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THE CREEKS PIPELINE COMPANY LIMITED

ACN 133 867 197

ANNUAL REPORT 2020

CORPORATE DIRECTORY

Board of Directors
Ian Martens (Chairman)
Dianne Davidson AM
John Kerr
John Pargeter
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

Chairman's Report – October 2020

I am pleased to present the twelfth Annual Report for The Creeks Pipeline Company Limited (CPC); my first as Chair. In light of the extraordinary circumstances that have engulfed the world since March 2020, it is pleasing to report that the operations of CPC have been largely unaffected.

In the year ended 30 June 2020, CPC delivered 12.2 gigalitres (GL) to its customers compared to 14.0 GL last year. The company recorded an after tax profit of $319,166 (last year $286,430). An amount of $350,000 was allocated from Retained Earnings to the Infrastructure Replacement Reserve (last year $300,000).

COVID 19

As noted above, CPC was largely unaffected with issues associated with the pandemic. This is, in part, due to the diligent and cautious operation of the company by its staff.

One impact has been the deferral of the scheme expansion project. The construction of significant upgrade was planned for the June – September 2020 period. By agreement with the customers seeking expanded capacity, these works have been deferred for 12 months, together with some of the payments for additional capacity. During the year CPC received $1.3m in additional capital associated with the scheme, with a further $3.1m anticipated in June 2021.

BOARD CHANGES

As announced at the last AGM, Ian Martens retired from the Board in August 2020. At that meeting it was my pleasure to accept my fellow Board Members nomination to the Chair position. Earlier in the year John Pargeter also retired from the Board due to a new work commitment. I would like to formally acknowledge the valuable contributions made by both Ian and John over the past decade.

The Board vacancy created by John Pargeter's resignation was filled by David Eckert who adds valuable local input to the Board, ensuring we retain an effective balance of independent skills and local knowledge.

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

12 October 2020

THE CREEKS PIPELINE COMPANY LIMITED

ACN 133 867 197

General Manager's Report – October 2020

The year ending 30 June 2020 was The Creeks Pipeline Company Limited's first year of delivering water under the Second Water Delivery Agreements with our shareholders.

During the year, despite minor impacts from COVID-19 during the later part of the year the pipeline continued to perform at the high level that we have experienced since its inception. This past irrigation season has been difficult for our irrigators particularly the grape growers experiencing greatly reduced yields, being only slightly offset by good quality fruit.

Operationally, power costs are our largest cost and this will continue into the foreseeable future. In an effort to address this the Board and management are investigating the potential benefit of installing a larger solar farm in or around the river pump station near Jervois. CPC currently has power supply agreements secured with our current provider through to 31 December 2022 giving us some short-term security in this area.

General Operations:
The pipeline was fully operational for 100% of the 12 months ending 30th June 2020.

During this year CPC delivered 12,214 ML of water in total, with Langhorne Creek Irrigators taking 11,154 ML, Currency Creek 980ML and Restricted Water Users 81 ML of the total water delivered.

The total amount of water delivered for the year was 2,017 ML below the previous year.

7,959 ML of Peak water was delivered during November - March being 77% of the 10,357 ML of Peak water volumes contracted through Water Delivery Agreements. 4,175 ML of Off-Peak water was delivered during the year being 36% of the 11,493 ML of Off-Peak water volumes contracted through Water Delivery Agreements.

The Year Ahead:
During the coming year CPC will be continue the ongoing proactive management and maintenance of your system 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 went as smoothly as it did. I look forward to working with the Board, customers and staff during the year ahead.

