Barossa Infrastructure

LIMITED

ANNUAL REPORT | 2023

Corporate Directory

Domicile of Barossa Infrastructure Ltd: Australia

Barossa Infrastructure Ltd
incorporated in: South Australia

Legal form of Barossa Infrastructure Ltd:
Unlisted Public Company

Board of Directors
Robert Chapman (Chairman)
Grant Burge
Samuel Dahlitz
Geoffrey Davis
Gayle Grieger
John Kerr
Timothy McCarthy
Victor Patrick

General Manager
Simon Schutz

Company Secretary
Geoffrey Davis

Corporate Adviser
Capital Strategies Pty Ltd
A.C.N. 008 181 173

Auditors
William Buck (SA)

Customer Service Centre
2 Basedow Road
Tanunda, SA 5352
Phone 08 8563 2300

Registered Office
A.C.N. 084 108 958
Barossa Infrastructure Ltd
C/- Level 3, 149 Flinders Street
Adelaide, SA 5000

Website
http://barossainfrastructure.com.au

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Year at a Glance

OPERATING PERFORMANCE

7,548ML delivered (down 19% on 2022)

Reliable system - minimal downtime

Security of supply paramount - goal achieved

FINANCIAL PERFORMANCE

Profit for year
$1.58 million
up 38% on prior year

$1.89 million
Cost of leasing River Murray Water Rights - up $140K on prior year

Bank debt
fully repaid

Strong cash position
$8.78 million
Including term deposits of $6m

Unrealised gain on owned River Murray Water Entitlements
$14.8 million

LONG TERM SECURITY OF SUPPLY

Customer contracts to **2040**

Water Transport Agreement to **2040**

Both renewable to **2060**

River Murray Water Rights owned or long term leased **9,032ML**

Chairman's Report September 2023

A wet winter and spring, combined with a mild summer, meant that water delivered for the 2023 financial year was well down on recent years at approximately 67% of the contracted volumes of the Scheme. Nevertheless, the Company returned a profit and remains in a strong financial position.

Consideration of Further Expansion and Recycled Water

The Company's frustration and disappointment that little progress has been made, despite considerable effort by the Company, continues.

The Barossa New Water (BNW) Detailed Business Case (DBC) has remained the State's focus and was subject to their internal review for most of the year. The Company continues to liaise with the State's lead agency on a confidential basis, which limits what we can share.

In parallel, the Company requested from SA Water a price to transport an additional 2GL under the existing Water Transport Agreement. Since receiving the unaffordable quote, BIL has been developing alternate solutions for SA Water's consideration. Discussions with SA Water are ongoing.

BIL engaged an advisor who facilitated discussions with State Ministers, Chief Executives, Chiefs of Staff and advisors. Pleasingly, the need to secure a new long-term water source is now on the radar of the relevant Ministers who are engaging directly with BIL.

It is important to reiterate that there can be no guarantees that an additional water supply will be delivered, however BIL is and will continue to use its best endeavours to ensure the merits and viability of possible new water sources are appropriately explored.

River Murray Water Rights

It is a requirement that the Company holds River Murray water allocations for all water transported to BIL by SA Water. The Company holds a mix of entitlements that are owned, on long term leases and forwards, with temporary allocations purchased as needed to meet varying customer demands. The mix of entitlements is also spread over several trading zones on the River Murray, with the majority from South Australia.

BIL secured a number of forward contracts to achieve internal targets of held water for 2022/23 and 2023/24. With reduced customer demand in 2022/23, there was no need to purchase allocations.

Again, no entitlements were purchased in 2022/23 due to continued high prices and uncertainty about potential expansion options. BIL's historical average cost of the 2,972ML of owned entitlements is $2,228ML, whilst the market price throughout the year averaged $8,100ML.

The Board and Management are closely monitoring and participating in the conversation around the finalisation of the Murray-Darling Basin Plan and note the Federal Water Minister's recent remarks about seeking a short extension of time to allow the Plan to be completed in a responsible manner.

Financial

The Company made an after tax profit of $1,584,328 for the year, compared to the 2022 profit of $1,147,050.

The higher profit is attributed to unused water (2,096ML) billed in October 2022, compared to 547ML for same period in the prior year.

Net assets are reported at a healthy $24,290,724, up from $22,706,396 in 2022.

The bank loan facilities were fully repaid during the year and the Company holds a healthy $8.78 million of cash (including term deposits) at year end. The strong cash position provides the opportunity for the Company to move quickly when a new water project is identified.

HSE

During the year the Company engaged a contractor to carry out an independent workplace health and safety audit. As a result, only three minor non-conformance issues were identified and are now being implemented.

One minor incident was reported and fortunately resulted in no injury. Works were undertaken to minimise the chance of the incident being repeated.

No environmental issues were reported to the Board.

Corporate Governance

The Company, as an enabler of viticulture in the Barossa, remains committed to the long-term sustainability of supplementary irrigation throughout the Valley. This year the Company kept prices as low as sustainably possible, retained modest reserves for the future replacement of ageing assets, advocated for irrigator's rights in relation to the finalisation of the Murray-Darling Basin Plan and maintained a Risk Action Plan, to ensure the Company is governed in an appropriate manner.

Robert I Chapman
Chairman

12 September 2023

The chart below represents the Company's flow rate through Fromm Square from October to April for the past six years. It shows just how low flow rates, and so volumes, were in Spring and then the rapid increase during Summer.

Customer Water Use

Total water delivered was 7,548ML, some 2,000ML to 4,000ML less than in the previous 4 financial years.

