

**C P C**

**THE CREEKS PIPELINE COMPANY LIMITED**

**ACN 133 867 197**

**ANNUAL REPORT 2023**

# **CORPORATE DIRECTORY**

## **Board of Directors**

Dianne Davidson AM

David Eckert

John Kerr (Chair)

David Watkins

Craig Willson

## **General Manager**

Mike Reynolds

## **Company Secretary**

Dianne Davidson AM

## **Corporate Adviser**

Capital Strategies Pty Ltd

## **Auditors**

William Buck

## **Lawyers**

O'Loughlins Lawyers

## **Registered Office**

1507 Langhorne Creek Road

Langhorne Creek SA 5255

## **Other Corporate Information**

Domicile – Australia

State of Incorporation – South Australia

Legal Form – Unlisted Public Company

## THE CREEKS PIPELINE COMPANY LIMITED

ACN 133 867 197

### Chair's Report - October 2023

I am pleased to present the fifteenth Annual Report for The Creeks Pipeline Company Limited (CPC).

In the year ended 30 June 2023, CPC delivered 12.2 gigalitres (GL) to its customers compared to 13.9 GL last year. The company recorded an after-tax profit of \$138,649 (last year \$259,529). An amount of \$250,000 was allocated from Retained Earnings to the Infrastructure Replacement Reserve (last year \$250,000).

I encourage shareholders to review the Annual Report in detail, however, some commentary on material issues is included below.

#### CPC RESPONSE TO 2022/23 FLOOD RISK

All shareholders will be aware of the flood risk faced by CPC in December 2022/January 2023.

In responding to these high river flow events, CPC operational costs were severely impacted as was the water quality available to CPC at Jervois. To manage the flood risk, some \$400,000 was spent raising the levy height around the main pump station (PS1) at Jervois and in improving seepage management in and around the river site to flood proof PS1. This cost was in part funded from a \$170,211 (inc GST) State Government grant, who also assisted with timely approval for all works. The poor water quality lead to high repair costs dealing with pump seal failures at the river pump station sites and higher power usage during the challenging irrigation season.

I would like to acknowledge the efforts of all CPC staff and my fellow board members in ensuring CPC was well prepared for this flood event.

#### POWER COSTS & THE JERVOIS SOLAR PROJECT

There has been no relief from the high power costs available in the market over the last twelve months. CPC continues to operate under a fixed price agreement under which it enjoys low power costs compared to those available in the market (approximately 60% less than the prevailing market). This contract ends in December 2024 by which time CPC plans to have the Jervois solar farm in full operation. Contracts have recently been exchanged with YES (locally owned - Yates Group) to construct the project for delivery in late 2024.

Whilst this project will go some way to managing future power price increases, it can only deliver approximately 40% of CPC's power requirements using affordable renewable energy. Depending on market pricing around the time of our 2024 AGM, there will likely be a need for significant price increases to recover the higher power costs. CPC will provide regular updates on this issue during the coming year.

## **BOARD CHANGES**

As advised in earlier correspondence, after 30 June 2023, Craig Wilson retired from the CPC Board. Craig has been an invaluable board member since the inception of the CPC project and in steering the region out of the difficult Millennium drought period. I would like to thank Craig for his contributions over the last 14 years. The casual vacancy created by Craig's retirement was filled by Sarah Keogh.

## **THE LANGHORNE CREEK WATER COMPANY**

As indicated last year, CPC was exploring efficiencies that may exist between the operations of CPC and The Langhorne Creek Water Company (LCWC). These discussions resulted in a three year agreement between the parties under which CPC will provide asset management services to LCWC on a cost recovery basis. The agreement also involves provision of invoicing and meter support services consistent with the service level provided to all CPC customer/shareholders.

In conclusion, I would like to thank my fellow Board Members, the General Manager, Mike Reynolds, and the CPC staff for their valuable contributions during the year and further thank all shareholders for the continuing support of the company.

**John L Kerr**

**Chair**

20 October 2023

## **THE CREEKS PIPELINE COMPANY LIMITED**

**ACN 133 867 197**

### **General Manager's Report - October 2023**

The Creeks Pipeline Company Limited's most recent water delivery year 2022/23 has closed with the pipeline having performed well under very trying environmental conditions in both reliability and overall delivery performance. CPC has endured a busy year dealing with the sustained high water issue at the PS1 site and progressing the Solar Farm/Green Energy project.

A 2.1MW sized Solar Farm has been settled on as the optimal size to manage future power cost variability. We are hopeful that, once the capital cost is recovered, the project could deliver up to 40% of CPC's power from an inexpensive renewable source. CPC is currently in negotiation with an experienced solar farm construction company to provide us with an engineering, procuring and constructed (EPC) price on a 2MW sized solar farm near our Jervois pump station. Subject to acceptable EPC pricing being received, CPC could approve and commence construction as soon as early to early 2024 for a late 2024 completion date.

CPC currently has fixed power supply agreements secured with our current provider allowing us largely unaffected power pricing through to through to 31 December 2024.

#### **General Operations:**

The pipeline was fully operational for 100% of the 12 months ending 30th June 2023.

General Operations costs were impacted by poor water quality issues resulting from the high-water level river flows. Additionally, \$400,000 was required to be spent raising the levy, improving seepage management in and around the river site to flood proof PS1. These works proved to be crucial in protecting the PS1 site as the peak passed through our section of the river.

After the high water subsided submerged intake screens which were found to be severely impacted with all but one of the suction screens requiring refurbishment. Additionally, during the irrigation season the pump seals at PS2 were constantly failing due to the silty water not being able to cool seals effectively. This was compounded by a pressure differential across the pumps which proved difficult to manage whilst at the same time meeting delivery demand downstream.

The previous 12 months of operation CPC has delivered a 12,235 ML of water, being 8,199 ML of Peak and 3,957 ML of Off Peak. Restricted Water Users were delivered 78 ML during the same period.

This past year has seen the amount of power required per ML of water delivered increase from 542 kWh/ML to 587 kWh/ML. This equates to an increase of 8.3% of power required to deliver 1,875 ML less water.

After a quiet start to the irrigation season the delivery rate returned to normal numbers due to a warm summer with prolonged dry periods leading into and prevailing through to the end of a late vintage. Continuing access to irrigation quality water in Lake Alexandrina has seen no significant changes to the ratio of lake versus CPC pipeline users.