MIKE REYNOLDS
General Manager
12th October 2020

The Creeks Pipeline Company Limited
ACN 133 867 197

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Annual Report

The Creeks Pipeline Company Limited

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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 2020 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:

Name, qualifications and independence status	Experience, special responsibilities and other directorships
Ian Mortimer Martens FCA Chairman Director (Independent)	Ian is a Chartered Accountant and retired as a Partner of BDO Chartered Accountants in December 1999, having been a partner of the firm for 33 years. He has continued as a consultant to the Firm and as a Director/Advisor to a number of private companies. Ian retired in November 2012 as a Director of Challenger Listed Investments Ltd which was the Responsible Entity of the publicly listed Challenger Infrastructure Fund, the Challenger Diversified Property Group and the Challenger Wine Trust. He was Chairman of the Audit and Compliance Committee of the Responsible Entity. Ian also retired in 2009 as a Board Member of the Royal Automobile Association of South Australia Inc. after 20 years of service including 7 years as Chairman of its Audit, Risk and Compliance Committee and 6 years as Chairman of RAA Insurance Ltd. He has an interest in a vineyard in the Adelaide Hills.
Dianne Margaret Davidson AM M Sc, B Ag Sc, Grad. Dip. Bus. Admin., FAATSE, FAIAS Director (Independent)	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. 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). 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. Throughout her professional life Di has sat on numerous government committees and advisory bodies, and worked with government agencies regional and rural communities.

Directors' report (continued)

John Leslie Kerr B.EC, FCA, F.FIN Director (Independent)	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. John previously qualified as a chartered accountant with Touche Ross (now KPMG) and worked in their management consulting division. John is also a Director of Barossa Infrastructure Ltd and Aged Care and Housing Group Inc.
John Philip Pargeter Director (Independent) [Retired as a director on 25 February 2020]	John is the founding Co-owner of Angas Vineyards Joint Venture, which he retired from in June 2017. Prior to establishing Angas Vineyards Joint Venture (a 222 hectare vineyard located at Langhorne Creek), John worked in various managerial roles in Australia and overseas. His roles involved grain trading, supply and installation of irrigation systems and irrigation and agricultural project management. John was a founding member of the Langhorne Creek Drought Taskforce and Langhorne Creek Alternative Water Options Steering Committee, past Chairman of the Angas Bremer Water Management Committee Inc., and past Chairman of the River Murray-Darling Basin National Resources Management-Water Allocation Plan Advisory Committee. John is a past Chairman of the Langhorne Creek Wine Industry Council Inc., past Chairman of the Langhorne Creek Wine Grape Growers Association Inc. and has been an active participant in the Langhorne Creek Environmental Management in Viticulture program. John studied viticulture at Charles Sturt University.
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.

Directors' report (continued)

David James Watkins (continued)	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. David is also an independent Non-executive Director of a UK based wine industry trading public company that brings together wine buyers and sellers from nine major wine countries throughout the world.
Craig Hamilton Willson Director (Ordinary)	Craig Willson has been a farmer and irrigator at Langhorne Creek for 33 years. He purchased Bremerton Lodge farm in 1985, moving from Whyalla where he had been involved in the family media company for 21 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.

Directors' report (continued)

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
Ian Mortimer Martens	7	7
Dianne Margaret Davidson AM	7	7
John Leslie Kerr	7	7
John Philip Pargeter (Retired: 25/02/2020)	3	3
David James Watkins	7	7
Craig Hamilton Willson	6	7

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 2020.

No compliance matters have arisen.

Directors' report (continued)

5. Non-executive director remuneration (Audited)

Directors' compensation currently totals $131,386 (FY2019: $135,733) 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		
		Salary & Fees $	Non-monetary benefits $	Super-annuation benefits $	Termi-nation benefits $	Total $
Directors						
Non-executive						
Ian Mortimer Martens	2020	33,485	-	3,181	-	36,666
	2019	33,055	-	3,140	-	36,195
John Leslie Kerr	2020	25,113	-	2,386	-	27,499
	2019	24,791	-	2,355	-	27,146
Dianne Margaret Davidson	2020	16,742	-	1,591	-	18,333
	2019	16,528	-	1,570	-	18,098
John Philip Pargeter (Retired: 25/02/2020)	2020	11,162	-	1,060	-	12,222
	2019	16,528	-	1,570	-	18,098
David James Watkins	2020	16,742	-	1,591	-	18,333
	2019	16,528	-	1,570	-	18,098
Craig Hamilton Willson	2020	16,742	-	1,591	-	18,333
	2019	16,528	-	1,570	-	18,098

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.

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 (FY2019: 14.0 gigalitres) of water was delivered in the twelve month period to 30 June 2020.

