, and Wendy Meredith resigned on 15th June. Both Wendy and Michelle left due to other commitments – we thank them for their contribution to SolarShare, which was enormous in both cases. Coming up for the board, we intend to recruit new board members via an open, transparent recruitment process.

As well, this year marks where Lawrence McIntosh departs SolarShare. The reason for the company's existence is Lawrence's efforts, tenacity and excellence – without this we wouldn't be here today. So a massive thanks for his efforts over the last 10 years.

Lawrence led a group of volunteers to help deliver this project – over the years their support has been enormous, and a huge thanks goes to all of them.

I look forward to seeing all members at our Annual General Meeting in October 2021.

NICK FEJER

Chair of the Board

PRINCIPAL EXECUTIVE OFFICER'S REPORT

In March this year we flicked the switch on SolarShare's completed Majura Solar Farm. This culmination of efforts from tens of volunteers, hundreds of community investors, thousands of hours of contributions and over a million Watts of solar energy.

Epho has been a fabulous construction partner: Oliver, Axel, Duncan, Mattias, and the whole team at Epho deserve our acknowledgment. Most of the Epho team are sadly in lockdown presently, but it is a marvel how their engineering and delivery prowess was able to deploy our solar farm in the Majura valley without significant disruption from the pandemic.

Since the farm's operation commenced, we have already generated over 500MWh of electricity, offsetting approximately 400 tonnes of CO_2.

We've had some teething issues with the control systems of the trackers. Thanks go out to anyone who has driven by the site and thoughtfully emailed in to note if one was pointing the wrong way. We've generally known about this already, but it's nice to see our concerned community members in action! Epho and Schletter are conducting resets on these as often as is needed as they wait to be able to get a team down from Sydney to address the issue. This is of course all part of the service that they provide with install and warranty commitments.

It is hard to put into words the huge sense of pride and gratitude I feel for what our community has achieved and the support SolarShare has received. I have learned so much over the past years, much of it wholly unexpected. This endeavour hasn't just been about what I've learned, but also who I've learned from. A very large thankyou to SolarShare's board of directors and particularly Nick, Marea and Michelle who have guided myself and this project right from its very inception.

It is time for SolarShare to take its next steps without me, and I'm excited to see the organisation mature in this way. I've handed the reins on to Clara Wilson. It is an important step in the long-term sustainability for SolarShare to have fresh ideas and enthusiasm injected from a new Chief Executive Officer and I'm very excited to see what she has already been working on with the board in terms of SolarShare's next projects.

SolarShare is, to me at least, a community going on an adventure. An adventure of transitioning to sustainable practices wherever we can. An adventure that we choose not to enter into reluctantly or fearfully, but one to dive into with interest, curiosity, and some really great diving buddies for company:

The entire abyss weakly pulses
A characteristic peculiar to it
This apparent calm seems to mesmerize
What awaits us?
A stellar expanse of ocean that is as old as all this world?
At dawn in underwater space
It is time for us to dive

Poem by James Patterson

LAWRENCE MCINTOSH

Principal Executive Officer

DIRECTORS' REPORT

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN NATURE OF ACTIVITIES

The Company's principal activities during the reporting period focused on our flagship project, the Majura Valley Community Solar Farm. The most significant change that occurred was that construction of the solar farm was completed and the solar farm moved into the operational stage and started generating revenue.

Principal activities comprised of:

- Construction of the solar farm
- Commencement of operations by the solar farm
- The solar farm started generating revenue through electricity sales
- Assessment of other appropriate project opportunities

OPERATING RESULTS AND REVIEW OF OPERATIONS

OPERATING RESULTS

For 2020-21, SolarShare recorded a net loss of $79,960 after income tax.

Year ended 30th June 2021	Year ended 30th June 2020
($79,960)	($30,011)

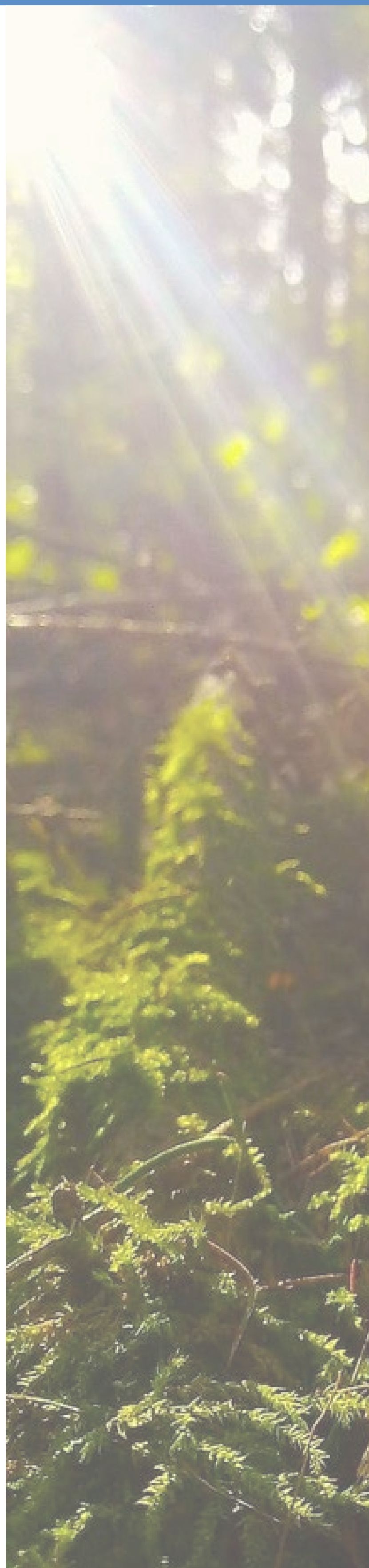
REVIEW OF OPERATIONS

INVESTMENT ACTIVITIES

As part of our project development operations, SolarShare progressed these two broad streams:

1. The Flagship project, Mount Majura Solar Farm, supported by an ACT Government Feed-in-Tariff, and
2. Assessment of other appropriate project opportunities.

DIRECTORS' REPORT



STREAM 1—MAJURA VALLEY COMMUNITY SOLAR FARM

This financial year presented an exciting milestone for the Company as the Majura Valley Community Solar Farm was constructed and started operating and generating revenue.