#### **The Year Ahead:**

During the coming year CPC will be continue progressing the Solar Farm/Green Energy project and our proactive management and maintenance strategy to ensure your water is delivered as efficiently and cost effectively as is possible.

I would like to take this opportunity to again thank the Board members and CPC staff for their efforts in ensuring the past year and look forward to working with the Board, customers and staff during the year ahead.

**MIKE REYNOLDS**

General Manager

16<sup>th</sup> October 2023



The Creeks Pipeline Company Limited  
ACN 133 867 197

30 June 2023  
Annual Report

# The Creeks Pipeline Company Limited

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# The Creeks Pipeline Company Limited

## Directors' report

The directors present their report together with the financial report of The Creeks Pipeline Company Limited ("the Company"), for the financial year ended 30 June 2023 and the auditor's report thereon.

## Directors

The directors of the Company at any time during or since the end of the financial year are:

<b>Name, qualifications and independence status</b>	<b>Experience, special responsibilities and other directorships</b>
John Leslie Kerr B.EC, FCA, F.FIN Chairman Director (Independent)	<p>John is a Director of Capital Strategies Pty Ltd, an Adelaide based corporate advisory practice. He specialises in the provision of corporate advice to property/infrastructure projects and private venture/development capital matters. Via Capital Family Office, the firm also provides asset and investment management services and advice to private investors.</p> <p>John previously qualified as a chartered accountant with Touche Ross (now KPMG) and worked in their management consulting division.</p> <p>John is also a Director of Barossa Infrastructure Ltd.</p>
Dianne Margaret Davidson AM M Sc, B Ag Sc, Grad. Dip. Bus. Admin., FAATSE, FAIAS Director (Independent)	<p>Di is a professional agricultural scientist with wide and valuable experience with the irrigated agriculture and horticulture industries throughout Australia and internationally. She is currently the Chair of the Murraylands and Riverland Landscape Board.</p> <p>Di has also served as Member of the Murray Darling Basin Authority (2009-2018) and a Director of the Plant Biosecurity CRC (2014-2018). Di was a member of the Council of The University of Adelaide for 12 years, including 4 years as Deputy Chancellor (2013-2016).</p> <p>She was a member of the first Premier's Climate Change Council in South Australia, served as a Director of the Royal Automobile Association of South Australia for 7 years, and as Chair of Seymour College for 6 years.</p> <p>Throughout her professional life Di has sat on numerous government committees and advisory bodies, and worked with government agencies regional and rural communities.</p>

# The Creeks Pipeline Company Limited

## Directors' report (continued)

David James Watkins  
B AgS, Grad. Dip. AgS  
Director (Ordinary)

David has more than twenty years of experience in planting and managing vineyards in Adelaide's cool climate regions as well as managing one of Australia's largest cool climate premium bulk wine companies which had a processing capacity of 15,000 tonnes in its two wineries. David has recently retired as President of the Currency Creek Wine Region Association and is a shareholder and director of Watkins Family Wines Pty Ltd which owns and operates 145 hectares of cool climate grapevines mainly in Langhorne Creek, as well as a 5,000 tonne winery at Clarendon in the Adelaide Hills wine region.

Previously, David was General Manager of the Ventures Division of the New South Wales Investment Corporation and played a major role in a subsequent leveraged buyout that saw management and directors successfully purchase the enterprise.

For 11 years, David was engaged as a Contract Lecturer by the International Graduate School of Management, University of South Australia to develop and teach the "Entrepreneurship and New Business Ventures" unit for the International Master of Business Administration Degree which he taught in Hong Kong, Kuala Lumpur and Singapore.

Other previous roles saw David working as an agribusiness consultant in Australia and negotiating and managing joint venture projects in many different countries, mainly in the Middle East and South Asia.

# The Creeks Pipeline Company Limited

## Directors' report (continued)

Craig Hamilton Willson  
Director (Ordinary)

Craig Willson has been a farmer and irrigator at Langhorne Creek for 38 years. He purchased Bremerton Lodge farm in 1985, moving from Whyalla where he had been involved in the family media company for 22 years. His first 8 years at Langhorne Creek also involved the media, as General Manager of The Victor Harbor Times and Managing Director of listed SA Regional Media Limited.

He established Bremerton Vintners Pty Ltd in 1988, planted 120 acres of vineyard over an 8 year period and built Matilda Plains Winery in 2001/02.

Craig is a Director of various family companies and supports his two daughters who now own and run Bremerton Vintners Pty Ltd, whilst Craig and his wife Mignonne have interests in 155 hectares of vineyard.

Craig was a founder and the inaugural Chairman of The Langhorne Creeks Winemakers Association, The Langhorne Creek Wine Industry Council and The Langhorne Creek Water Company Joint Venture.

David Andrew Eckert  
Director (Ordinary)

David is a 5th generation farmer with a broadacre background located North West of the Langhorne Creek township. Married to Shylie with two daughters Taylor and Courtney.

David attended Urrbrae Agricultural High School in 1986/87 and completed a TAFE "On Farm Training Course" in 1989/90. David participated in the "International Agricultural Exchange Association" (IAEA) in 1992, which involved working on a large cereal grain growing farm in Alberta, Canada. This experience also included farm study tours throughout Canada and the USA.

During 1995 an opportunity presented to diversify the predominately cereal/sheep farming enterprise to introduce more irrigated agriculture, viticulture became the focus and over the following 8 years, 72 hectares were planted and established. Today, David oversees and manages the 80 hectares of the Eckert family owned vineyards.

David has always recognised the importance of access to good quality River Murray water as their property is located above a marginal area of the underground aquifer and situated outside of the local Bremer River floodplain. David's diverse farming and irrigator background have allowed an understanding for the need of the best quality water available for various agricultural pursuits. This has included accommodating and assisting vegetable growers on the Eckert property, in the past, to presently growing quality wine grapes together with lucerne under centre pivot irrigation.

# The Creeks Pipeline Company Limited

## Directors' report (continued)

David Andrew Eckert (continued) David is a past Secretary/Treasurer of the former Langhorne Creek Irrigators Association Committee and a past committee member of the Angas Bremer Water Management Committee.

### 2. Company Secretary

Dianne Margaret Davidson was appointed to the position of company secretary on 24 October 2008.