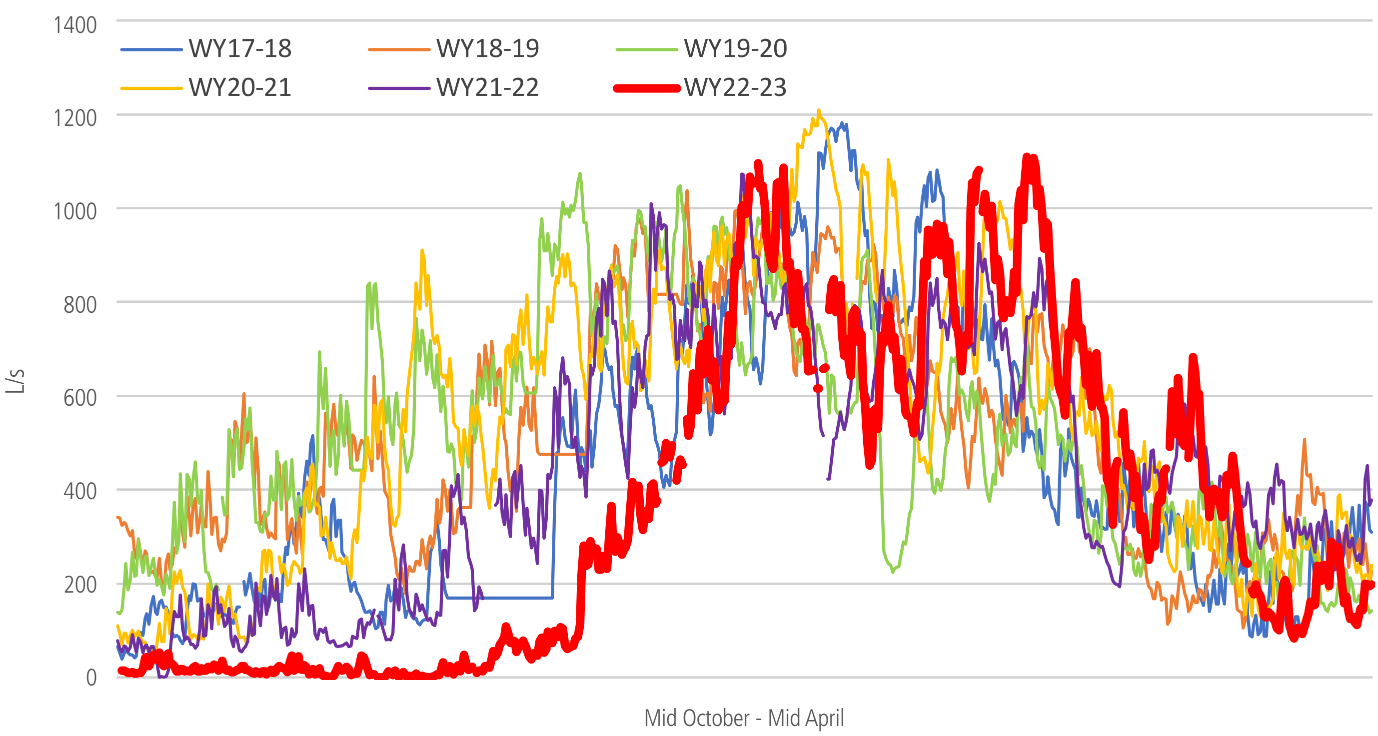
Customer water use fluctuated significantly. During October, November and December, water use was at record or near record lows. Conversely, water use from January through to May was at record or near record highs. February 2023 was the largest February, while March and May 2023 were the second largest March and May, respectively.

Operations

Flooding in the Southern Murray-Darling Basin had minimal impact on the Company. The Warren Reservoir provided a buffer between the sediment-and organics-ladened River water and the Scheme, thereby avoiding the worst of the water quality. A minor increase in salinity occurred as the floodwaters receded, but this has returned to normal.

BIL's network of pipes, pumps, a water storage and control valves again performed well throughout the year. One pump set at Olsen (formerly Airfield) pump station suffered a significant failure during Summer. During this time, the operation of the Scheme was modified and this minimised the impact to only a handful of customers for a short period.

Fromm Sq Flow Mid October - Mid April



Replacement of customer water meter data loggers continued throughout the year. We have moved to a logger with a small solar panel which should provide a longer life. In total, some 400 loggers have been replaced, with the remaining 80 or so replaced as they flatten or before 30 June 2024 when the 3G telecommunication network is switched off.

I would like to thank Infrastructure Maintenance Service's Mr Steve Dewar and Mr Caleb Staehr and Water Treatment Engineering's Mr Chris Hoare for operating and maintaining the Company's assets to a high standard and for providing a responsive service to customers.

The Company undertakes regular safety and operational inspections of the Hoffmann Storage. Earthworks were undertaken to repair minor slumping in isolated areas on the outside face of the embankment.

Over two years ago, in April 2021, the Company signed a forward energy contract for the period July 2023 to December 2024, despite being only 10 months into a 36 month contract. We were able to lock in energy prices that are 73% less than market rates today.

The Company's IT systems underwent a major cyber security upgrade. This has limited the ability of those outside the Company to access our information, and to allow the Company to recover quicker if something were to happen to our IT infrastructure.

Water Security

The Chairman's report discussed the multi-pronged approach the Company has taken to secure additional water for the region. The Company 'punches above its weight' in terms of the solutions and rigour it brings to the table, all with minimal staff and resources.

The Company has and continues to strongly advocate for the regions water needs at various forums, notably this year to the State's Resilient Water Futures study. As a key water provider in the region, the Company has been invited to participate at multiple levels.

In September 2022, the Company hosted a delegate from National Irrigators' Council. An afternoon meeting allowed the delegate to gain a deep understanding of the Company and its River Murray water needs, while an evening dinner allowed a number of Board members to share their observations and views on topics relevant to the region.

Recycled Water

Barossa Council supplied BIL 249ML of treated recycled water in 2022/23, which represents 15% of the total water supplied to Gomersal Road customers and 3% of the total water brought into the Scheme. Key water quality parameters are on the Company's website, as is our annual recycled water audit report to SA Health.

Customers and Staff

Most of our accounting needs have been brought inhouse with the addition of Mrs Coralee Rutherford. Mrs Lisa Buckley and Mr Neville Skipworth have again provided wonderful service to the Company and customers. Neville retired from the Company in July 2023 after 9 years of service, and we wish him well. Mr Borvin Kracman has again been heavily involved in the investigations into additional water and has provided valuable engineering advice on a range of topics throughout the year.

As always, I encourage customers to contact me if you would like to discuss any aspect of BIL.

Simon Schutz
B.E. (Civil) (Hons), B.Sc., CPEng
General Manager

12 September 2023

Directors' Report

The Directors present their report together with the financial report of Barossa Infrastructure Limited ("the Company") for the financial year ended 30 June 2023 and the auditor's report thereon.