The Engineering, Procurement and Construction (EPC) contractor for the project was Epho Pty Ltd. Key milestones in the construction timetable included:

- August 2020: First sod was turned
- September 2020: Construction commenced
- November 2020: High voltage works were commenced
- December 2020: Mechanical installation completed
- February 2021: Switchboard completed
- March 2021: Solar farm switched on
- April 2021: Full operating certificate issued

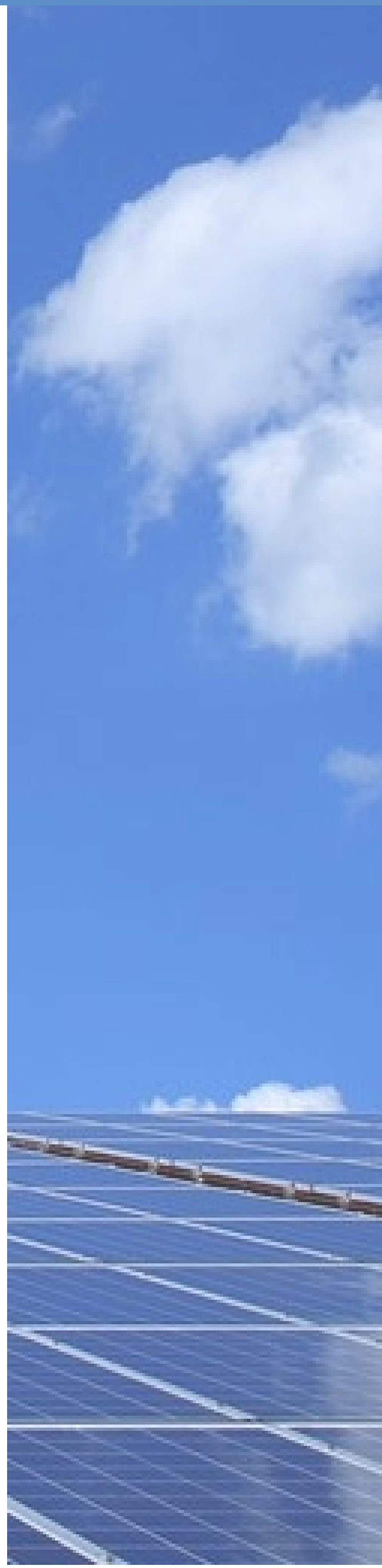
The solar farm commenced operating in mid-March 2021, meaning that the farm began producing electricity into the National Electricity Market. The farm has an installed capacity of 1,271.69 kWp and consists of 2,874 solar modules and nine (9) inverters.

Month	Actual energy generation (kWh)
Mar*	89030.47
Apr	200250.16
May	132494.44
June	77150.24
Jul	85627.43
Aug	142027.02
Sept**	144934.26

*From 12/3 onwards

**As at 23/9 inclusive

DIRECTORS’ REPORT



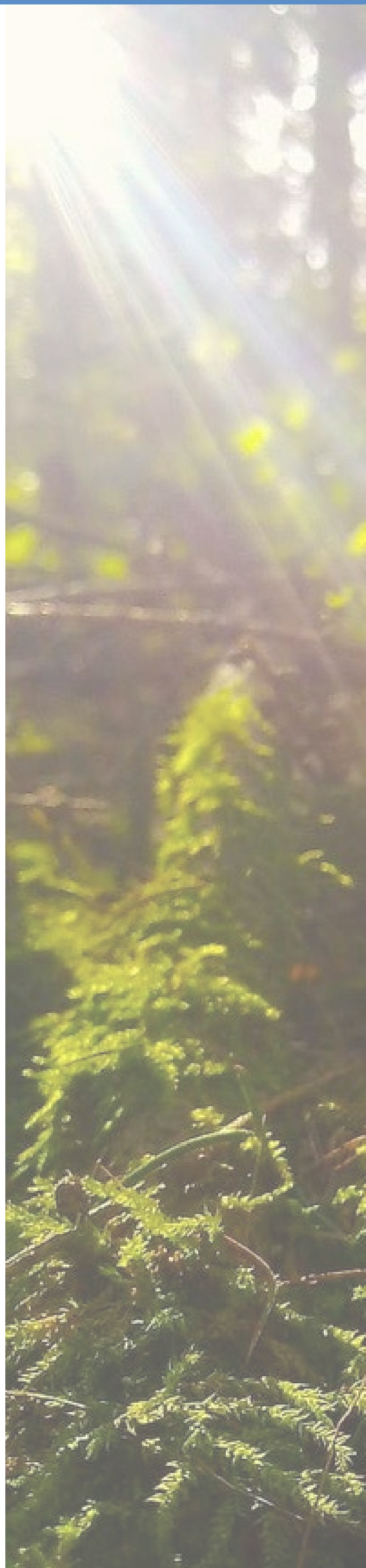
Some operational issues have been identified, including:

- Row N1 out of alignment: upon inspection in March, one row was found to be out of alignment. This was determined to be a workmanship issue. The issue was promptly rectified and the entire site was inspected to ensure that this problem would not re-occur. The issue only impacted the most southern two piles of that row (approximately 10-12 modules) and no stress was identified on the panels both visually and via the remote monitoring system. This issue has been closed.
- Row N4 faulty drive shaft connector: a faulty drive shaft connector caused one tracker row to become misaligned. The connector was replaced and other connectors were checked. This issue has been closed.
- Tracker Control Unit (TCU) replaced: during electroluminescent imaging on N4, the TCU system alarmed and the system was unable to be manually moved back to normal range. Epho are putting the spare TCU into service and returning the one with the faulty button under a warranty claim. This issue has been closed.
- Tracker issue: some trackers have been discovered to be stuck at full tilt since May 2021. There are on-going investigations by Epho and Schletter attempting to identify the root cause; some repairs and improvements have been made; and these have been partly effective as at mid-September.
- Protection relay trip: on one occasion in June a protection relay tripped resulting in the farm not generating electricity for a 24-hr period.

There was a loss of income of approximately $1000 for the April – June period due to the tracker issue and the protection relay issue. Of this, $800 can be attributed to the protection relay trip in June.

SolarShare has commenced invoicing for spot market sales and for the Feed-in-Tariff. SolarShare is finalising an agreement for the sale of Large-Scale Generation Certificates (LGCs).

DIRECTORS' REPORT



STREAM 2—OTHER OPPORTUNITIES

SolarShare has been developing a strategy for future projects. The Board developed a list of 25 potential project opportunities which was narrowed down to seven short-listed project types.