### 3. Directors' meetings

The number of directors' meetings and number of meetings attended by each of the directors of the Company during the financial year are:

Director	Board Meetings	
	A	B
John Leslie Kerr	7	8
Dianne Margaret Davidson AM	8	8
David James Watkins	8	8
Craig Hamilton Willson	7	8
David Andrew Eckert	8	8

A – Number of meetings attended

B – Number of meetings held during the time the director held office during the year

Under the Company's Constitution, the Board shall comprise not less than four (4) nor more than six (6) members. Further, there must be at least one (1) Independent Director at all times; such person not having any material interest in land or business activities in the region serviced by the pipeline and whose independent contribution benefits the Company.

### 4. Corporate Governance

The Creeks Pipeline Company Corporate Governance Plan, where relevant, aligns with the Corporate Governance principles developed by the Australian Stock Exchange.

The Board has operated within a CPC Risk Management Plan and 'Board Charter' which was reviewed and updated where necessary during 2023.

No compliance matters have arisen.

# The Creeks Pipeline Company Limited

## Directors' report (continued)

### 5. Non-executive director remuneration (Audited)

Directors' compensation currently totals \$116,215 (FY2022: \$110,501) per annum.

Details of the nature and amount of each major element of remuneration of each director of the Company and other key management personnel are:

		Short-term		Other long term	Termination benefits \$	Total \$
		Salary & Fees \$	Non-monetary benefits \$	Super-annuation benefits \$		
<b>Directors</b>						
<b>Non-executive</b>						
John Leslie Kerr	2023	35,058	-	3,681	-	38,739
	2022	33,485	-	3,348	-	36,833
Dianne Margaret Davidson	2023	17,529	-	1,840	-	19,369
	2022	16,743	-	1,674	-	18,417
David James Watkins	2023	17,529	-	1,840	-	19,369
	2022	16,743	-	1,674	-	18,417
Craig Hamilton Willson	2023	17,529	-	1,840	-	19,369
	2022	16,743	-	1,674	-	18,417
David Andrew Eckert	2023	17,529	-	1,840	-	19,369
	2022	16,743	-	1,674	-	18,417

Director remuneration arrangements do not involve any short term incentive work bonuses, past employment arrangements or share based payments.

Each key management person held the position described above for the entire reporting period.

# The Creeks Pipeline Company Limited

## Directors' report (continued)

### 6. Operating and financial review

#### Overview

The Company commenced operation in November 2009.

The Company continued the operation of its pipeline infrastructure and provision of water delivery services. A total of 12.2 gigalitres (FY2022: 13.9 gigalitres) of water was delivered in the twelve-month period to 30 June 2023.

Total revenue for the year was \$3.22 million (FY2022: \$3.36 million) with the Company generating an after tax profit of \$138,649 (FY2022: \$259,529).

The Board has determined to allocate \$150,000 (FY2022: \$250,000) from Retained Earnings to the Infrastructure Replacement Reserve as part of a program to set aside funds for possible future asset replacement.

#### Capital Works

During FY2022, the Company commenced investigations into a possible solar farm with a view to reducing future power costs. To 30 June 2023, costs of \$357,841 have been capitalised.

### 7. Dividends

No dividends have been paid or proposed during the year.

### 8. Events subsequent to reporting date

No other matters have arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

### 9. Likely developments

The Board anticipates continuing to improve operating systems and outcomes during the year.

# The Creeks Pipeline Company Limited

## Directors' report (continued)

### 10. Directors' interests

The relevant interest of each director in the shares issued by the Company at the date of this report is as follows:

<b>The Creeks Pipeline Company Limited</b>	
	<b>Ordinary Shares</b>
David James Watkins	938,000
Craig Hamilton Willson	290,000
David Andrew Eckert	180,000

### 11. Indemnification & Insurance of Officers

The Company has agreed to indemnify all of the directors of the Company against all liabilities to another person that may arise from their position as directors of the Company except where the liability arises out of conduct involving lack of good faith. The agreement stipulates that the Company will meet the future amount of any such liabilities, including costs and expenses.

The Company has paid premiums amounting to \$40,041 (FY2022: \$34,710) to insure against such liabilities. The insurance premiums relate to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

### 12. Lead auditor's independence declaration

The auditor's independence declaration is set out on page 42 and forms part of the directors' report for the financial year ended 30 June 2023.

### 13. Rounding of amounts

The Company is not of a kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission and therefore the financial report cannot be rounded off. The Company must show the amounts in the Directors' report and financial report at the nearest whole dollar.

# The Creeks Pipeline Company Limited

## Directors' report (continued)

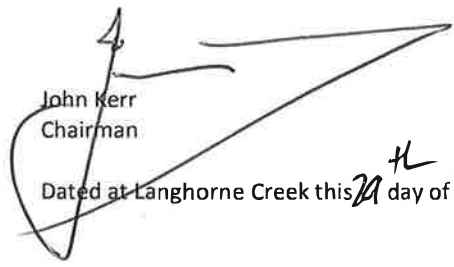
### 14. Environmental regulations

There are no significant environmental regulations that apply directly to the Company.

### 15. State of affairs

There were no significant changes in the state of affairs of the Company during the past financial year other than as disclosed in the financial statements.

This report is made in accordance with a resolution of the directors:

  
John Kerr  
Chairman  
Dated at Langhorne Creek this 21<sup>st</sup> day of April 2023

Craig Willson  
Director



Dated at Langhorne Creek this 29<sup>th</sup> day of April 2023



# The Creeks Pipeline Company Limited

## Statement of Financial Position

As at 30 June 2023

	<i>Note</i>	2023 \$	2022 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	<b>13</b>	918,007	2,223,547
Trade and other receivables	<b>12</b>	846,187	635,356
Inventories		325,910	392,356
Prepayments		38,244	34,090
Investments	<b>14</b>	7,019,912	5,954,081
Other assets	<b>15</b>	473,220	192,137
<b>Total current assets</b>		<b>9,621,480</b>	<b>9,431,567</b>
<b>Non-current assets</b>			
Property, plant and equipment	<b>10</b>	10,538,831	10,503,326
Deferred tax asset	<b>11</b>	943,341	971,935
<b>Total non-current assets</b>		<b>11,482,172</b>	<b>11,475,261</b>
<b>Total assets</b>		<b>21,103,652</b>	<b>20,906,828</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	<b>18</b>	233,587	199,848
Employee benefits	<b>20</b>	57,858	50,962
<b>Total current liabilities</b>		<b>291,445</b>	<b>250,810</b>
<b>Non-current liabilities</b>			
Deferred tax liability	<b>19</b>	2,289,017	2,272,819
Employee benefits	<b>20</b>	3,316	1,974
<b>Total non-current liabilities</b>		<b>2,292,333</b>	<b>2,274,793</b>
<b>Total liabilities</b>		<b>2,583,778</b>	<b>2,525,603</b>
<b>Net assets</b>		<b>18,519,874</b>	<b>18,381,225</b>
<b>Equity</b>			
Issued capital	<b>17</b>	14,525,496	14,525,496
Reserves		3,980,000	3,830,000
Retained earnings		14,378	25,729
<b>Total equity</b>		<b>18,519,874</b>	<b>18,381,225</b>