Directors

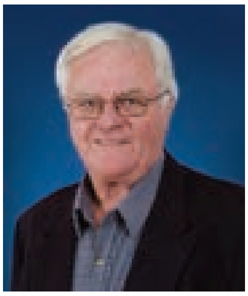
The Directors of the Company at any time during or since the financial year are:

Name, Qualifications and Independence Status	Experience and Special Responsibilities
Grant Walker Burge Director *Appointed 14 September 1998* 	Vigneron Chief Executive Burge Corp Pty Ltd, Burge Barossa Pty Ltd, Illaparra Winery Pty Ltd, Burge Vineyard Services Pty Ltd, SA Vintners Pty Ltd Burge Pastoral Co Pty Ltd, Burge Estates Barossa Valley Strategic Water Management Study 'Vision 2045' Baron of the Barossa – Inducted 1990 and Current Grand Council Member Former Chief Executive Grant Burge Wines Pty Ltd Past Director Krondorf Ltd, Mildara Ltd, Rycroft Vineyards Pty Ltd, Grant Burge Wines Pty Ltd Past Member Barossa Water Resources Board Past Councillor The Barossa Council Past President & Committee Member Barossa Winemakers Association Past Committee Member SA Wine Industry Association Past Committee Member Barossa Tourism Association Past Committee Member Lyndoch Football Club Patron Lyndoch Cricket Club Major Sponsors Barossa & Light and Gawler Football Association
Robert Ian Chapman Independent Director Assoc Dip Bus, FAICD, F Fin **Chairman** *Appointed 4 June 2012* *Member Executive Committee* 	Chairman UGC Chairman Fusetec Chairman Adelaide Airport Ltd Chairman ZeroCo Chairman Chapman Capital Partners Director EFA 2019 - present Adelaide Football Club (Chairman 2008 – 2020) Director Coopers Brewery 2017 - present Past President of Business SA - (2005/07) Past President of CEDA SA – (2003/06) Past Chief Executive Officer St. George Group (2010/12)

Name, Qualifications and Independence Status	Experience and Special Responsibilities
Samuel Paul Dahlitz Director *Appointed 29 April 2019* 	Vigneron and Vineyard Contractor Director Stonewell Contracting Pty Ltd Director Dahlitz Estate Pty Ltd Director Hallett Valley Vineyards Pty Ltd Director Stonewell Vintners Pty Ltd Committee Member Lone Pine Tanunda Branch of Agricultural Bureau of SA 1993-2019 Barons of Barossa Vigneron of the Year 2013
Geoffrey Maxwell Davis B Ec, FCA, CTA Independent Director Company Secretary *Appointed 3 August 1999* *Member Executive Committee* 	Chartered Accountant, Principal Geoff Davis & Associates Past Chairman AC Johnston Pty Ltd (Pirramimma Wines) Past Partner Ernst & Young Board Member of Sevenhill Cellars Past Chair of Saint Ignatius College Council Past Member SA Egg Board
Gayle Robin Grieger B Sc (Hon), PhD Independent Director *Appointed 2 February 2004* 	Environmental Policy and Planning Manager, Department for Environment and Water Member Australian Soil Science Society Past Member Australian Society of Viticulture & Oenology Past Committee Member 7th South Australian Rural Women's Gathering

Directors' Report

Name, Qualifications and Independence Status	Experience and Special Responsibilities
John Leslie Kerr Independent Director B Ec, FCA, F Fin *Appointed 2 May 2017* *Member Executive Committee* 	Chartered Accountant Director – Capital Strategies Pty Ltd Director – Capital Family Office Pty Ltd Chair – The Creeks Pipeline Company Ltd Past Member – Premier's Climate Change Council (2008-2011) Past Board Member – Cancer Council of South Australia Inc (2003-2010) Past Chair – Advisory Board – South Australia Centre for Economic Studies (2000-2008)
Timothy James McCarthy Director *Appointed 28 February 2017* 	Vigneron Director Janimiti Pty Ltd Viticulture Operations Manager – Pernod Ricard Winemakers Past Barossa Grape and Wine Association Board Member Past Grape Barossa Committee Member Past Member Coonawarra Grape Growers Committee Past Member Padthaway Grape Growers Committee Past Member Limestone Coast Wines Technical Committee 2015-2011 National Vineyard Manager, Pernod Ricard Winemakers 2011-2007 Regional Manager South East, Pernod Ricard Winemakers 2007-2005 Vineyard Manager Yarra Valley, Fosters Group

Name, Qualifications and Independence Status	Experience and Special Responsibilities
Victor John Patrick Independent Director *Appointed 28 April 2008* *Member Executive Committee* 	Director Graymoor Estate Joint Venture Director Farmer Eden Valley/Kalangadoo Diploma – Viticulture, Vinification, Wine Chemistry & Technology Oenological Diploma Agriculture Inducted to Barons of Barossa - 2021 Order of Australian Medal - 2018 Roseworthy Old Collegians Assoc. – Award of Merit - 2012 Past 2004-1996 Director Viticulture Foster's Group Past 1996-1987 Director Global Viticulture Mildara Blass Ltd Past 1987-1985 Ass. General Manager Vineyards Southcorp Wines Past Chairman Wine Grape Growers Australia Past Member Wine Grape Council of SA Past Member SA Wine Industry Assoc. Environment Committee Past Member University of Adelaide School of Agriculture Food & Wine Advisory Board Past Chairperson SE Soil Conservation Board Past Chairperson SA Wine Industry Council Past President SA Wine Industry Association Past Member SA Soil Conservation Board Past Member Lower SE Water Resources Committee Past Member SE Catchment Management Board Past Member SA Water Resources Council

Directors' Report

Directors' Meeting Attendance

For the year ended 30 June 2023, there have been 7 meetings of Directors. Those Directors and their attendance at meetings are as follows:

Director	Board Meetings	
	A	B
G W Burge	7	7
R I Chapman	7	7
G M Davis	7	7
S P Dahlitz	7	7
G R Grieger	7	7
J L Kerr	7	7
T J McCarthy	7	7
V J Patrick	7	7

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

Principal Activities

The principal activities of the Company during the year consisted of:

- The delivery of water to customers from the pipeline
- The continual addressing of technical and operating matters to ensure the reliable operation of the pipeline system
- Securing sufficient River Murray Water Rights to enable delivery of water in accordance with the water transport agreement with SA Water
- Exploring opportunities to expand the scheme to meet shareholder /customer requirements

Review of Operations

The net profit after providing for income tax amounted to $1,584,328 (2022: $1,147,050). No water restrictions applied to River Murray Water Rights for the 2023 year and customers were entitled to take 100% of their contracted amounts. The first half of the year saw below average temperatures and above average rainfall, with September being the wettest on record since 2016, resulting in decreased customer demand for water with soil moisture profiles full. Weather conditions resulted in the second lowest October and lowest November flows through Fromm Square in the Company's history. In contrast, the second half of the year saw the highest February and second highest March flows through Fromm Square in the Company's history. Nevertheless, volumes used were down 19% or 1,771ML on last year and whilst sales were up $798,164 compared to 2022, much of this can be attributed to unused water (2,096ML) billed in October 2022, compared to 547ML for same period in the prior year.

State of Affairs

The bank loan facilities were fully repaid during the year and the redraw facility effectively terminated at the same time.

No share capital was issued during the year and total share capital at 30 June 2023 is $15,395,637.

The expected impact of climate change and a desire for modest future growth in the Barossa provides a continued demand for water and the desire by shareholders to expand the Scheme to meet demand.

In the opinion of the Directors there were no other significant changes in the state of affairs in the Company that occurred during the financial year under review.