Total revenue for the year was $2.93 million (FY2019: $3.13 million) with the Company generating an after tax profit of $319,166 (FY2019: $286,430).

The Board has determined to allocate $350,000 (FY2019: $300,000) from Retained Earnings to the Infrastructure Replacement Reserve as part of a program to set aside funds for possible future asset replacement.

Share Issue

On 20 November 2019, the Company released an Offer Information Statement ('*OIS*') to shareholders wishing to increase their shareholding and available capacity within the CPC system.

The OIS was closed on 31 January 2020 after acceptance of offers from 51 shareholders for 3,422,000 new shares at $1.30 per share. The subscription funds under the OIS were paid to the Company on or before 29 May 2020.

In April 2020, after considering possible impacts of the Covid-19 pandemic, the Directors of the Company determined to postpone the works for at least 12 months, and to offer those customers who have completed an Application Form and executed a Variation Agreement one of the following three options:-

1. **12 month deferral**
   Defer receipt of the additional water delivery services for 12 months, in which case payment would not be required for the additional shares until 31 May 2021.

2. **Proceed as planned**
   Proceed as planned and pay for the additional shares by 31 May 2020 and have additional water delivery services commence effective 1 November 2020.

3. **Terminate without penalty**
   No longer proceed with the additional water delivery services with no penalty for choosing this option.

Thirty six shareholders chose to defer, fourteen chose to proceed and one chose to terminate their Variation Agreement. This resulted in subscription funds of $1,240,200 being received by the Company before 31 May 2020 with a further $3,117,400 due to be paid by 31 May 2021.

Directors' report (continued)

7. Dividends

No dividends have been paid or proposed during the year.

8. Events subsequent to reporting date

Subsequent to 30 June 2020, the Company entered into pipe purchase contracts totalling $662,770. These materials will be used to expand certain system outlets to meet new capacity requests arising from the November 2019 OIS process referred to in Note 6.

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 system works required following the November 2019 OIS have been deferred. Construction is now planned for the June to September 2021 period.

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:

	The Creeks Pipeline Company Limited
	Ordinary Shares
David James Watkins	398,000
Craig Hamilton Willson	190,000

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 $27,569 (FY2019: $26,583) 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

Directors' report (continued)

- 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 2020.

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.

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:

Ian Martens
Chairman

Dated at Langhorne Creek this 25 day of August 2020

John Kerr
Director

Dated at Langhorne Creek this 25 day of August 2020

The Creeks Pipeline Company Limited

Statement of Financial Position

As at 30 June 2020

	Note	2020 $	2019 $
Assets			
Current assets			
Cash and cash equivalents	***13***	2,289,024	1,110,365
Trade and other receivables	***12***	589,325	358,050
Inventories		303,758	331,189
Prepayments		28,313	27,360
Investments	***14***	4,044,828	3,740,959
Other assets	***15***	78,003	66,579
Total current assets		**7,333,251**	**5,634,502**
Non-current assets			
Property, plant and equipment	***10***	8,884,641	8,950,074
Deferred tax asset	***11***	972,994	1,107,605
Total non-current assets		**9,857,635**	**10,057,679**
Total assets		**17,190,886**	**15,692,181**
Liabilities			
Current liabilities			
Trade and other payables	***18***	152,288	178,765
Employee benefits	***20***	60,825	49,604
Total current liabilities		**213,113**	**228,369**
Non-current liabilities			
Deferred tax liability	***19***	2,194,544	2,246,023
Employee benefits	***20***	190	12
Total non-current liabilities		**2,194,734**	**2,246,035**
Total liabilities		**2,407,847**	**2,474,404**
Net assets		**14,783,039**	**13,217,777**
Equity			
Issued capital	***17***	11,603,096	10,357,000
Reserves		3,130,000	2,780,000
Retained earnings		49,943	80,777
Total equity		**14,783,039**	**13,217,777**