*The notes on page 16 to 40 are an integral part of these financial statements.*

# The Creeks Pipeline Company Limited

## Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2023

	<i>Note</i>	2023	2022
<b>Continuing Operations</b>			
Revenue	4	3,221,880	3,365,762
Cost of sales		<u>(2,141,044)</u>	<u>(2,156,328)</u>
<b>Gross profit</b>		<b>1,080,836</b>	<b>1,209,434</b>
Other income	5	(833)	62,811
Administrative expenses		(575,504)	(555,559)
Other expenses	6	<u>(498,925)</u>	<u>(458,915)</u>
<b>Results from operating activities</b>		<b>5,574</b>	<b>257,771</b>
Finance income	8	<u>177,868</u>	<u>24,879</u>
<b>Net finance income</b>		<b>177,868</b>	<b>24,879</b>
<b>Profit before income tax</b>		<b>183,442</b>	<b>282,650</b>
Income tax expense	9	<u>(44,793)</u>	<u>(23,121)</u>
<b>Profit from continuing operations</b>		<b>138,649</b>	<b>259,529</b>
<b>Profit for the period</b>		<b>138,649</b>	<b>259,529</b>

*The notes on page 16 to 40 are an integral part of these financial statements.*

# The Creeks Pipeline Company Limited

## Statement of Changes in Equity

For the year ended 30 June 2022

	Share Capital \$	Retained Earnings \$	Infrastructure Replacement Reserve \$	Total Equity \$
Balance at 1 July 2021	13,010,996	16,200	3,580,000	16,607,196
<b>Total comprehensive income for the period</b>				
Profit	-	259,529	-	259,529
Transfer to infrastructure replacement reserve	-	(250,000)	250,000	-
Total comprehensive income for the period	-	9,529	250,000	259,529
<b>Transactions with owners, recorded directly in equity</b>				
<i>Contributions by and distributions to owners</i>				
Issue of ordinary shares	1,514,500	-	-	1,514,500
Ordinary shares subscribed but not issued	-	-	-	-
Total contributions by and distributions to owners	1,514,500	-	-	1,514,500
Total transactions with owners	1,514,500	-	-	1,514,500
<b>Balance at 30 June 2022</b>	<b>14,525,496</b>	<b>25,729</b>	<b>3,830,000</b>	<b>18,381,225</b>

The notes on page 16 to 40 are an integral part of these financial statements.

# The Creeks Pipeline Company Limited

## Statement of Changes in Equity (continued)

For the year ended 30 June 2023

	Share Capital \$	Retained Earnings \$	Infrastructure Replacement Reserve \$	Total Equity \$
Balance at 1 July 2022	14,525,496	25,729	3,830,000	18,381,225
<b>Total comprehensive income for the period</b>				
Profit	-	138,649	-	138,649
Transfer to infrastructure replacement reserve	-	(150,000)	150,000	-
Total comprehensive income for the period	-	(11,351)	150,000	138,649
<b>Transactions with owners, recorded directly in equity</b>				
<i>Contributions by and distributions to owners</i>				
Issue of ordinary shares	-	-	-	-
Ordinary shares subscribed but not issued	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-
Total transactions with owners	-	-	-	-
<b>Balance at 30 June 2023</b>	<b>14,525,496</b>	<b>14,378</b>	<b>3,980,000</b>	<b>18,519,874</b>

The notes on page 16 to 40 are an integral part of these financial statements.

# The Creeks Pipeline Company Limited

## Statement of Cash Flows

For the year ended 30 June 2023

	<i>Note</i>	2023 \$	2022 \$
<b>Cash flows from operating activities</b>			
Cash receipts from customers		3,016,144	3,345,152
Cash paid to suppliers and employees		(2,701,766)	(2,624,787)
Cash generated from operations		314,378	720,365
Interest received		175,773	22,336
<b>Net cash from operating activities</b>	<b>16</b>	<b>490,151</b>	<b>742,701</b>
<b>Cash flows from investing activities</b>			
Proceeds on sale of plant and equipment		10,500	15,273
Acquisition of property, plant and equipment		(548,763)	(1,376,817)
Costs associated with proposed solar farm development		(194,597)	(163,246)
<b>Net cash (used in) investing activities</b>		<b>(732,860)</b>	<b>(1,524,790)</b>
<b>Cash flows from financing activities</b>			
Proceeds from the issue of share capital		-	1,514,500
Proceeds from payment of restricted water agreements		3,000	30,000
Purchase of term deposits		(1,065,831)	(2,004,970)
<b>Net cash from financing activities</b>		<b>(1,062,831)</b>	<b>(460,470)</b>
<b>Net increase in cash and cash equivalents</b>		<b>(1,305,540)</b>	<b>(1,242,559)</b>
Cash and cash equivalents at 1 July		2,223,547	3,466,106
<b>Cash and cash equivalents at 30 June</b>	<b>13</b>	<b>918,007</b>	<b>2,223,547</b>

*The notes on page 16 to 40 are an integral part of these financial statements.*

# The Creeks Pipeline Company Limited

## Notes to the Financial Statements

### 1. Reporting entity

The Creeks Pipeline Company Limited (“the Company”) is a company domiciled in Australia. The address of the Company’s registered office is 1507 Langhorne Creek Road Langhorne Creek SA 5255. The Company primarily is involved in the supply of water delivery services.

### 2. Basis of preparation

#### (a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial report of the Company complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements were authorised by the Board of Directors on 29 August 2023.

#### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

These financial statements are prepared on a going concern basis.