Directors

Total compensation for all Directors, last voted upon by shareholders at the 2022 AGM, is not to exceed $250,000 per annum. Directors' fees and the 10.5% super guarantee for 2023 amounted to $207,841.

Environmental Regulation

The project for delivery of River Murray Water to the Barossa Region is subject to strict environmental regulation. Initially an independent consultant prepared the environmental report to assist in the Company's application to the Development Approval Commission and the relevant Water Catchment Board. Environmental approvals have been obtained for the expanded supply of 11GL. The Company works closely with the Department for Environment and Water and Landscape South Australia Northern and Yorke for ongoing monitoring of water usage and changes in water tables.

Likely Developments

The objective of the Company continues to be the reliable delivery of quality water to its customers at the lowest appropriate commercial price. The Company will complete its twenty first full "water year" on 30 September 2023.

In addition, BIL continues to seek alternative sources of water of similar quality and cost to reduce the dependency on the River Murray. Discussions in respect of this are ongoing.

Indemnification

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 $14,461 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

Water Allocations for 2023-24

The State Government announced on the 15th June 2023 that 100% of water allocations would apply from the 1st July 2023.

Events Subsequent to Reporting Date

Other than the matters discussed above, there has not 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 years.

Corporate Governance

The Company strives for best practice in this area through a structure of rules, practices and processes used to direct and manage its operations. The basic principles of its governance are accountability, transparency, fairness and responsibility to ensure it acts in the best interests of shareholders, suppliers, staff, other stakeholders and the Barossa community.

The Company's constitution requires that at least two Directors are 'independent' in that they have no financial or other interest in vineyards or wineries in the Barossa. The Board has adopted and recently reviewed a skills matrix to identify the skills and experiences required as it implements its ongoing Board renewal program.

A Risk Management Plan has been adopted and is continuously reviewed and approved by the Board. Risks are identified and a plan to remove, manage or otherwise mitigate the risk is put in place. Risks include Work, Health and Safety, environmental risks, climate change, the critical Water Transport Agreement, River Murray Water allocations and the health of the Australian Wine Industry and sustainability.

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The Auditor's Independence Declaration by William Buck (SA) is set out on page 44 and forms part of the Directors' Report for the financial year ended 30 June 2023.

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

R I Chapman
Director

G M Davis
Director

Tanunda, S.A.
12 September 2023

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2023

	Note	2023 $	2022 $
Sale of Water		9,517,019	8,718,855
Cost of Sales		(9,737,364)	(9,305,050)
Gross Loss		(220,345)	(586,195)
Infrastructure Levies Revenue		3,351,940	3,360,388
Other Income		3,000	-
Administrative Expenses		(1,173,254)	(1,120,591)
Results From Operating Activities		1,961,341	1,653,602
Financial Income		179,340	6,079
Financial Expenses		(19,809)	(75,029)
Net financing income/(expense)		159,531	(68,950)
Profit Before Tax		**2,120,872**	1,584,652
Income Tax Expense	4 (a)	(536,544)	(437,602)
Profit After Tax		**1,584,328**	1,147,050
Total Comprehensive Income		**1,584,328**	1,147,050

The accompanying notes form part of these financial statements

Statement of Changes in Equity

For the year ended 30 June 2023

	Attributable to equity holders of the Company		
	Issued Capital $	Retained Earnings $	Total Equity $
Balance at 1 July 2021	15,395,637	6,163,709	21,559,346
Total comprehensive income			
Profit after tax	-	1,147,050	1,147,050
Balance at 30 June 2022	15,395,637	7,310,759	22,706,396
Balance at 1 July 2022	15,395,637	7,310,759	22,706,396
Total comprehensive income			
Profit after tax	-	1,584,328	1,584,328
Balance at 30 June 2023	15,395,637	8,895,087	24,290,724

The accompanying notes form part of these financial statements

Statement of Financial Position

As at 30 June 2023

	Note	2023 $	2022 $
ASSETS			
Current Assets			
Cash and Cash Equivalents	5	2,776,595	5,539,442
Trade and Other Receivables	6	1,445,110	1,360,672
Other Assets	7	4,227,588	2,898,808
Investments	8	6,000,000	-
Total Current Assets		**14,449,293**	9,798,922
Non-current Assets			
Other Assets	7	9,652,684	10,388,862
Property, Plant and Equipment	9	16,061,098	17,171,925
Intangible Assets	10	7,199,967	7,199,966
Right of Use Assets	14	93,988	127,504
Deferred Tax Asset	4 (c)	-	473,207
Total Non-current Assets		**33,007,737**	35,361,464
TOTAL ASSETS		**47,457,030**	45,160,386
LIABILITIES			
Current Liabilities			
Trade and Other Payables	11	1,479,866	549,653
Employee Benefits	16	41,990	51,633
Lease Liabilities	14	36,837	36,718
Contract Liabilities	17	3,494,633	3,480,734
Total Current Liabilities		**5,053,326**	4,118,738
Non-current Liabilities			
Employee Benefits	16	8,767	5,016
Lease Liabilities	14	60,893	92,549
Loans & Borrowings	12	-	1
Contract Liabilities	17	17,979,980	18,237,686
Deferred Tax Liability	4 (c)	63,340	-
Total Non-current Liabilities		**18,112,980**	18,335,252
TOTAL LIABILITIES		**23,166,306**	22,453,990
NET ASSETS		**24,290,724**	22,706,396
EQUITY			
Issued Capital	13	15,395,637	15,395,637
Retained Earnings	13	8,895,087	7,310,759
TOTAL EQUITY		**24,290,724**	22,706,396

The accompanying notes form part of these financial statements

Statement of Cash Flows

For the year ended 30 June 2023

	Note	2023 $	2022 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Receipts from Customers		12,003,304	12,329,084
Cash Paid to Suppliers and Employees		(8,752,906)	(8,718,181)
Cash from Operating Activities		3,250,398	3,610,903
Interest Received		69,796	8,985
Interest Paid		(35,200)	(65,303)
Net Cash from Operating Activities	15	**3,284,994**	3,554,585
CASH FLOWS USED IN INVESTING ACTIVITIES			
Acquisition of Property, Plant and Equipment		(70,607)	(87,140)
Funds Invested	8	(6,000,000)	-
Interest received on Investments		22,767	-
Net Cash used in Investing Activities		**(6,047,840)**	(87,140)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Borrowings		(1)	(7,284,049)
Net Cash used in Financing Activities		**(1)**	(7,284,049)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(2,762,847)**	(3,816,604)
Cash and Cash Equivalents at 1 July		5,539,442	9,356,046
Cash and Cash Equivalents at 30 June	5	**2,776,595**	5,539,442

The accompanying notes form part of these financial statements

Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Barossa Infrastructure Limited (the "Company") is a company domiciled in Australia. The financial statements were approved by the Board of Directors on 12th September 2023. The Company is a for-profit entity.