One of the project types of interest is medium-sized rooftop installation of photovoltaic plants, coupled with power purchase agreements from end consumers. SolarShare has a small pipeline of projects in the development stage and is in various stages of discussions with building owners and energy users for the sites involved.

SolarShare is also investigating opportunities for community batteries as a way of storing excess generation from solar projects and dispatching this electricity into the market when it is needed.

DIVIDENDS

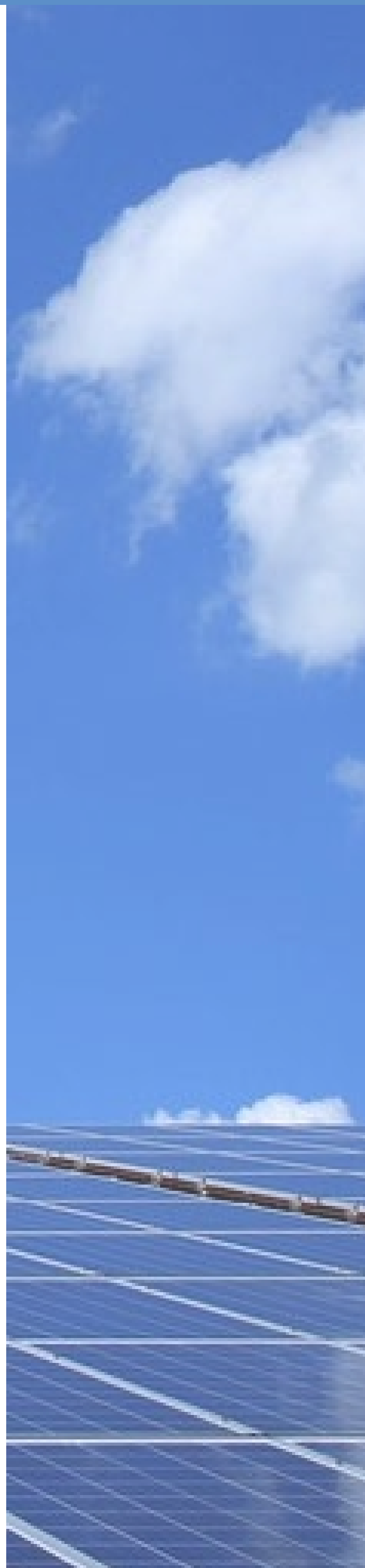
No dividends were declared or paid for 2020-2021. SolarShare will pay a capital return to investors in the 2021-2022 financial year subject to Board approval.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Significant changes occurred during the reporting period. These included:

1. On 12th March 2021 the Mt Majura Community Solar Farm commenced operations, comprising production of electricity, sale of this electricity into the National Energy Market (NEM), and receipt of Feed in Tariff payments.
2. Michelle McCann did not offer herself for re-election at the AGM on 30th April 2021 and ceased as a director.
3. In June 2021 Wendy Meredith resigned from the Board for personal reasons.

DIRECTORS' REPORT



FUTURE DEVELOPMENTS

SolarShare's focus for the next year will be:

a) Operating the Mt Majura Solar Farm, and

b) Developing and evaluating new opportunities for investments.

EVENTS SUBSEQUENT TO REPORTING PERIOD

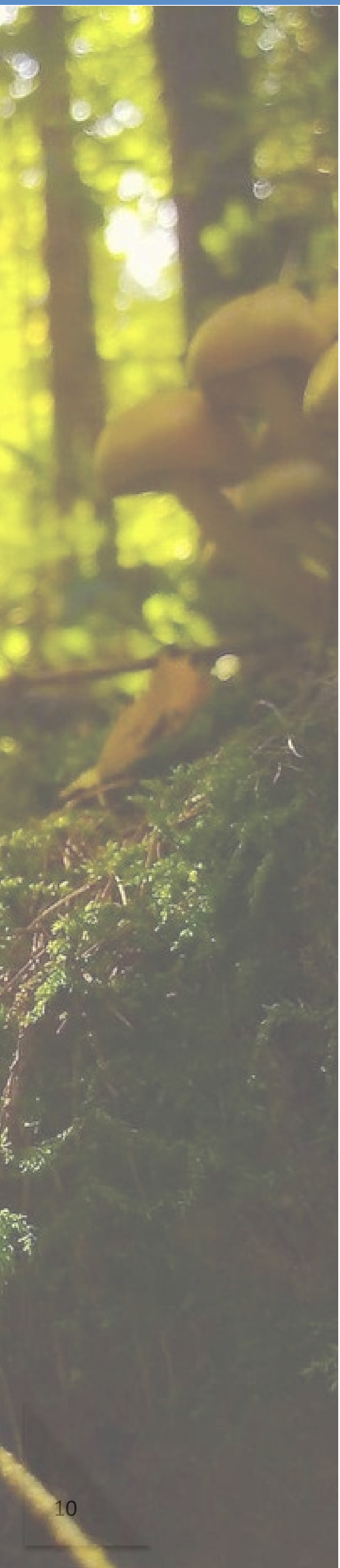
SolarShare is delighted to welcome Clara Wilson as our new CEO, who commenced her position on 1 July 2021. Clara is an experienced and passionate renewable energy expert with a legal, project management, and community engagement background. Clara brings a diverse range of experience working across renewable energy development, corporate law and internationally, with the United Nations and international NGOs. Having grown up in country NSW, Clara believes that the transition to renewable energy must serve both the environment and local communities. A proud Canberran, Clara is excited to join the SolarShare team to give back to her home and community.

SolarShare continues to work with Epho to resolve operational issues with some trackers at the solar farm, which have been impeded by the current COVID-19 restrictions. The impact of these issues has been lower than expected solar generation and associated revenue. There are identified faults known in the July - September quarter, however their gross impact are not yet known.

ENVIRONMENTAL ISSUES

SolarShare's operations are subject to significant environmental regulation under Australian Government law and ACT Government law. No significant events occurred in relation to any environmental regulation during the reporting period.

DIRECTORS' REPORT



DIRECTOR BENEFITS

CONTRACTUAL BENEFITS

SolarShare entered into a contract with PV Lab Australia on 18th August 2020 for $9251 incl GST for the provision of Panel testing services. Both Michelle McCann and Lawrence McIntosh are associated with PV Lab Australia.

The contract was awarded after an approach to market comprising 9 companies, of which PV Lab was found to be the best value for money for SolarShare.

Neither Michelle nor Lawrence were involved with the approach to market, nor the evaluation or decision process from SolarShare's perspective.