#### (c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company’s functional currency.

#### (d) Use of estimates and judgements

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

# The Creeks Pipeline Company Limited

## Notes to the Financial Statements (continued)

### 3. Significant accounting policies

#### (a) Financial instruments

##### (i) Initial recognition and measurement

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

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction 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. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

##### (ii) Classification and subsequent measurement

###### Financial liabilities

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: *Business Combinations* applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability, that is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:

- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship).

# The Creeks Pipeline Company Limited

## Notes to the Financial Statements (continued)

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

### Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

on the basis of the two primary criteria:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset is subsequently measured at fair value through other comprehensive income if it meets the following conditions:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the conditions of amortised cost and the fair value through other comprehensive income's measurement condition are subsequently measured at fair value through profit or loss.



# The Creeks Pipeline Company Limited

## Notes to the Financial Statements (continued)

The Company initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as “accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance to the documented risk management or investment strategy and information about the groupings was documented appropriately, so as the performance of the financial liability that was part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

### Equity instruments

At initial recognition, as long as the equity instrument is not held for trading or is not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the Company made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investments will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Company's accounting policy.

### (iii) Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

#### *Derecognition of financial liabilities*

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

# The Creeks Pipeline Company Limited

## Notes to the Financial Statements (continued)

### *Derecognition of financial assets*

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Company no longer controls the asset (i.e. it has no practical ability to make unilateral decisions to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

## **(b) Property, plant and equipment**

### **(i) Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs (see below). Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

# The Creeks Pipeline Company Limited

## Notes to the Financial Statements (continued)

### (ii) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

### (iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

- infrastructure (pipelines) 75 years
- pump stations 25 years
- plant and equipment 5 - 12 years
- fixtures and fittings 5 - 10 years
- motor vehicles 8 – 10 years
- software 4 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

### (c) Leases

In accordance with AASB16, all leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of twelve months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

# The Creeks Pipeline Company Limited

## Notes to the Financial Statements (continued)

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted in favour of the Company if it is reasonable certain to assess that option; and
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

### (d) Intangible assets

#### (i) Other intangible assets

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

#### (ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

### (e) Impairment

AASB 9 replaces the 'incurred loss' model in AASB 39 with an 'expected credit loss' model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at fair value through other comprehensive income, but not to investments in equity instruments. Under AASB 9 credit losses are recognised earlier than under AASB 39.

# The Creeks Pipeline Company Limited

## Notes to the Financial Statements (continued)

For assets in the scope of the AASB 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Company does not expect to recognise any impairment in relation to trade receivables based on past history. The Company has not experienced any credit loss over the history of its operations and does not expect to in the future.

The Company recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (e.g. amount due from customers under contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Company use the following approaches to impairment, as applicable under AASB 9:

- the general approach;
- the simplified approach;
- the purchased or originated credit impaired approach; and
- low credit risk operational simplification.

### *General approach*

Under the general approach, at each reporting period, the Company assessed whether the financial instruments are credit impaired, and if:

- the credit risk of the financial instrument increased significantly since initial recognition, the Company measured the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
- there was no significant increase in credit risk since initial recognition, the Company measured the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

### *Simplified approach*

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:

- trade receivables or contract assets that results from transactions that are within the scope of AASB 15: *Revenue from Contracts with Customers*, that contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (i.e. diversity of its customer base, appropriate groupings of its historical loss experience, etc).

# The Creeks Pipeline Company Limited

## Notes to the Financial Statements (continued)

### *Purchased or originated credit impaired approach*

For a financial asset that is considered to be credit impaired (not on acquisition or originations), the Company measured any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Evidence of credit impairment includes:

- significant financial difficulty of the issuer or borrower;
- a breach of contract (e.g. default or past due event);
- where a lender has granted to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;
- it is probable the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for the financial asset because of financial difficulties.

### *Low credit risk operational simplification approach*

If a financial asset is determined to have low credit risk at the initial reporting date, the Company assumed that the credit risk has not increased significantly since initial recognition and, accordingly, can continue to recognise a loss allowance of 12-month expected credit loss.

In order to make such determination that the financial asset has low credit risk, the Company applied its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

A financial asset is considered to have low credit risk if:

- there is a low risk of default by the borrower;
- the borrower has strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term, may, but not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a lower risk of default than the risk inherent in the financial assets, or lower than the credit risk of the jurisdiction in which it operates.

### *Recognition of expected credit losses in financial statements*

At each reporting date, the Company recognised the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (e.g. loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

# The Creeks Pipeline Company Limited

## Notes to the Financial Statements (continued)

### (f) Employee benefits

#### (i) Short-term employee benefits

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee 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 and salaries. 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 and salaries are recognised as a part of current trade and other payables in the statement of financial position. The Company's obligations for employees' annual leave and long service leave entitlements are recognised in the statement of financial position.

#### (ii) Other long-term employee benefits

Provision is made for employees' long service leave and 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 wage 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 government bonds that have maturity dates that approximate the terms of the obligations. Upon the re-measurement of obligations due to change in assumptions for other long-term employee benefits, the net change in the obligations due to change in employee benefits expense 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 end of the reporting period, in which case the obligations are presented as current provisions.

### (g) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

### (h) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

# The Creeks Pipeline Company Limited

## Notes to the Financial Statements (continued)

### (i) Revenue

The core principle of AASB 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step model:

1. Identify the contract with a customer;
2. Identify the separate performance obligations;
3. Determine the transaction price;
4. Allocate the transaction price to each performance obligation identified in Step 2; and
5. Recognise revenue when a performance obligation is satisfied.

Where there is variable consideration in calculating a transaction price, revenue will only be recognised if it is highly probable that a significant revenue reversal will not subsequently occur. AASB 15 applies to contracts with customers except for revenue arising from items such as financial instruments, insurance contracts and leases.

### (i) Sale of water

Revenue from the sale of water is recognised (net of discounts and allowances) when water passes through the customer's meter and the risks and rewards of ownership have therefore passed to the customer.

Revenue is only recognised where it is highly probable that a significant reversal of revenue will not occur.

The Company's payment terms are 30 days from the invoice date and accordingly there is no financing element to the Company's sales.

Once water passes through the customer's meter, the Company recognises a receivable as this represents the point in time at which the Company's right to consideration becomes unconditional, as only the passage of time is required before payment is due.