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 2020

	Note	2020 $	2019 $
Continuing Operations			
Revenue	4	2,927,565	3,127,997
Cost of sales		(1,846,523)	(1,940,452)
Gross profit		**1,081,042**	**1,187,545**
Other income	5	153,410	104,889
Administrative expenses		(573,535)	(631,281)
Other expenses	6	(335,701)	(314,185)
Results from operating activities		**325,216**	**346,968**
Finance income	8	77,082	97,267
Net finance income		**77,082**	**97,267**
Profit before income tax		**402,298**	**444,235**
Income tax expense	9	(83,132)	(157,805)
Profit from continuing operations		**319,166**	**286,430**
Profit for the period		**319,166**	**286,430**

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 2019

	Share Capital $	Retained Earnings $	Infrastructure Replacement Reserve $	Total Equity $
Balance at 1 July 2018	10,312,000	94,347	2,480,000	12,886,347
Total comprehensive income for the period				
Profit	-	286,430	-	286,430
Transfer to infrastructure replacement reserve	-	(300,000)	300,000	-
Total comprehensive income for the period	-	(13,570)	300,000	286,430
Transactions with owners, recorded directly in equity				
Contributions by and distributions to owners				
Issue of ordinary shares	30,000	-	-	30,000
Ordinary shares subscribed but not issued	15,000	-	-	15,000
Total contributions by and distributions to owners	45,000	-	-	45,000
Total transactions with owners	45,000	-	-	45,000
Balance at 30 June 2019	**10,357,000**	**80,777**	**2,780,000**	**13,217,777**

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 2020

	Share Capital $	Retained Earnings $	Infrastructure Replacement Reserve $	Total Equity $
Balance at 1 July 2019	10,357,000	80,777	2,780,000	13,217,777
Total comprehensive income for the period				
Profit	-	319,166	-	319,166
Transfer to infrastructure replacement reserve	-	(350,000)	350,000	-
Total comprehensive income for the period	-	(30,834)	350,000	319,166
Transactions with owners, recorded directly in equity				
Contributions by and distributions to owners				
Issue of ordinary shares	1,292,200	-	-	1,292,200
Ordinary shares subscribed but not issued	-	-	-	-
Prospectus costs	(46,104)	-	-	(46,104)
Total contributions by and distributions to owners	1,246,096	-	-	1,246,096
Total transactions with owners	1,246,096	-	-	1,246,096
Balance at 30 June 2020	**11,603,096**	**49,943**	**3,130,000**	**14,783,039**

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

Statement of Cash Flows

For the year ended 30 June 2020

	Note	2020 $	2019 $
Cash flows from operating activities			
Cash receipts from customers		2,750,132	3,596,042
Cash paid to suppliers and employees		(2,322,909)	(2,621,905)
Cash generated from operations		427,223	974,137
Interest received		76,649	92,605
Net cash from operating activities	*16*	**503,872**	**1,066,742**
Cash flows from investing activities			
Proceeds on sale of plant and equipment		5,455	-
Proceeds from grants received		-	215,000
Acquisition of intangibles		-	-
Acquisition of property, plant and equipment		(275,895)	(202,036)
Net cash from / (used in) investing activities		**(270,440)**	**12,964**
Cash flows from financing activities			
Proceeds from the issue of share capital		1,292,200	45,000
Prospectus transaction costs		(46,104)	-
Proceeds from payment of restricted water agreements		3,000	12,000
Purchase of term deposits		(303,869)	(730,951)
Net cash from / (used in) financing activities		**945,227**	**(673,951)**
Net increase / (decrease) in cash and cash equivalents		**1,178,659**	**405,755**
Cash and cash equivalents at 1 July		1,110,365	704,610
Cash and cash equivalents at 30 June	*13*	**2,289,024**	**1,110,365**

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

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 25 August 2020.

(b) Basis of measurement

The financial statements have been prepared on the historical cost 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.

(e) Changes in significant accounting policies

The Company has applied AASB 16: Leases from 1 July 2019.

In accordance with AASB 16, the comparatives for the 2019 reporting period have not been restated.

The adoption of AASB 16 has not had an impact on the Company.

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).

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 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.

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.

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

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

(c) Leases

The Company has adopted AASB 16: Leases retrospectively with the cumulative effect of initially applying AASB 16 recognised at 1 July 2019. In accordance with AASB 16, the comparatives for the 2019 reporting period have not been restated.

There is no impact to the Company on the adoption of AASB 16.

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.