The contract was completed satisfactorily, and PV Lab paid, by 30 November 2020.

No director received or became entitled to receive, during the reporting period, a benefit because of a contract made by:

- SolarShare;
- a controlled entity or related body corporate with a director;
- a firm in which a director is a member;
- an entity in which a director has a substantial financial interest.

Subsequent to the financial year, SolarShare entered into a contract with BellChambers Barrett for the provision of accountancy services, to the value of $10,780 (including GST). Donna McShane is an employee of BellChambers Barrett.

DIRECTOR AND OFFICER INDEMNIFICATION AND INSURANCE

SolarShare has indemnified all directors and officers in respect of liabilities to other persons (other than the Company or related body corporate) that may arise from their position as directors or officers of the Company, except where the liability arises out of conduct involving negligence or the lack of good faith.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of SolarShare's contract of insurance.

The Company did not provide any insurance for an auditor of the Company or a related body corporate during this reporting period or previous reporting periods.

COMPANY DIRECTOR INFORMATION

The names and details of the Company's directors who held office during the reporting period are as follows:

Mr. Nicolas Fejer

BEng (Hons), BSc, MAIPM, GAICD
Chair (since August 2017), Non-Executive Director (since July 2014)

Nicolas Fejer is a business leader with extensive experience gained working for or with engineering, financial and large corporate firms. He specialises in technology and high performance teams. Nicolas runs the Enakt Group, which provides professional services in the areas of program and project management and processes.

Previously, Nicolas was a public servant, working in program management. Before his time with the Australian Government, he was a founding member of start-up Spark Solar.

Nicolas' extensive corporate experience includes senior management positions at Siemens and Bosch, where he held positions in business development and manager of project management.

Interest in shares and option: Holds 1000 shares in SolarShare Community Energy Ltd, a combination of personal holdings and holdings in a personal trust—Feathertop Holdings Pty Ltd—as trustee.

Special responsibilities: Chairperson

Directorships held in other listed entities during the three years before the reporting period: NIL

Ms. Michelle McCann

PhD BSc (Hons)
Non-Executive Director (since July 2014)

Michelle McCann has worked in solar energy since 1996. She is currently a partner at PV Lab Australia, a specialised test laboratory with a focus on quality assurance and risk evaluation for PV modules and components.

Previously, she was CEO and one of the founders of Spark Solar Australia, an Australian company seed-funded by a group of German experts in the photovoltaic field with the mission of raising funds to establish a PV manufacturing company in Australia. Before this, Michelle worked in the photovoltaic group at the University of Konstanz in Germany, where she was group leader of the Novel Devices Group.

She has a PhD from the Photovoltaic Group at the Australian National University. Michelle has twice held a world record for producing high efficiency solar cells.

Interest in shares and option: Holds 400 shares in SolarShare Community Energy Ltd., in a personal trust—Stripey Otter Pty Ltd—as trustee.

Special responsibilities: Deputy Chair, member of the Finance, Audit and Risk committee

Directorships held in other listed entities during the three years before the reporting period: NIL

Ms. Marea Fatseas

MBA, MA (Asian Studies), BSc (Hons), Dip. Humanities
Non-Executive Director (since January 2017)

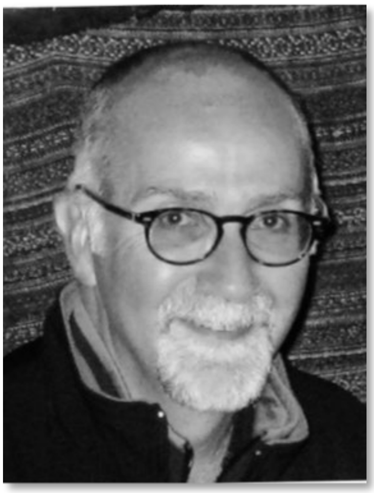
Marea has more than 30 years of public and private sector experience in Australia and internationally in strategy development, program management and advising on large-scale collaborations. She is the owner-director of consultancy company Ideas Connect.

Marea is highly active in community and residents' groups in the inner south of Canberra, including as Deputy Chair of the Inner South Canberra Community Council, and formerly as President of the Yarralumla Residents Association. She cofounded climateXchange, a former online sustainability forum for Canberra and surrounding region.

Interest in shares and option: Holds 2400 shares in SolarShare Community Energy Ltd through a combination of personal holdings and holdings in a private company—Ideas Connect Pty Ltd.

Special responsibilities: Member of the Finance, Audit and Risk committee

Directorships held in other listed entities during the three years before the reporting period: NIL



Mr. Carlo Botto

BE (Electrical), GradDipEng (Asset Management)
Non-Executive Director (since June 2016)

Carlo Botto has extensive energy industry experience gained while working for more than 35 years in the energy supply industry in Australia and North America. Carlo is the principal of Brighter Energy, which he established to provide consulting services to the energy industry. He presently sits on the Board of Hydro Tasmania. Previously, Carlo was a Director of BlueNRGY Group, and a senior executive of CLP Holdings (listed on the Hong Kong stock exchange), where Carlo worked in its Australian subsidiary Energy Australia (formerly TRUenergy and Yallourn Energy) based in Melbourne.

Carlo has also held senior executive roles, including:

- Head of Risk Management and Trading at InterGen Services, based in Brisbane, Queensland,
- Director of Asset Trading and Operations for Pacific Gas & Electricity's National Energy Group based in the United States,
- General Manager, Trading and Pricing for Ergon Energy, a Queensland-based electricity retailer.

Initially, from an electrical engineering background, Carlo gained significant operational experience while working in New South Wales and Victoria. This experience included positions with Snowy Hydro Limited in technical, production and commercial roles. Before Snowy Hydro, Carlo worked in a Sydney-based engineering consulting firm.

Interest in shares and option: NIL

Special responsibilities: NIL

Directorships held in other listed entities during the three years before the reporting period: Non-executive Director of Hydro Tasmania. Previously a Non-executive Director of BlueNRGY Group, a listed public company

Ms. Wendy Meredith

LLB (Hons) ANU, GAICD
Non-Executive Director (since October 2018)

Wendy Meredith is a commercial and corporate lawyer with more than 25 years of experience. She has acted for a wide range of companies including several start-up entities.

As a lawyer, Wendy's focus is primarily on negotiating and drafting commercial arrangements, advising on business structuring, corporate governance and on the commercialisation of intellectual property.