### (ii) Services

Revenue from the provision of services is recognised at a point in time which is the completion of all repair work.

The amount of revenue recognised is the amount as agreed in writing between the parties prior to the service being provided in the repair contract. Any variations to this contract price is agreed with the customer prior to the work being performed.

A receivable in relation to these services is recognised when a bill has been issued, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.



# The Creeks Pipeline Company Limited

## Notes to the Financial Statements (continued)

### (j) Government grants

Government grants that compensate the Company for the cost of an asset are recognised as a reduction in the cost of the asset. Depreciation is based on the net carrying amount of the asset.

### (k) Finance income

Finance income comprises interest income on funds invested, dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

### (l) Income tax

Income tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and associates and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income tax expenses that arise from the distribution of cash dividends are recognised at the same time that the liability to pay the related dividend is recognised. The Company does not distribute non-cash assets as dividends to its shareholders.

# The Creeks Pipeline Company Limited

## Notes to the Financial Statements (continued)

### (m) Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed 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.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

### (n) Trade and other payables

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

### (o) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

### (p) Segment reporting

The single individual business segment in which the Company operates is the management of a pipeline network to supply irrigation water in the Langhorne Creek and Currency Creek regions of South Australia.

### (q) Presentation of financial statements

The Company applies revised AASB 101 *Presentation of Financial Statements* (2007), which became effective as of 1 January 2009. As a result, the Company presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income.

### (r) New, revised, or amending Accounting Standards and Interpretations adopted

The Company has adopted all the new, revised or amending Accounting Standards and Interpretations issued by the Australian Standards Board (AASB) that are relevant to their operations and are effective for the current reporting period.

# The Creeks Pipeline Company Limited

## Notes to the Financial Statements (continued)

### 4. Revenue

	Note	2023 \$	2022 \$
Peak delivery sales		2,441,010	2,486,277
Off-peak delivery sales		687,463	777,821
Restricted water sales		93,407	101,664
		<b>3,221,880</b>	<b>3,365,762</b>

Timing of revenue recognition	2023 \$			2022 \$		
	Services transferred at a point in time	Services transferred over time	Total	Services transferred at a point in time	Services transferred over time	Total
Australia	3,221,880	-	3,221,880	3,365,762	-	3,365,762
Total Revenue	<b>3,221,880</b>	-	<b>3,221,880</b>	<b>3,365,762</b>	-	<b>3,365,762</b>

### 5. Other income

	Note	2023 \$	2022 \$
Connection fees and upgrades		-	26,398
Restricted water agreements		3,000	30,000
Profit/(Loss) on sale of assets		(3,833)	6,413
		<b>(833)</b>	<b>62,811</b>

### 6. Other expenses

	Note	2023 \$	2022 \$
Depreciation		498,925	458,915
		<b>498,925</b>	<b>458,915</b>

### 7. Personnel expenses

	Note	2023 \$	2022 \$
Wages and salaries		543,867	496,405
Contributions to superannuation plans		57,105	49,759
		<b>600,972</b>	<b>546,164</b>

# The Creeks Pipeline Company Limited

## Notes to the Financial Statements (continued)

### 8. Finance income

	Note	2023 \$	2022 \$
Interest income on loans and receivables		2,095	2,543
Interest income on bank deposits		175,773	22,336
Finance income		177,868	24,879
Net finance income recognised in profit or loss		<b>177,868</b>	<b>24,879</b>

### 9. Income tax expense/benefit

	2023 \$	2022 \$
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	(13,275)	(264,168)
Current year tax loss/(profit)	(31,518)	241,047
<b>Total income tax (expense)/benefit</b>	<b>(44,793)</b>	<b>(23,121)</b>
Profit for the period	138,649	259,529
Total income tax expense	44,793	23,121
Profit excluding income tax	183,442	282,650
Income tax using a tax rate of 25.0 percent	45,861	70,663
Movement in unrecognised temporary differences	(1,068)	(47,542)
Tax expense	<b>44,793</b>	<b>23,121</b>

# The Creeks Pipeline Company Limited

## Notes to the Financial Statements (continued)

### 10. Property, plant and equipment

	Note	Infrastructure \$	Land and Easements \$	Land and Buildings \$	Motor Vehicles \$	Furniture and Fixtures \$	Plant and Equipment \$	Software and Website \$	Total \$
<b>Cost or deemed cost</b>									
Balance at 1 July 2021	<i>a</i>	11,264,393	145,452	425,306	185,260	48,299	598,436	10,002	12,677,148
Additions		577,334	2,200	-	105,003	1,307	690,973	-	1,376,817
Disposals		-	-	-	(89,423)	-	-	-	(89,423)
Balance at 30 June 2022		11,841,727	147,652	425,306	200,840	49,606	1,289,409	10,002	13,964,542
<b>Depreciation and impairment losses</b>									
Balance at 1 July 2021		2,608,232	-	17,404	126,182	41,632	281,134	8,280	3,082,864
Additions		310,362	-	4,255	33,061	1,004	109,802	431	458,915
Disposals		-	-	-	(80,563)	-	-	-	(80,563)
Balance at 30 June 2022		2,918,594	-	21,659	78,680	42,636	390,936	8,711	3,461,216
<b>Carrying amounts</b>									
at 1 July 2021		8,656,161	145,452	407,005	59,078	6,667	317,302	1,722	9,594,284
at 30 June 2022		8,923,133	147,652	403,647	122,160	6,970	898,473	1,291	10,503,326

**Note a:** The total infrastructure cost of the project to 30 June 2022 was \$93,078,144 of which \$81,226,417 was recouped from the South Australia State Government under project funding agreements. Refer note 3(j) for the Company's accounting policy in relation to the treatment of government grants to compensate for the cost of an asset.

A fixed charge over the Company's irrigation pipeline and associated infrastructure was released by the Minister for Water Security on 30 June 2019.