Notes to the Financial Statements (continued)

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.

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.

Notes to the Financial Statements (continued)

(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.

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.

Notes to the Financial Statements (continued)

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).

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.

Notes to the Financial Statements (continued)

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.

(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 incorporated anticipate 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.

Notes to the Financial Statements (continued)

(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.

(i) Revenue

AASB 15 has introduced a single, principle-based five step recognition and measurement model for revenue recognition. The new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers. 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.

Notes to the Financial Statements (continued)

(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.

(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 (including available-for-sale financial assets), 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.

Notes to the Financial Statements (continued)

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.

(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.

Notes to the Financial Statements (continued)

(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.

Notes to the Financial Statements (continued)

4. Revenue

	Note	2020 $	2019 $
Peak delivery sales		2,118,463	2,120,869
Off-peak delivery sales		714,395	914,212
Restricted water sales		94,707	92,916
		2,927,565	**3,127,997**

5. Other income

	Note	2020 $	2019 $
Connection fees and upgrades		50,410	92,889
Restricted water agreements		3,000	12,000
ATO cash flow boost		100,000	-
		153,410	**104,889**

6. Other expenses

	Note	2020 $	2019 $
Depreciation		335,701	314,185
		335,701	**314,185**

7. Personnel expenses

	Note	2020 $	2019 $
Wages and salaries		510,418	505,179
Contributions to superannuation plans		48,490	47,997
		558,908	553,176

Notes to the Financial Statements (continued)

8. Finance income

	Note	2020 $	2019 $
Interest income on loans and receivables		3,433	4,662
Interest income on bank deposits		73,649	92,605
Finance income		77,082	97,267
Net finance income recognised in profit or loss		**77,082**	**97,267**

9. Income tax expense/benefit

	2020 $	2019 $
Deferred tax expense		
Origination and reversal of temporary differences	47,697	(28,473)
Current year tax losses	(130,829)	(129,332)
Total income tax (expense)/benefit	**(83,132)**	**(157,805)**
Profit for the period	319,166	286,430
Total income tax expense	83,132	157,805
Profit excluding income tax	402,298	444,235
Income tax using a tax rate of 27.5 percent	110,632	122,165
Movement in unrecognised temporary differences	(27,500)	35,640
Tax expense/(benefit)	**83,132**	**157,805**

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 $	Total $
Cost or deemed cost									
Balance at 1 July 2018	*a*	10,406,731	129,452	349,945	189,072	44,079	304,609	7,493	11,431,381
Additions		(68,367)	6,000	17,200	5,591	-	26,612	-	(12,964)
Disposals		-	-	-	-	-	-	-	-
Balance at 30 June 2019		10,338,364	135,452	367,145	194,663	44,079	331,221	7,493	11,418,417
Depreciation and impairment losses									
Balance at 1 July 2018		1,853,184	-	-	94,732	31,916	166,833	7,493	2,154,158
Additions		251,174	-	2,086	26,026	2,731	32,168	-	314,185
Disposals		-	-	-	-	-	-	-	-
Balance at 30 June 2019		2,104,358	-	2,086	120,758	34,647	199,001	7,493	2,468,343
Carrying amounts									
at 1 July 2018		8,553,547	129,452	-	94,340	12,163	137,776	-	9,277,223
at 30 June 2019		**8,234,006**	**135,452**	**365,059**	**73,905**	**9,432**	**132,220**	**-**	**8,950,074**

Note a: The total infrastructure cost of the project to 30 June 2019 was $91,564,781 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 Company entered into a Deed of Grant with the Minister for Agriculture, Food and Fisheries in October 2017 for $0.71 million. Under this agreement, the Minister agreed to contribute to costs paid for by the Company in undertaking projects that improve irrigation efficiency and optimisation.