(a) Basis of Accounting

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

(b) Basis of Measurement

The financial statements are presented in Australian dollars and have been prepared on the historical cost basis.

Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 July 2023, however they are not considered to have a significant impact on the Company's financial statements.

(c) 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.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- note 1 (d) – revenue from contracts with customers and infrastructure levies under AASB 15
- note 1 (i) and (j) – useful lives of fixed assets, intangibles and amortisation

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

(d) Revenue Recognition

Revenue is recognised when the Company transfers control of the goods or service to the customer. Revenue is recognised to the extent, there is no future obligation. Where there is future obligation, a portion is deferred over the expected contract period. Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer. The Company's revenue does not have a significant financing component so the transaction (invoice) price is considered to be their amortised cost.

Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

The Company's revenue is disaggregated by major products and services. The Company's main revenue streams are as follows:

Sale of water

For the sale of water, revenue is recognised when the water passes through the customer's meter and the related risks and rewards of ownership transfer.

Unused water

The estimated water charge for unused water is spread lineally over the water year at any financial reporting date.

Infrastructure levies

The customer contract for the supply of water requires the payment of levies based on the quantity of water contracted. Revenue from infrastructure levies is recognised over the contract term, including renewals.

Finance Income

Finance income comprises interest income on funds invested and interest charged on overdue accounts in accordance with the customer contract. Interest income is recognised as it accrues in Statement of Profit or Loss, using the effective interest method.

Sale of Non-current Assets

The gain or loss on non-current asset sales is recognised as revenue or expense at the date in which control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

Contract Balances

Information about receivables and contract liabilities from contracts with customers are disclosed in Note 6 and Note 17 respectively.

(e) Goods and Services Tax

Revenues, 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 balance sheet.

Note 1 continued overleaf

Note 1:STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

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.

(f) Finance Expenses

Finance expenses comprise interest expense on borrowings and amortisation of ancillary costs incurred in connection with arrangement of borrowings.

Interest payments in respect of financial instruments classified as liabilities are included in finance expenses.

Finance costs are expensed as incurred.

(g) Income Tax – Note 4

Income tax expense comprises current and deferred tax. Current and deferred tax is 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 assets and liabilities are offset only if certain criteria are met.

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:

- temporary differences on 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

- unused tax losses to the extent that it is not probable that future tax profits will be available against which they can be used

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

(h) Financial Instruments

(i) Non-derivative financial assets and financial liabilities – recognition and derecognition

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Company commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

The Company classifies its financial instruments as financial assets at amortised cost and financial liabilities at amortised cost. The classification depends on the purpose for which the financial instruments were acquired, which is determined at initial recognition based upon the business model of the Company.

The Company has the following non-derivative financial assets:

Cash and cash equivalents
Loans and receivables

(ii) Non-derivative financial assets - measurement

Amortised Cost

The Company classifies its financial assets at amortised cost if the asset is held with the objective of collecting contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest. These include trade receivables and bank term deposits. Bank term deposits are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are financial assets at amortised cost and are included in current assets, except for those with maturities greater than 12 months after the reporting date.

(iii) Non-derivative financial liabilities - measurement

On initial recognition, the Company measures a financial liability at its fair value minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liability. After initial recognition trade payables and interest bearing loans and borrowings are stated at amortised cost.

Note 1 continued overleaf

Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(iv) Share capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with AASB 112.

(i) Property, Plant and Equipment

(i) Recognition and measurement

Items of property, plant and equipment and intangibles other than goodwill, are initially recorded at their cost of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition, less accumulated depreciation and any accumulated impairment losses.

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

Any gain or loss on disposal of property, plant and equipment is recognised in profit or loss.

The costs of assets constructed or internally generated by the Company, other than goodwill, include the cost of materials and direct labour. Directly attributable overheads and other incidental costs are also capitalised to the asset.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

Complex Assets

The components of major assets that have materially different useful lives, are effectively accounted for as separate assets, and are separately depreciated.

Useful Lives

All assets, excluding River Murray Water Rights, have limited useful lives and are depreciated over their estimated useful lives on a prime cost or diminishing value basis.

Assets are depreciated from the date they are installed and ready for use, or in respect of internally constructed assets, from the date an asset is completed and held ready for use.

Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

Depreciation methods, useful lives and residual values are reviewed at each reporting date. When changes are made, adjustments are reflected prospectively in current and future periods only. Depreciation is expensed.

The depreciation rates used for each class of asset are as follows:

	2023	2022
Pipeline & Installation	3.75% - 40%	3.75% - 40%
Water Storage – 500ML	8.99% - 20%	8.99% - 20%
Pumps & Installation	3.75% - 50%	3.75% - 50%
Meters & Installation	10% - 40%	10% - 40%
Office Furniture & Equipment	7.5% - 100%	7.5% - 66.6%
Motor Vehicles	16.6% - 25%	16.6% - 25%
Leasehold Improvements	2.5% - 100%	2.5% - 13.3%

(j) Intangible Assets

(i) River Murray Water Rights

River Murray Water Rights, that are acquired by the Company and are considered to have an indefinite life, are stated at cost less any impairment losses (see 1(k)). The Company is required to test intangible assets for impairment by comparing its recoverable amount with its carrying amount annually and whenever there is an indication that the intangible asset may be impaired.

(ii) Other Intangible Assets

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

(iii) 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 is recognised in profit or loss as incurred.

(iv) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The amortisation rates for the current and comparative periods are as follows:

	2023	2022
Software	20 %	20%

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

Note 1 continued overleaf

Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

(k) Impairment

(i) Non-derivative financial assets

The Company considers evidence of impairment for financial assets measured at both a specific asset and a collective level. All individually significant assets are assessed for specific impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics. In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.
No impairment issues have arisen from the COVID 19 pandemic consequences and climate change is not expected to give rise to impairment concerns with infrastructure assets, intangibles or other assets.

Financial assets measured at amortised cost

The Company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For intangible assets that have indefinite lives the recoverable amount is estimated at each reporting date. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(l) Financial Risk Management

Overview

The Company has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

Risk Management Framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company, through its management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Note 1 continued overleaf

Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises from the Company's receivables from customers.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry in which customers operate. All shareholders are customers who have a direct interest in the Company. The Company's customer base is located in the prime sector of the Barossa Valley which is expected to be less impacted by any problems for the wine industry as a result of export downturns and from climate change. The Company does not have a significant exposure to any one customer as no single customer is in excess of approximately 9 percent (2022: 8%) of the Company's revenue.

The majority of the Company's customers have been transacting with the Company for over ten years, and no losses have occurred.