Wendy's depth of legal knowledge and practical approach to finding solutions has enabled her to develop a loyal client base across a wide range of industries, including logistics, information technology, education, government and engineering.

Interest in shares and option: NIL

Special responsibilities: NIL

Directorships held in other listed entities during the three years before the reporting period: NIL

Mr. David Maywald

GAICD, CFA, B Commerce ANU (Hons) and B Economics ANU
Non-Executive Director (since July 2019)

David brings two decades of experience as a Research Analyst and top-quartile Portfolio Manager, having specialised in utilities, infrastructure and energy. In particular, he has become a leader in Australian energy networks.

David has undertaken research and analysis of Renewable Energy companies, along the supply chain and across developed/developing countries. He brings technical skills in accounting, valuation, finance and investment to the SolarShare board. David is passionate about promoting Sustainable Finance and contributing to the energy transition (from fossil fuels to renewables).

He has held the Chartered Financial Analyst designation since 2003, and is a Graduate member of the Australian Institute of Company Directors (having completed the Company Directors Course in June 2019). David has previously volunteered with CanTeen, Wayside Chapel and the ACT Wilderness Society.

Interest in shares and option: NIL

Special responsibilities: Member of the Investment Committee and Member of the Nominations Committee.

Directorships held in other listed entities during the three years before the reporting period: NIL

Ms. Donna McShane

B Comm UC, MBA (Corporate Governance) University of Tasmania, member of CPA Australia, Certified Internal Auditor, Certified Risk Management Assurer.
Non-Executive Director (since January 2020)

Donna has over 20 years of experience working within the Australian Public Service in internal audit, external financial statements audit, accounting policy, and strategic planning roles. Donna has a long-held interest in corporate governance. She completed a Master of Business Administration (MBA) specialising in corporate governance through the University of Tasmania, including a thesis comparing elements of governance in the public and private sectors.

Donna is currently a Senior Manager for a Canberra-based professional services firm, BellchambersBarrett where she is responsible for a range of internal audits and consulting roles for numerous clients in the public, private and not-for-profit sectors. Donna's consulting work mirrors her interest in governance, predominantly relating to financial management, fraud risk assessments and risk management.

Interest in shares and option: NIL

Special responsibilities: Deputy Chair; Member of the Finance, Audit and Risk Committee

Directorships held in other listed entities during the three years before the reporting period: NIL

Mr. Daniel Carton

B Economics ANU, B Commerce ANU, GAICD
Non-Executive Director (since June 2018 – August 2020)

Dan has extensive experience in investment management, utilities, residential property and funds management. He works at an Australian Government agency in a senior management role and is responsible for portfolio management, investment sales and investor relations. Dan also holds the position of Chief Economist.

With tertiary qualifications in commerce and economics, Dan's governance experience includes being a member of a not-for-profit board in the arts sector, an advisory role in funds management education, and as a responsible manager on multiple Australian Financial Services Licences.

Interest in shares and option: NIL

Special responsibilities: NIL

Directorships held in other listed entities during the three years before the reporting period: NIL

Ms. Julie Chater

B Comm (Economics) UNSW, BA (Hons), La Trobe University,
M Environment Law, ANU
Appointed Company Secretary (since February 2017)

Julie Chater has 20 years' experience in international negotiations, foreign and trade policy development, and financial and strategic management in the Department of Foreign Affairs and Trade. Before this, she worked for 12 years in corporate governance for a large public corporation.

Julie has been a member of the Board of Governors, Australian International School Hong Kong, vice-president of the state branch of a large public-sector union. She has engaged in public education on issues relating to climate change policy, conducting several climate change and renewable-energy related courses through the University of the Third Age. In 2019 Julie was a recipient of an ACT government award for the Audrey Fagan Directorship Program at the AICD. She holds no paid management or employee roles in SolarShare Community Energy Ltd.

Julie was Board Secretary of SolarShare from January 2016, before becoming Company Secretary. She holds no paid management or employee roles in SolarShare Community Energy Ltd.

Interest in shares and option: Holds 1000 shares in SolarShare Community Energy Ltd.

DIRECTORS' REPORT

MEETINGS OF DIRECTORS

During the reporting period, Board Members (including committees of directors) met 12 times.

	Meetings held in the year during the period of directorship	Meetings attended
Nicolas Fejer Appointed: 23 July 2014 Elected: 8 November 2019	12	12
Michelle McCann Appointed: 23 July 2014 Resigned: 1 May 2021	10	9
Marea Fatseas Appointed: 19 January 2017 Elected: 30 April 2021	12	11
Carlo Botto Appointed: 20 June 2016 Elected: 8 November 2019	12	11
Daniel Carton Appointed: 14 June 2018 Resigned: 7 August 2020	1	1
Wendy Meredith Appointed: 23 October 2019 Resigned: 21 June 2021	11	7
David Maywald Appointed: 11 July 2019 Elected: 8 November 2019	12	12
Donna McShane Appointed: 14 January 2020 Elected: 30 April 2021	12	12

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of SolarShare 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 reporting period.

NON-AUDIT SERVICES

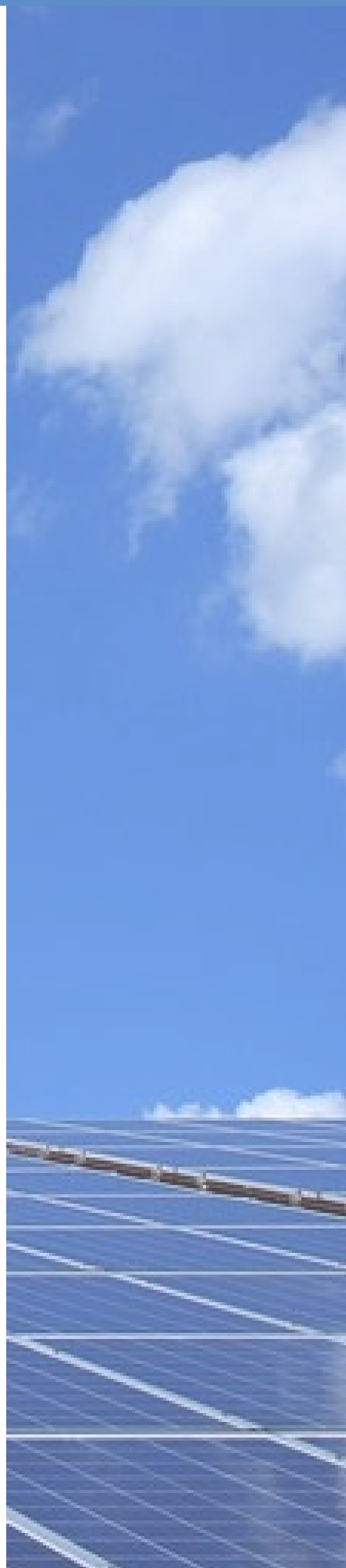
No non-audit services were provided to SolarShare by its auditor during the reporting period.