# The Creeks Pipeline Company Limited

## Notes to the Financial Statements (continued)

### 10. Property, plant and equipment (continued)

	Note	Infrastructure \$	Land and Easements \$	Land and Buildings \$	Motor Vehicles \$	Furniture and Fixtures \$	Plant and Equipment \$	Software and Website \$	Total \$
<b>Cost or deemed cost</b>									
Balance at 1 July 2022	a	11,841,727	147,652	425,306	200,840	49,606	1,289,409	10,002	13,964,542
Additions		185,128	192,510	-	84,610	335	76,780	9,400	548,763
Disposals		-	-	-	(34,958)	-	-	-	(34,958)
Balance at 30 June 2023		12,026,855	340,162	425,306	250,492	49,941	1,366,189	19,402	14,478,347
<b>Depreciation and impairment losses</b>									
Balance at 1 July 2022		2,918,594	-	21,659	78,680	42,636	390,936	8,711	3,461,216
Additions		316,076	-	3,609	39,355	1,799	136,938	1,148	498,925
Disposals		-	-	-	(20,625)	-	-	-	(20,625)
Balance at 30 June 2023		3,234,670	-	25,268	97,410	44,435	527,874	9,859	3,939,516
<b>Carrying amounts</b>									
at 1 July 2022		8,923,133	147,652	403,647	122,160	6,970	898,473	1,291	10,503,326
at 30 June 2023		8,792,185	340,162	400,038	153,082	5,506	838,315	9,543	10,538,831

**Note a:** The total infrastructure cost of the project to 30 June 2023 was \$93,263,272 of which \$81,226,417 was recouped from the South Australia State Government under project funding agreements. Refer note 3(j) for the Company's accounting policy in relation to the treatment of government grants to compensate for the cost of an asset.

A fixed charge over the Company's irrigation pipeline and associated infrastructure was released by the Minister for Water Security on 30 June 2019.

# The Creeks Pipeline Company Limited

## Notes to the Financial Statements (continued)

### 11. Deferred tax asset

Deferred tax asset comprises temporary differences attributable to:-

	Note	2023 \$	2022 \$
Provision for annual leave		40,940	36,022
Provision for long service leave		20,234	16,913
Superannuation payable		9,273	4,817
Accrued audit fee		12,000	13,000
Unutilised tax losses		3,690,917	3,816,989
		<u>3,773,364</u>	<u>3,887,741</u>
<b>Deferred tax asset</b>		<b><u>943,341</u></b>	<b><u>971,935</u></b>

### 12. Trade and other receivables

	Note	2023 \$	2022 \$
Trade receivables due from related parties		65,328	40,009
Other trade receivables		780,859	595,347
		<b><u>846,187</u></b>	<b><u>635,356</u></b>
Current		846,187	635,356
Non-current		-	-
		<b><u>846,187</u></b>	<b><u>635,356</u></b>
<u>Days Outstanding</u>			
0 - 30 days		835,959	622,443
31 - 60 days		8,052	8,480
61 - 90 days		3,828	4,433
90+ days		<b>(1,652)</b>	-
		<b><u>846,187</u></b>	<b><u>635,356</u></b>

### 13. Cash and cash equivalents

	Note	2023 \$	2022 \$
National Australia Bank		889,228	2,194,721
ANZ		28,587	28,634
Cash on hand		192	192
		<b><u>918,007</u></b>	<b><u>2,223,547</u></b>

# The Creeks Pipeline Company Limited

## Notes to the Financial Statements (continued)

### 14. Investments

	Note	2023 \$	2022 \$
		<u>          </u>	<u>          </u>
Term Deposits - National Australia Bank		7,019,912	5,954,081
		<b><u>7,019,912</u></b>	<b><u>5,954,081</u></b>

### 15. Other assets

	Note	2023 \$	2022 \$
		<u>          </u>	<u>          </u>
Project costs		362,841	168,246
Accrued income		110,379	12,993
ATO Credit		-	10,898
		<b><u>473,220</u></b>	<b><u>192,137</u></b>

### 16. Reconciliation of cash flows from operating activities

	Note	2023 \$	2022 \$
		<u>          </u>	<u>          </u>
Cash flows from operating activities			
Profit for the period		138,649	259,529
Adjustments for:			
Depreciation		498,925	458,915
(Profit)/loss on sale of non-current assets		3,833	<b>(6,413)</b>
		<u>641,407</u>	<u>712,031</u>
Change in trade and other receivables		<b>(210,831)</b>	<b>(79,551)</b>
Change in inventories		66,446	32,389
Change in other assets		<b>(86,488)</b>	2,623
Change in prepayments		<b>(4,154)</b>	<b>(4,030)</b>
Change in trade and other payables		30,741	43,537
Change in deferred tax		44,792	23,122
Change in provisions and employee benefits		8,238	12,580
		<b><u>(151,256)</u></b>	<u>30,670</u>
Income tax paid			
<b>Net cash from operating activities</b>		<b><u>490,151</u></b>	<b><u>742,701</u></b>



# The Creeks Pipeline Company Limited

## Notes to the Financial Statements (continued)

### 17. Capital and reserves

	Note	2023 \$	2022 \$
On issue at 1 July		14,525,496	13,010,996
Issue for cash		-	1,514,500
On issue at 30 June		<b>14,525,496</b>	<b>14,525,496</b>

#### Ordinary shares and preference shares

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, rank equally with respect to the Company's residual assets and are entitled to one vote per share at meetings of the Company.

#### Infrastructure replacement reserve

The reserve has been established to provide for future infrastructure requirements associated with the major operating assets.

### 18. Trade and other payables

	Note	2023 \$	2022 \$
Other trade payables		153,265	136,669
Non-trade payables and accrued expenses		80,322	63,179
		<b>233,587</b>	<b>199,848</b>

### 19. Deferred tax liability

Deferred tax liability comprises temporary differences attributable to:-

	Note	2023 \$	2022 \$
Property, plant and equipment		9,156,070	9,091,277
		9,156,070	9,091,277
Deferred tax liability		<b>2,289,017</b>	<b>2,272,819</b>

# The Creeks Pipeline Company Limited

## Notes to the Financial Statements (continued)

### 20. Employee benefits

	Note	2023 \$	2022 \$
<b>Current</b>			
Annual leave		40,940	36,023
Long service leave		16,918	14,939
		57,858	50,962
<b>Non-current</b>			
Long service leave		3,316	1,974
		3,316	1,974
Total		61,174	52,936
<b>Movement</b>			
Opening balance		52,936	40,356
Arising during the year		53,534	43,987
Utilised		(45,296)	(31,407)
Closing balance		61,174	52,936

### 21. Related parties

#### Individual director's compensation disclosures

Information regarding individual director's compensation as required by Corporations Regulations 2M.3.03 is provided in the directors' report.