The Company has not established an allowance for impairment due to the historical success in controlling receivables. The credit policy of the Company requires that all overdue receivables are actively followed up. Receivables are reviewed bi-annually to assess whether any indications of impairment are evident.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company prepares long-term cash flow models to project the liquidity needs of future years.

Market Risk

Market risk is the risk that changes in market prices, namely interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

The Company is no longer carrying debt.

Capital Management

The Board's policy is to maintain a strong capital base and a balance between borrowings and share capital. The policy is not to maximise dividend returns to shareholders but to deliver water at the lowest price that is sustainable in the long term.

Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

(m) Employee Benefits

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be measured reliably.

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(iii) Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefits that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

(n) 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 a finance cost.

(o) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has not elected to separate non-lease components and account for the lease and non-components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Note 1 continued overleaf

Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate from its external financing source.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company's assessment of whether it will exercise a purchase, extension or termination option or if there is a revised substantial fixed lease payment.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

	2023 $	2022 $
Note 2: PERSONNEL EXPENSES		
Wages, salaries and directors fees	556,547	518,436
Other associated personnel expenses	3,124	373
Contributions to defined contribution superannuation funds	76,197	71,058
Decrease in liability for annual leave	(975)	(1,184)
(Decrease)/Increase in liability for long service leave	(4,917)	7,443
	629,976	596,126

Note 3: AUDITOR'S REMUNERATION

	2023 $	2022 $
Auditors of the Company: William Buck (SA)		
Audit of the financial statements	29,500	-
KPMG Auditors of the 2022 financial statements	-	37,260
	29,500	37,260

Note 4: INCOME TAX EXPENSE

	2023 $	2022 $
(a) Recognised in the statement of comprehensive income		
Current period	-	-
Deferred tax expense		
Reversal of temporary differences	(536,544)	(437,602)
Total income tax expense	**(536,544)**	(437,602)
(b) Numerical reconciliation between tax expense and pre-tax accounting profit		
Profit before tax	2,120,872	1,584,652
Income tax using company tax rate of 25% (2022 : 25%)	530,218	396,163
Increase in income tax expense due to:		
Change in tax rate	-	35,030
Non-deductible expenses	1,787	1,609
Non-deductible depreciation	4,539	4,800
Income tax expense on pre-tax net profit	**536,544**	437,602

Note 4 continued overleaf

Note 4: INCOME TAX EXPENSE *continued*

(c) Deferred Tax Assets and Liabilities

	2023 $	2022 $
Deferred tax liability is attributable to :		
Property plant and equipment	1,591,081	1,756,138
Accrued interest income	21,922	228
Leasing Expense	936	438
Prepaid Expenses - Other	185,234	-
Prepaid Expenses – SA Water Transport (Note 7b)	540,533	475,057
Prepaid Expenses – SA Water Infrastructure (Note 7a)	1,790,742	1,546,850
Accrued water sales - unused	372,060	144,880
	4,502,508	3,923,591
Deferred tax asset is attributable to:		
Employee benefits	12,936	14,321
Borrowing Costs	-	784
Contract liabilities	4,286,212	4,103,422
Tax Losses	140,020	278,271
	4,439,168	4,396,798
Net Deferred Tax (Liability)/Asset	**(63,340)**	473,207

Deferred tax assets are recognised in respect of carried forward tax losses of $560,081 because it is considered probable that future taxable profits will be available against which the Company can use the benefit.

(d) Movement in temporary differences during the year all recognised in income

	2023 $	2022 $
Contract liability	182,790	128,360
Property, plant and equipment	165,057	244,674
Interest income	(21,694)	764
Prepaid Expenses – Other	(185,231)	-
Prepaid Expenses – SA Water Transport (Note 7b)	(65,476)	(49,096)
Prepaid Expenses – SA Water Infrastructure (Note 7a)	(243,892)	(191,774)
Accrued water sales	(227,180)	(100,150)
Employee benefits	(1,385)	1,152
Borrowing Costs	(784)	(1,373)
Legal fees	-	(726)
Lease costs	(498)	(438)
Tax Losses	(138,251)	(468,995)
Net movement	**(536,544)**	(437,602)

(e) Dividend Franking Account

The amount of franking credits available to shareholders of Barossa Infrastructure Ltd for subsequent financial years is $3,909,472 (2022 : $3,909,472). The ability to utilise the franking credits is dependent upon the capacity to declare dividends.

	2023 $	2022 $

Note 5: CASH AND CASH EQUIVALENTS

Cash and cash equivalents	**2,776,595**	5,539,442

Cash and cash equivalents comprise of cash at bank.

Note 6: TRADE AND OTHER RECEIVABLES

Trade Debtors	1,323,259	1,250,192
Net GST Receivable	121,851	110,480
	1,445,110	1,360,672

Note 7: OTHER ASSETS

Current		
Prepayments – SAWater Infrastructure (Note 7a)	402,732	401,631
Prepayments – SA Water Transport (Note 7b)	169,497	169,258
Prepayments - Other	1,148,407	459,526
Accrued Income – Water Sales	2,419,264	1,867,482
Accrued Income – Interest	87,688	911
Total Current Other Assets	**4,227,588**	2,898,808

Non-Current		
Prepayments – SA Water Infrastructure (Note 7a)	6,760,237	7,162,969
Prepayments – SA Water Transport (Note 7b)	2,751,580	2,921,077
Prepayments – Other	140,867	304,816
Total Non-Current Other Assets	**9,652,684**	10,388,862

(Note 7a)		
Prepayments – SA Water Infrastructure		
Carrying Amount at Beginning of Year	7,564,600	7,966,231
Less: Amortisation	(401,631)	(401,631)
Carrying Amount at End of Year	**7,162,969**	7,564,600

This is the portion of the increased capacity fee paid to SA Water to specifically build infrastructure to enable the project to move from 8GL to 11GL. The fee is amortised over the period of the contract with SA Water to 2040.

Note 7 continued overleaf

Note 7: OTHER ASSETS *continued*

	2023 $	2022 $
(Note 7b)		
Prepayments – SA Water Transport		
Carrying Amount at Beginning of Year	3,090,335	3,259,593
Less: Amortisation	(169,258)	(169,258)
Carrying Amount at End of Year	**2,921,077**	3,090,335

Note 8: INVESTMENTS

Term Deposits – Bendigo Bank	5,000,000	-
Term Deposit – Bank SA	1,000,000	-
	6,000,000	-

Funds were invested with Bendigo Bank and Bank SA during the year with varying maturity dates not exceeding 12 months.