AUDITOR'S INDEPENDENCE DECLARATION

We have received the auditor's independence declaration for the reporting period (page 24 of this annual report).

Remuneration Report is signed in accordance with a resolution of the Board of Directors.

DIRECTORS' REPORT



REMUNERATION REPORT

As of 30th June 2021, the only remuneration paid was to our Principle Executive Officer, under a contract for services. This contract comprised a small cash payment and 1000 shares, for services to date and the issue of up to 2000 shares on successful practical completion of the farm against internal key performance indicators. These share issues are in line with our Offer Information Statement for the Mt Majura project. These shares were issued in October 2016 and June 2019.

No other executive, non-executive Director, or key management personnel had received any remuneration for their work for SolarShare meaning that a vast majority of all positions with the Company remained voluntary. The Company engaged no remuneration consultants during the reporting period.

This annual report of the directors of SolarShare, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.

Nicolas Fejer

Dated:

DIRECTORS' REPORT

DIRECTORS DECLARATION

The directors of SolarShare declare that:

1. The financial statements and notes, being the balance sheet, statement of comprehensive income, statement of cash flows, statement of changes in equity and notes to the financial statements are in accordance with the Corporations Act 2001 (Cwlth). They:
   a) comply with accounting standards
   b) give a true and fair view of the financial position as at 30th June 2021 and the performance for the year ended on that date of the Company.
2. In the opinion of SolarShare Directors, 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.

Nicolas Fejer

Dated:

AUDITOR’S INDEPENDANCE DECLARATION

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 (CWLTH) TO THE DIRECTORS OF SolarShare Community Energy Ltd ACN: 600 571 220

I declare that, to the best of my knowledge and belief, during the period ending 30th June 2021 that there has been no contraventions of:

- the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Vincents Audit Pty Ltd

Phillip Miller CA
Partner

Canberra

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR TE YEAR ENDED 30 JUNE 2021

	Note	2021 $	2020 $
TOTAL INCOME	**2**	105,794	19,431
LESS EXPENSES			
Advertising and promotion		6,782	73
Cost of sales		1,755	-
Compliance and reporting		10,958	11,615
Consultants and accounting		25,334	1,475
Depreciation and amortisation		73,086	8,997
Event expenses		527	1,501
Filing fees		12,936	263
Insurance		19,610	9,257
Interest expenses		20,347	9,409
Legal fees		-	5,500
Office expenses		200	630
Other expenses		663	-
Repairs and maintenance		10,565	-
Website expenses		-	722
TOTAL EXPENSES		182,754	49,442
Surplus/(loss) from Ordinary Activities before income tax		(76,960)	(30,011)
Surplus/(loss) after tax attributable to the members of the parents		(76,960)	(30,011)
Total comprehensive surplus/(loss)		(76,960)	(30,011)
Net surplus/(loss) attributable to members of the parent entity		(76,960)	(30,011)

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021	2020
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	**3**	62,942	1,230,106
Trade and other receivables	**4**	56,160	105,798
Other assets	**5**	45,677	15,817
TOTAL CURRENT ASSETS		**164,779**	**1,351,721**
NON-CURRENT ASSETS			
Capital works in progress	**6**	-	1,050,654
Property, plant and equipment	**7**	2,740,067	-
Right-of-use assets	**8**	262,029	275,524
Intangible assets	**9**	284,168	-
TOTAL NON-CURRENT ASSETS		**3,286,264**	**1,326,178**
TOTAL ASSETS		**3,451,043**	**2,677,899**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	**10**	65,488	7,308
Lease liability	**11**	8,490	8,077
TOTAL CURRENT LIABILITIES		**73,978**	**15,385**
NON-CURRENT LIABILITIES			
Lease Liability	**11**	262,790	271,279
Borrowings	**12**	800,000	-
TOTAL NON-CURRENT LIABILITIES		**1,062,790**	**271,279**
TOTAL LIABILITIES		**1,136,768**	**286,664**
NET ASSETS		**2,314,275**	**2,391,235**
EQUITY			
Contributed equity		2,500,530	2,500,530
Accumulated losses		(186,255)	(109,295)
TOTAL EQUITY		**2,314,275**	**2,391,235**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

	Retained Earnings	Issued & Paid Up Capital	Total
	$	$	$
Balance at 1 July 2019	(79,284)	2,500,530	2,421,246
Loss attributable to the members	(30,011)	-	(30,011)
Other comprehensive income for the year	-	-	-
Balance at 30 June 2020	(109,295)	2,500,530	2,391,235
Loss attributable to the members	(76,960)	-	(76,960)
Other comprehensive income for the year	-	-	-
Balance at 30 June 2021	**(186,255)**	**2,500,530**	**2,314,275**

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 $	2020 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		155,316	437
Payments to Suppliers and employees		(294,133)	(215,949)
Interest received		1,646	19,067
GST refunded by ATO		211,255	105,105
Net cash generated from / (used in) operating activities		**74,084**	**(91,340)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of capital work in progress		-	(1,039,981)
Purchase of plant and equipment		(2,033,172)	-
Net cash (used in) investing activities		**(2,033,172)**	**(1,039,981)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for lease liabilities		(8,076)	(14,574)
Proceeds from borrowings		800,000	-
Net cash generated from / (used in) financing activities		**791,924**	**(14,574)**
Net increase/(decrease) in cash held		(1,167,164)	(1,145,895)
Cash and cash equivalents at beginning of financial year		1,230,106	2,376,001
Cash and cash equivalents at end of financial year	**3**	**62,942**	**1,230,106**

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

SolarShare Community Energy Ltd (the Company) applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: *Application of Tiers of Australian Accounting Standards*.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The entity is a for-profit entity for financial reporting purposes under 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 stated otherwise.

For the financial year ended 30 June 2021, the financial statements, except for the cash flow information, have been prepared on an accrual 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. The comparatives figures for the year ended 30 June 2020 have been prepared on a cash basis. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on [insert date[by the directors of the entity.