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	Total
		$	$	$	$	$	$	$	$
Cost or deemed cost									
Balance at 1 July 2019	*a*	10,338,364	135,452	367,145	194,663	44,079	331,221	7,493	11,418,417
Additions		77,954	-	51,779	36,052	4,220	103,381	2,509	275,895
Disposals		-	-		(45,455)	-	-	-	(45,455)
Balance at 30 June 2020		10,416,318	135,452	418,924	185,260	48,299	434,602	10,002	11,648,857
Depreciation and impairment losses									
Balance at 1 July 2019		2,104,358	-	2,086	120,758	34,647	199,001	7,493	2,468,343
Additions		251,400	-	9,833	25,646	5,877	42,732	213	335,701
Disposals		-	-	-	(39,828)	-	-	-	(39,828)
Balance at 30 June 2020		2,355,758	-	11,919	106,576	40,524	241,733	7,706	2,764,216
Carrying amounts									
at 1 July 2019		8,234,006	135,452	365,059	73,905	9,432	132,220	-	8,950,074
at 30 June 2020		**8,060,560**	**135,452**	**407,005**	**78,684**	**7,775**	**192,869**	**2,296**	**8,884,641**

Note a: The total infrastructure cost of the project to 30 June 2020 was $91,642,735 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 Company entered into a Deed of Grant with the Minister for Agriculture, Food and Fisheries in October 2017 for $0.71 million. Under this agreement, the Minister agreed to contribute to costs paid for by the Company in undertaking projects that improve irrigation efficiency and optimisation. These projects were finalised in August 2018.

Notes to the Financial Statements (continued)

11. Deferred tax asset

Deferred tax asset comprises temporary differences attributable to:-

	Note	2020 $	2019 $
Provision for annual leave		25,755	18,022
Provision for long service leave		35,260	31,595
Superannuation payable		4,146	5,677
Accrued chairman's and directors' fees, super and audit fee		13,000	36,622
Unutilised tax losses		3,459,998	3,935,738
		3,538,159	4,027,654
Deferred tax asset		**972,994**	**1,107,605**

12. Trade and other receivables

	Note	2020 $	2019 $
Trade receivables due from related parties		17,053	42,795
Other trade receivables		572,272	315,255
		589,325	**358,050**
Current		589,325	358,050
Non-current		-	-
		589,325	**358,050**
Days Outstanding			
0 - 30 days		541,984	328,859
31 - 60 days		2,584	4,491
61 - 90 days		12,651	17,067
90+ days		32,106	7,633
		589,325	**358,050**

13. Cash and cash equivalents

	Note	2020 $	2019 $
National Australia Bank - Business Cheque Account		777,558	291,601
National Australia Bank - Business Cash Maximiser		218,997	818,572
National Australia Bank - OIS Business Account		1,292,277	-
Cash on hand		192	192
		2,289,024	**1,110,365**

Notes to the Financial Statements (continued)

14. Investments

	Note	2020 $	2019 $
National Australia Bank - Term Deposits		2,532,871	3,740,959
ANZ - Term Deposit		1,511,957	-
		4,044,828	**3,740,959**

15. Other assets

	Note	2020 $	2019 $
Project costs		5,000	5,000
Accrued income		73,003	61,579
		78,003	**66,579**

16. Reconciliation of cash flows from operating activities

	Note	2020 $	2019 $
Cash flows from operating activities			
Profit/(loss) for the period		319,166	286,430
Adjustments for:			
Depreciation		335,701	314,185
Loss on sale of non-current assets		172	-
		655,039	600,615
Change in trade and other receivables		(231,275)	370,492
Change in inventories		27,431	32,131
Change in other assets		(11,424)	(8,376)
Change in prepayments		(953)	8,640
Change in trade and other payables		(29,477)	(78,343)
Change in deferred tax		83,132	157,802
Change in provisions and employee benefits		11,399	(16,219)
		(151,167)	466,127
Income tax paid		-	-
Net cash from operating activities		**503,872**	**1,066,742**

Notes to the Financial Statements (continued)

17. Capital and reserves

	Note	2020	2019
On issue at 1 July		10,357,000	10,312,000
Issue for cash		1,292,200	45,000
Prospectus costs		(46,104)	-
On issue at 30 June		**11,603,096**	**10,357,000**

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	2020 $	2019 $
Other trade payables		89,010	90,692
Non-trade payables and accrued expenses		63,278	88,073
		152,288	**178,765**