Note 9: PROPERTY, PLANT & EQUIPMENT

	2023	2022
	$	$
Pipeline and Installation		
At cost	29,342,825	29,342,825
Less: Accumulated Depreciation	(19,233,528)	(18,689,440)
Total Pipeline and Installation	10,109,297	10,653,385
Water Storage		
At cost	4,428,473	4,428,473
Less: Accumulated Depreciation	(1,640,809)	(1,363,465)
Total Water Storage	2,787,664	3,065,008
Pumps and Installation		
At cost	5,397,689	5,397,689
Less: Accumulated Depreciation	(2,616,141)	(2,344,340)
Total Pumps and Installation	2,781,548	3,053,349
Meters and Installation		
At cost	2,624,455	2,604,068
Less: Accumulated Depreciation	(2,332,993)	(2,262,120)
Total Meters and Installation	291,462	341,948
Capital Works in Progress		
At cost	45,496	-
Less: Accumulated Depreciation	-	-
Total Capital Works in Progress	45,496	-
Office Equipment		
At cost	73,882	69,158
Less: Accumulated Depreciation	(65,730)	(55,904)
Total Office Equipment	8,152	13,254
Motor Vehicles		
At cost	91,620	91,620
Less: Accumulated Depreciation	(65,427)	(58,388)
Total Motor Vehicles	26,193	33,232
Leasehold Improvements		
At cost	25,151	25,151
Less: Accumulated Depreciation	(13,865)	(13,402)
Total Leasehold Improvements	11,286	11,749
Total Property Plant & Equipment net book value	**16,061,098**	17,171,925

Note 9 continued overleaf

Note 9: PROPERTY, PLANT & EQUIPMENT *continued*

	2023 $	2022 $
Reconciliations		
Pipeline and Installation		
Carrying Amount at Beginning of Year	10,653,385	11,227,615
Acquisitions	-	6,476
Depreciation	(544,088)	(580,706)
Carrying Amount at End of Year	10,109,297	10,653,385
Water Storage		
Carrying Amount at Beginning of Year	3,065,008	3,366,240
Acquisitions	-	3,550
Depreciation	(277,344)	(304,782)
Carrying Amount at End of Year	2,787,664	3,065,008
Pumps and Installation		
Carrying Amount at Beginning of Year	3,053,349	3,323,086
Acquisitions	-	28,170
Depreciation	(271,801)	(297,907)
Carrying Amount at End of Year	2,781,548	3,053,349
Meters and Installation		
Carrying Amount at Beginning of Year	341,948	383,453
Acquisitions	20,387	42,056
Depreciation	(70,873)	(83,561)
Carrying Amount at End of Year	291,462	341,948
Capital Works in Progress		
Carrying Amount at Beginning of Year	-	20,342
Acquisitions	45,496	-
Transfers to Assets and Expenses	-	(20,342)
Carrying Amount at End of Year	45,496	-
Office Equipment		
Carrying Amount at Beginning of Year	13,254	19,052
Acquisitions	4,724	5,375
Disposals	-	(200)
Depreciation	(9,826)	(10,973)
Carrying Amount at End of Year	8,152	13,254
Motor Vehicles		
Carrying Amount at Beginning of Year	33,232	42,279
Depreciation	(7,039)	(9,047)
Carrying Amount at End of Year	26,193	33,232

	2023	2022
	$	$
Leasehold Improvements		
Carrying Amount at Beginning of Year	11,749	12,229
Acquisitions	-	9,545
Depreciation	(463)	(10,025)
Carrying Amount at End of Year	11,286	11,749
Total Depreciation Expense for Year	**1,181,434**	1,297,001

Note 10: INTANGIBLE ASSETS

River Murray Water Rights – at cost		
Carrying Amount at Beginning and End of Year	7,199,967	7,199,966

The Board has chosen to carry intangible assets at cost and has assessed the recoverable amount, which is in excess of the carrying amount, on the active market basis. The current market value of River Murray Water Rights is $22m, resulting in an unrealised gain of $14.8m.

In assessing the useful life of River Murray Water Rights consideration is given to the contractual right granted to each non-cancellable share of water access entitlement to the River Murray resources. In light of the water access entitlement rights being non-cancellable and the Company's intention to continue using such water access entitlement rights in its operations, no factor could be identified that would result in the water access entitlement rights having a finite useful life and accordingly are assessed as having an indefinite useful life.

Software – at cost		
Carrying Amount at Beginning of Year	-	1,556
Less: Amortisation	-	(1,556)
Carrying Amount at End of Year	-	-
Total Intangible Assets at net book value	**7,199,967**	7,199,966

Note 11: TRADE AND OTHER PAYABLES

Current		
Trade Creditors	992,244	139,928
Other Creditors and Accruals	487,622	409,725
	1,479,866	549,653

	2023 $	2022 $
Note 12: INTEREST BEARING LOANS AND BORROWINGS		
Non-Current		
Secured Loan – Bendigo Bank Ltd	-	1
Total Non-Current Interest Bearing Loans and Borrowings	**-**	1

Bank Loans

The Company entered into a Construction Loan with a total facility of $13m. The Construction Loan reverted to a Principal and Interest loan facility and was repayable over 7 years. During the year loan repayments of $1 occurred, resulting in the loan being fully repaid and cash outflows from financing activities of $1.

As at 30 June 2022 the Company had a redraw facility of $5,426,049 which reduced to $3,568,049 in August 2022. The redraw facility expired when the loan was fully repaid in February 2023.

The loan was secured by a registered Deed of Charge over the assets of the Company and specific Registered Charges over customer contracts, water transport agreement and leases over water rights. The Company has seasonal overdraft facilities of $1.0 million which is secured by the same Deed of Charge.

The Company has met all covenants under the loan facility for the 2023 financial year.

Note 13: MOVEMENTS IN EQUITY

	2023	2022
Ordinary Shares		
Balance at the Beginning of the Year	15,395,637	15,395,637
Total Share Capital	**15,395,637**	15,395,637

No ordinary shares were issued during the year (2022 : Nil).

	2023	2022
Retained Earnings		
Retained earnings at beginning of year	7,310,759	6,163,709
Profit for the year	1,584,328	1,147,050
Balance at end of year	**8,895,087**	7,310,759

	2023	2022
	$	$

Note 14: LEASES

The Company leases office premises and storage facilities under non-cancellable leases. The right-of-use assets and related lease liabilities are as follows:

	2023 $	2022 $
Right of Use Assets		
Opening balance	127,504	27,054
Adjustment on original recognition	6,490	-
Depreciation for the year	(40,006)	(37,410)
Additions to right-of-use assets	-	137,860
Closing balance	**93,988**	127,504
Lease Liabilities		
Opening balance	129,267	27,144
Adjustment on original recognition	6,490	-
Repayments during the year	(38,027)	(35,737)
Additions to lease liabilities	-	137,860
Closing balance	**97,730**	129,267
Lease liabilities – current	36,837	36,718
Lease liabilities – non-current	60,893	92,549
Closing balance	**97,730**	129,267
Future lease payments		
Future lease payments are due as follows:		
Within one year	36,837	36,718
One to five years	60,893	92,549
	97,730	**129,267**

The Company leases River Murray Water Rights. However, given the nature of these water entitlements (i.e. intangible assets) the Company has elected to not apply AASB 16 to these arrangements.