Accounting Policies

a. **Principles of Consolidation**

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent, SolarShare Community Energy Limited, and its subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as “non-controlling interests”. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries either at fair value or at the non-controlling interests’ proportionate share of the subsidiary’s net assets when the holders are entitled to a proportionate share of the subsidiary’s net assets on liquidation. All other components of non-controlling interests are initially measured at their acquisition-date fair value. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests (when applicable) are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

b. **Income Tax**

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the Australian Tax Office (ATO) using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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 outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

c. **Property, Plant and Equipment**

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(e) for details of impairment).

The cost of fixed assets constructed within the Company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets, is depreciated on a straight-line basis over the asset's useful life 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.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment – Solar Farm	5%
Plant and equipment - Inverters	10%
Leasehold improvements	2.5%

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

Gains and losses on disposals are determined by comparing net proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they occur. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

d. **Leases**

The Company as lessee

At inception of a contract, the Company assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Company where the Company is a lessee. However all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Company uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

d. **Leases (continued)**

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

e. **Financial Instruments**

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Impairment of Financial Assets

At the end of the reporting period the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Company classifies its financial assets into the following categories, those 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. The entity does not hold any financial assets at fair value through profit and loss or at fair value through other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

e. **Financial Instruments (continued)**

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 are solely payments of principal and interest on the principal amount outstanding.

The entity'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.

Financial liabilities

The entity measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method. The financial liabilities of the Company comprise trade payables, bank and other loans and finance lease liabilities.

f. Impairment of Assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that an asset may be impaired. 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 of disposal and its value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in profit or loss.

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

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the Company would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

g. Employee Provisions

Short-term employee benefits

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current accounts payable and other payables in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

g. **Employee Provisions (continued)**

Provision is made for employees' annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wag and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the terms of the obligations Any remeasurements of obligations for other long-term employee benefits for changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The Company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period, in which case the obligations are presented as current provisions.

h. **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, and bank overdrafts.

i. **Accounts Receivable and Other Debtors**

Accounts receivable and other debtors include amounts due from members as well as amounts receivable from customers for goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(f) for further discussion on the determination of impairment losses**.**

j. **Revenue and Other Income**

Revenue recognition

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:

- Identify the contract with the customer
- Identify the performance obligations
- Determine the transaction price
- Allocate the transaction price to the performance obligations
- Recognise revenue as and when control of the performance obligations is transferred

Contributed Assets

The Company receives assets from the government and other parties for nil or nominal consideration in order to further its objectives. These assets are recognised in accordance with the recognition requirements of other applicable accounting standards (for example AASB 9, AASB 16, AASB 116 and AASB 138.)

On initial recognition of an asset, the Company recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer).

The Company recognises income immediately in profit or loss as the difference between initial carrying amount of the asset and the related amount.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

j. Revenue and Other Income (continued)

Interest Income

Interest income is recognised using the effective interest method.

Dividend Income

The Company recognises dividends in profit or loss only when the right to receive payment of the dividend is established.

k. **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

l. **Comparative Figures**

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

m. Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 2: REVENUE AND OTHER INCOME	2021	2020
	$	$
Electricity sales revenue	21,438	-
Feed-in-Tariff Contract for Sale payments	82,710	-
Interest revenue	1,646	19,067
Other income	-	364
	105,794	19,431

NOTE 3: CASH AND CASH EQUIVALENTS	2021	2020
	$	$
Cash at bank	62,942	1,230,106
Cash and cash equivalents	62,942	1,230,106

NOTE 4: TRADE AND OTHER RECEIVABLES	2021	2020
	$	$
CURRENT		
Trade receivables	50,587	-
GST receivables	5,573	105,771
Other receivables	-	27
	56,160	105,798

NOTE 5: OTHER ASSETS	2021	2020
	$	$
CURRENT		
Prepayments	37,092	15,817
Accrued income	8,585	-
	45,677	15,817

NOTE 6: CAPITAL WORKS IN PROGRESS	2021	2020
	$	$
NON-CURRENT		
Majura Site Development capital works	-	1,050,654
	-	1,050,654

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 7: PROPERTY, PLANT AND EQUIPMENT	**2021**	**2020**
	$	**$**
Plant and equipment:		
At cost	2,784,701	-
Accumulated depreciation	(44,634)	-
	2,740,067	-

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:

	Plant and Equipment	**Total**
	$	**$**
Balance at 1 July 2019		
Additions	-	-
Disposals	-	-
Carrying amount at 30 June 2020	-	-
Additions	2,033,172	1,734,047
Disposals	-	-
Transfers from capital works in progress	751,529	1,050,654
Depreciation expense	(44,634)	(44,634)
Carrying amount at 30 June 2021	2,740,067	2,740,067

NOTE 8: RIGHT-OF-USE **ASSETS**	**2021**	**2020**
	$	**$**
NON-CURRENT		
Right-of-use assets	284,521	284,521
Accumulated depreciation	(22,492)	(8,997)
	262,029	275,524

NOTE 9: INTANGIBLE ASSETS	**2021**	**2020**
	$	**$**
CURRENT		
Electric grid connection costs	299,125	-
Accumulated amortisation	(14,957)	-
	284,168	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 10: TRADE AND OTHER PAYABLES

	2021 $	2020 $
CURRENT		
Trade creditors	44,891	7,308
Accrued expenses	20,667	-
	65,488	7,308

a. Financial liabilities at amortised cost classified as trade and other payables

	2021	2020
- Trade and other payables	65,488	7,308
- Less: Accrued expenses	(20,667)	-
	44,891	7,308

NOTE 11: LEASE LIABILITY

	2021 $	2020 $
CURRENT		
Lease liability	8,490	8,077
NON-CURRENT		
Lease liability	262,790	271,279
Total lease liability	271,280	279,356

NOTE 12: BORROWINGS

	2021 $	2020 $
NON-CURRENT		
Loan from CWP Storage	800,000	-
	800,000	-

NOTE 13: CONTRIBUTED CAPITAL

	2021 $	2020 $
Stapled security: Ordinary Class Shares + Flagship Project Asset		
Specific Shares at $9.09 each fully paid	125,000	125,000
Stapled security: Ordinary Class + Flagship Project Asset		
Specific Shares at $10.00 each fully paid	2,375,530	2,375,530
	2,500,530	2,500,530