Apart from the details disclosed in this note, no director has entered into a material contract with the Company since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

#### Movement in shares

The movement during the reported period in the number of ordinary shares in the Company held directly, indirectly or beneficially, by each key management person, including the related parties, is as follows:

	Held at 1 July 2022	Purchased	Sold	Held at 30 June 2023
<b>Directors</b>				
David James Watkins	938,000	-	-	938,000
Craig Hamilton Willson	290,000	-	-	290,000
David Andrew Eckert	180,000	-	-	180,000
	1,408,000	-	-	1,408,000

No shares were granted to key management personnel during the reporting period as compensation in 2023.

# The Creeks Pipeline Company Limited

## Notes to the Financial Statements (continued)

### Other related party transactions

	Note	Transaction value year ended 30 June		Balance outstanding as at 30 June	
		2023	2022	2023	2022
		\$	\$	\$	\$
<b>John Leslie Kerr</b>					
<b>Capital Strategies Pty Ltd</b>					
<i>Expense / Creditor</i>					
– Accountancy Fees		14,255	9,244	-	-
– Other Professional Services		-	-	-	-
<b>David James Watkins</b>					
<b>Rankins Estate Pty Ltd as trustee for Rankins Estate Unit Trust</b>					
<i>Revenue / Debtor</i>					
– Water Delivery Service		104,996	111,677	6,390	5,986
<b>Craig Hamilton Willson</b>					
<b>Langhorne Creek Water Company (shared pipeline)</b>					
<b>Blackwell Vineyards Pty Ltd</b>					
<b>Craig Hamilton and Mignonne Willson</b>					
<b>Kilpuruna Vineyards Pty Ltd</b>					
<i>Revenue / Debtor</i>					
– Water Delivery Service		84,974	89,950	49,966	27,275
<b>David Andrew Eckert</b>					
<b>PA, MJ &amp; DA Eckert</b>					
<i>Revenue / Debtor</i>					
– Water Delivery Service		40,052	46,711	8,970	6,748
<b>TOTAL</b>		<b>244,277</b>	<b>257,582</b>	<b>65,326</b>	<b>40,009</b>

### Other related parties

Contributions to superannuation funds on behalf of directors and employees are disclosed in note 7.

## 22. Auditors' remuneration

	Note	2023	2022
		\$	\$
<b>Audit services</b>			
Auditors of the Company			
<i>William Buck:</i>			
Audit and review of financial reports		20,870	20,600
Other services		3,500	-
		<b>24,370</b>	<b>20,600</b>

# The Creeks Pipeline Company Limited

## Notes to the Financial Statements (continued)

### 23. Financial Instruments

#### (a) Credit Risk

##### Exposure to credit risk

The carrying amount of the Company's financial assets represents the maximum credit exposure. The Company's maximum exposure to credit risk at the reporting date was:

	Note	2023 \$	2022 \$
Cash and cash equivalents	13	918,007	2,223,547
Trade and other receivables	12	846,187	635,356
Investments	14	7,019,912	5,954,081
		<u>8,784,106</u>	<u>8,812,984</u>

##### Impairment losses

The aging of the Company's trade receivables at the reporting date was:

	2023 \$	2022 \$
0 - 30 days	835,959	622,443
31 - 60 days	8,052	8,480
61 - 90 days	3,828	4,433
90+ days	(1,652)	-
	<u>846,187</u>	<u>635,356</u>

The Company does not expect to recognise any impairment in relation to trade receivables based on past history. The Company has not experienced any credit loss over the history of its operations and does not expect to in the future.

#### (b) Liquidity Risk

The following are the contractual maturities of financial liabilities.

	Carrying	Contractual cash flows	6 months or less	6 - 12 months
Trade and other payables	233,587	(233,587)	(233,587)	-
	<u>233,587</u>	<u>(233,587)</u>	<u>(233,587)</u>	<u>-</u>

# The Creeks Pipeline Company Limited

## Notes to the Financial Statements (continued)

### 23. Financial Instruments (continued)

#### (c) Interest Rate Risk

##### Profile

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was:

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Fixed rate instruments</b>		
Financial assets - Investments	7,019,912	5,954,081
<b>Variable rate instruments</b>		
Financial assets - Cash and cash equivalents	918,007	2,223,547
	<u>7,937,919</u>	<u>8,177,628</u>

##### Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial asset at fair value through profit or loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

### 24. Key Management Personnel

Key management personnel compensation included in 'personnel expenses' (see note 7) comprises:

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Short-term employee and director benefits	105,174	100,457
Other long term benefits	-	-
Post employment benefits	11,041	10,044
	<u>116,215</u>	<u>110,501</u>

No key management personnel have entered into material contracts with the Company. There were no material contracts involving key management personnel interests existing at year end, other than water contracts entered into by the key management personnel as customers of the water project on the same terms and conditions as all other investors/customers.

# The Creeks Pipeline Company Limited

## Notes to the Financial Statements (continued)

### 25. Subsequent events

The Board has determined that there are no other matters occurring between 1 July 2023 and the date of signing this report are significant to require disclosure.

# The Creeks Pipeline Company Limited

## Directors' declaration

In the opinion of the directors of the Company:

1. the financial statements and notes set out on pages 11 to 40, are in accordance with the Corporations Act 2001 including:
  - a) giving a true and fair view of the Company's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
  - b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
2. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a);
3. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



J L Kerr  
Chairman



C H Willson  
Director

Langhorne Creek, S.A.

## The Creeks Pipeline Company Ltd

### Independent auditor's report to members

## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of The Creeks Pipeline Company Ltd. (the Company), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 2023 and of its financial performance for the year then 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 ethical responsibilities in accordance with the Code.

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

### Other Information

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

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



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

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

### **Responsibilities of the Directors for the Financial Report**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Report**

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

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf)

This description forms part of our independent auditor's report.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

# Report on the Remuneration Report

## Opinion on the Remuneration Report

We have audited the Remuneration Report included on page 7 of the directors' report for the year ended 30 June 2023. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

In our opinion, the Remuneration Report of The Creeks Pipeline Company Limited for the year ended 30 June 2023, complies with section 300A of the Corporations Act 2001.



**William Buck (SA)**  
ABN 38 280 203 274



**M. D. King**  
Partner

Dated this 29<sup>th</sup> day of August 2023  
Adelaide, South Australia