19. Deferred tax liability

Deferred tax liability comprises temporary differences attributable to:-

	Note	2020 $	2019 $
Property, plant and equipment		7,980,161	8,167,359
		7,980,161	8,167,359
Deferred tax liability		**2,194,544**	**2,246,023**

Notes to the Financial Statements (continued)

20. Employee benefits

	Note	2020 $	2019 $
Current			
Annual leave		25,755	18,022
Long service leave		35,070	31,582
		60,825	49,604
Non-current			
Long service leave		190	12
		190	12
Total		61,015	49,616
Movement			
Opening balance		49,616	65,835
Arising during the year		38,431	35,201
Utilised		(27,032)	(51,420)
Closing balance		**61,015**	**49,616**

21. Operating lease commitments

Non-cancellable operating leases contracted for but not recognised in the financial statements

	Note	2020 $	2019 $
Due within one year		-	2,324
Due within one to five years		-	-
Due later than five years		-	-
		-	**2,324**

Notes to the Financial Statements (continued)

22. Contingencies

Under the project agreements with the State Government which facilitated the project's funding and construction, the Company has two contingent financial liabilities, specifically:-

(i) Liability for residual project costs.
The Company received the final invoice for project construction cost in June 2012. The Company was entitled to claim funding for these costs under a Recoupment Deed with the State Government. As a result, there was no net cost to the Company. No further claims are anticipated.

(ii) Liability to pay additional amounts under the Project Agreement.
The Project Agreement ended on 30 June 2019. No further payments are anticipated.

23. 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 2019	Purchased	Sold	Held at 30 June 2020
Directors				
David James Watkins	698,000	-	(300,000)*	398,000
Craig Hamilton Willson	190,000	-	-	190,000
	888,000	-	(300,000)	588,000

* Reduction on account of no longer being associated with previous joint shareholding

No shares were granted to key management personnel during the reporting period as compensation in 2020.

Notes to the Financial Statements (continued)

Other related party transactions

	Note	Transaction value year ended 30 June		Balance outstanding as at 30 June	
		2020	2019	2020	2019
		$	$	$	$
<u>**John Leslie Kerr**</u>					
Capital Strategies Pty Ltd					
Expense / Creditor					
– Accountancy Fees		14,061	15,980	0	694
– Other Professional Services		5,945	13,264	0	0
<u>**David James Watkins**</u>					
Rankins Estate Pty Ltd as trustee for Rankins Estate Unit Trust					
Warrendi Pty Ltd and Giles Street Pty Ltd (FY2019 only)					
Revenue / Debtor					
– Water Delivery Service		81,654	160,175	12,705	27,747
<u>**Craig Hamilton Willson**</u>					
Langhorne Creek Water Company (shared pipeline)					
Blackwell Vineyards Pty Ltd					
Revenue / Debtor					
– Water Delivery Service		94,813	87,089	4,349	15,048
TOTAL		**196,473**	**276,508**	**17,054**	**43,489**

Other related parties

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

24. Subsequent events

Subsequent to 30 June 2020, the Company entered into pipe purchase contracts totalling $662,770. These materials will be used to expand certain system outlets to meet new capacity requests arising from the November 2019 OIS process referred to in Note 6 of the Directors' Report.

The Board has determined that there are no other matters occurring between 1 July 2020 and the date of signing this report are significant to require disclosure.

Notes to the Financial Statements (continued)

25. Auditors' remuneration

	Note	2020 $	2019 $
Audit services			
Auditors of the Company			
William Buck:			
Audit and review of financial reports		19,620	17,791
Other regulatory audit services		-	-
		19,620	17,791

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 2020 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:

I M Martens
Chairman

J L Kerr
Director

Langhorne Creek, S.A.

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF THE CREEKS PIPELINE COMPANY LIMITED

I declare that, to the best of my knowledge and belief during the year ended 30 June 2020 there have been:

— no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck
ABN 38 280 203 274

M. D. King
Partner

Dated this 25th August 2020
Adelaide

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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 2020, 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 2020 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 2020, 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.

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Report on the Remuneration Report

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

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 2020. 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 2020, complies with section 300A of the Corporations Act 2001.

William Buck

William Buck
ABN 38 280 203 274

M. D. King
Partner

Dated this 25th day of August 2020
Adelaide