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Number of ordinary shares	**Units**	**Units**
Stapled security: Ordinary Class Shares + Flagship Project Asset		
Specific Shares at $9.09 each fully paid	13, 750	13,570
Stapled security: Ordinary Class + Flagship Project Asset		
Specific Shares at $10.00 each fully paid	237,553	237,553
	251,303	251,303

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At shareholders meetings ordinary shareholders are entitled to vote when a poll is called in accordance with the Constitution (1 vote per Member, regardless of the number of shares held, and regardless of whether they hold shares in multiple classes). Flagship Project Asset Specific Shares (FPASS) participate in dividends, returns of capital, and any distribution of surplus assets of the Majura Solar Farm, in proportion to the number of FPASS held. FPASS holders are entitled to attend and vote at general meetings and meetings of FPASS members in accordance with the Constitution (1 vote per Member, regardless of the number of shares held, and regardless of whether they hold shares in multiple classes).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 14: INCOME TAX EXPENSE

	2021	2020
	$	$
The components of tax expense comprise:		
Current tax	-	-
Deferred tax	1,363	-
Deferred tax impact relating to change in tax rate	(1,363)	-
	-	-
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on profit from ordinary activities before income tax at 26% (2020: 27.5%)	(20,009)	-
Add:		
Tax effect of:		
- Assessable income	-	-
- Other non-allowable income	110	-
- Tax losses not recognised	35,447	-
- Change in tax rate	(598)	-
	34,959	-
Less:		
Tax effect of:		
- Franking credits	-	-
- Non-assessable items	-	-
- Other deferred tax assets not previously recognised	14,949	-
	14,949	-
Income tax attributable to entity	-	-
The applicable weighted average effective tac rates are as follows:	0%	0%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 15: DEFERRED TAX	**2021**	**2020**
	$	**$**
a) Liabilities		
CURRENT		
Provision for income tax	27	-
NON-CURRENT		
Deferred tax liability comprises:		
Tax allowances relating to property, plant and equipment	295,917	-
Other assets	136,549	-
Prepayments	9,266	-
Provisions and payables	(2,975)	-
Lease liability	(67,820)	-
Tax losses not recognised	34,084	-
Future income tax benefits attributable to tax losses	(405,021)	-
Total	-	-

b) Reconciliations

i) Gross Movements

The overall movement in the deferred tax account is as follows:

Opening balance	-	-
Charged to the income statement	-	-
Charged to equity	-	-

ii) Deferred Tax Liability

The movement in deferred tax liability for each temporary difference during the year is as follows:

Tax allowances relating to property, plant and equipment		
At 1 July 2020	-	-
Charged to the income statement	295,917	-
Charged to equity	-	-
At 30 June 2021	295,917	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 15: DEFERRED TAX (CONTINUED)	2021 $	2020 $
Other assets		
At 1 July 2020	-	-
Charged to the income statement	136,549	-
Charged to equity	-	-
At 30 June 2021	136,549	-
Prepayments		
At 1 July 2020	-	-
Charged to the income statement	9,266	-
Charged to equity	-	-
At 30 June 2021	9,266	-
Deferred tax liabilities expected to be settled within 12 months	9,266	-
Deferred tax liabilities expected to be settled after more than 12 months	432,466	-
	441,732	-

ii) Deferred Tax Assets

The movement in deferred tax assets for each temporary difference during the year is as follows:

Provisions and payables		
At 1 July 2020	-	-
Charged to the income statement	(2,975)	-
At 30 June 2021	(2,975)	-
Lease liability		
At 1 July 2020	-	-
Charged to the income statement	(67,820)	-
At 30 June 2021	(67,820)	-
Tax losses not recognised		
At 1 July 2020	-	-
Charged to the income statement	34,084	-
At 30 June 2021	34,084	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 15: DEFERRED TAX (continued)	**2021**	**2020**
	$	**$**
Tax losses carried forward		
At 1 July 2020	-	-
Charged to the income statement	(405,021)	-
At 30 June 2021	(405,021)	-
Deferred tax assets expected to be settled within 12 months	(2,975)	-
Deferred tax assets expected to be settled after more than 12 months	(438,757)	-
	(441,732)	-
Total deferred tax liabilities/(assets)	-	-

NOTE 16: RELATED PARTY TRANSACTIONS

The following transactions took place between the SolarShare Community Energy Ltd, the management committee members and elected members of the Territory Assembly during the financial year.

SolarShare entered into a contract with PV Lab Australia on the 18th August 2020 for $9,251 including GST for the provision of panel testing services. Both Michelle McCann and Lawrence McIntosh are associated with PV Lab Australia. The contract was awarded after an approach to market comprising 9 companies, of which PV Lab was found to be the best value for money for SolarShare. Neither Michelle nor Lawrence were involved with the approach to market, nor the evaluation or decision process from SolarShare's perspective. The contract was completed satisfactorily, and PV Lab paid, by 30 November 2020.

No other director received or became entitled to receive, during the reporting period, a benefit because of a contract made by:

- SolarShare;
- A controlled entity or related body corporate with a director;
- A firm in which a director is a member; or
- An entity in which a director has a substantial financial interest.

NOTE 17: EVENTS AFTER THE REPORTING PERIOD

SolarShare continues to work with Epho to resolve operational issues with some trackers at the solar farm, which have been impeded by the current COVID-19 restrictions. The impact of these issues has been lower than expected solar generation and associated revenue. There are identified faults known in the July - September quarter, however their gross impact are not yet known.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 18: FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payable, and leases.

The carrying amounts 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:

	Note	2021	2020
		$	$
Financial assets			
Cash and cash equivalents	3	62,942	1,230,106
Trade and other receivables	4	56,160	105,798
Total financial assets		119,102	1,335,904
Financial liabilities			
Financial liabilities at amortised cost:			
— Trade and other payables	10	65,488	7,308
— Lease liabilities		271,280	279,356
Total financial liabilities		336,768	286,664

NOTE 19: COMPANY DETAILS

The registered office of the Company is:

Unit 4, 80 Marr Street, Pearce ACT 2607

Independent Audit Report to the members of

Solarshare Community Energy Ltd

Report on the Audit of the Consolidated Financial Report

Opinion

We have audited the consolidated financial report of Solarshare Community Energy Ltd ("the Company"), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated 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 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 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 that 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 intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director'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 Company'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 Company 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 those charged with governance 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.

Vincents Audit Pty Ltd
Phillip Miller
Director

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