Note 15: RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2023 $	2022 $
Profit after tax	1,584,328	1,147,050
Adjustments for:		
Depreciation and Amortisation	1,792,329	1,906,856
Loss on Sale of Non-Current Assets	-	12,510
Interest received on Investments	(104,677)	
Income Tax Expense	536,544	437,602
Operating profit before changes in working capital	**3,808,524**	3,504,018
Changes in assets and liabilities (attributable to the operating activities of the Company):		
(Increase)/Decrease in Receivables	(73,067)	62,606
(Decrease)/Increase in contract liabilities	(243,806)	891,407
Net GST Paid	(11,369)	(12,633)
Increase in Prepayments & Accrued Income	(1,081,580)	(993,909)
Increase in Creditors	852,316	108,319
Increase/(Decrease) in Accruals	39,869	(11,482)
(Decrease)/Increase in Provisions and Employee Benefits	(5,893)	6,259
Net Cash from Operating Activities	**3,284,994**	3,554,585

Note 16: EMPLOYEE BENEFITS

Aggregate Liability for Employee Entitlements

	2023	2022
Current		
- Liability for annual leave	12,571	13,546
- Liability for long service leave	29,419	38,087
	41,990	51,633
Non-Current		
- Liability for long service leave	8,767	5,016
	8,767	5,016
Number of Employees at Year End	5	4

	2023	2022
	$	$

Note 17: DEFERRED INCOME/CONTRACT LIABILITIES

Current		
Contract Liabilities	3,494,633	3,480,734
Total Current Deferred Income/Contract Liabilities	**3,494,633**	3,480,734
Non-Current		
Contract Liabilities	17,979,980	18,237,686
Total Non-current Deferred Income/Contract Liabilities	**17,979,980**	18,237,686

Changes in the contract liabilities balance during the year is as follows:

Carrying amount at the beginning of year	18,237,686	17,349,140
Revenue recognised during the year	(3,351,940)	(3,360,388)
Revenue deferred to future years	3,094,234	4,248,934
Total Non-current Deferred Income/Contract Liabilities	**17,979,980**	18,237,686

Note 18: RELATED PARTY DISCLOSURES

Key management personnel compensation

The key management personnel compensation included in 'personnel expenses' (see note 2) are as follows:

Short-term employee and director benefits	393,347	377,332
Other long term benefits	3,751	5,016
Post employment benefits	30,949	28,208
	428,047	410,556

Apart from the details disclosed in this note, no key management personnel have entered into a material contract with the Company since the end of the previous financial year. 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 and water leases on the same terms and conditions as all other investors/customers and lessors.

The Company Secretary, G M Davis and Director, J L Kerr, of Barossa Infrastructure Limited, hold positions in other entities that result in them having control or significant influence over these entities. G M Davis is a key management person who is the principal of the firm Geoff Davis & Associates, Chartered Accountants, resulting in him having significant influence over the financial and operating policies of that entity. Geoff Davis & Associates has provided secretarial, consulting and accounting services to the Company in the ordinary course of business for the year ended 30 June 2023. J L Kerr is a key management person and is the principal of the firm Capital Strategies Pty Ltd, Chartered Accountants, resulting in him having significant influence over the financial and operating policies of that entity. Capital Strategies Pty Ltd is engaged as Barossa Infrastructure Limited's corporate adviser and has provided services to the Company associated with this appointment. The terms and conditions of the transactions with G M Davis and J L Kerr and their related entities, were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-related parties on an arm's length basis.

Note 18 continued overleaf

Note 18: RELATED PARTY DISCLOSURES *continued*

Directors' holdings of shares

The interests of Directors of the reporting entity and their Director related entities, in shares with the Company at year end are as follows:

	2023 Number Held	2022 Number Held
G W Burge	-	-
Burge Corp Pty Ltd	**563,500**	563,500
S P Dahlitz	-	-
Dahlitz Estate Pty Ltd	**19,250**	19,250
T J McCarthy	-	-
M McCarthy	**17,500**	17,500
Total Number of Shares in the Company held by Directors and their Director Related Entities:	**600,250**	600,250

Transactions with Related Parties	Transaction value year ended 30 June		Balance outstanding as at 30 June	
	2023 $	2022 $	2023 $	2022 $
Grant W. Burge				
Burge Corporation Pty Ltd				
Revenue – Trade and Other Receivables				
- Water Sales	151,273	230,810	-	-
- Infrastructure Levies	60,000	60,000	60,000	60,000
Expense				
- Water Lease	96,250	58,722	-	-
Samuel P. Dahlitz				
Dahlitz Estate Pty Ltd				
Revenue				
- Water Sales	8,247	14,223	-	-
- Infrastructure Levies	10,500	12,000	-	-
Timothy J. McCarthy				
Michael McCarthy				
Revenue				
- Water Sales	7,552	7,898	-	-
Geoffrey M. Davis				
Geoff Davis & Associates				
Expense – Trade and Other Payables				
- Accountancy Fees	66,480	109,510	957	8,492
- Company Secretarial Fees	25,428	24,600	4,662	4,537
John L. Kerr				
Capital Strategies Pty Ltd				
Expense – Trade and Other Payables				
- Advisory Fees	38,606	59,243	3,100	7,150

Note 19: FINANCIAL INSTRUMENTS:

(i) 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:

		Carrying Amount	
	Note	**2023**	2022
		$	$
Cash and cash equivalents	5	2,776,595	5,539,442
Trade and other receivables	6	1,445,110	1,360,672
Investments	8	6,000,000	-
		10,221,705	6,900,114

Impairment losses

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

	Gross 2023	Gross 2022
	$	$
Not past due	1,208,600	1,204,762
Past due 31-60 days	-	-
Past due 61-90 days	99,134	25,958
Past due 91days and >	15,525	19,472
	1,323,259	1,250,192

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.

(ii) Liquidity Risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

Non-derivative financial liabilities	Carrying	Contractual cash flows	6 months or less	6 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
	$	$	$	$	$	$	$
Trade and other payables	1,479,866	(1,479,866)	(1,479,866)	-	-	-	-
Lease liability	97,730	(101,631)	(20,784)	(18,221)	(31,313)	(31,313)	-
	1,577,596	**(1,581,497)**	**(1,500,650)**	**(18,221)**	**(31,313)**	**(31,313)**	**-**

In addition, the Company maintains a $1 million overdraft facility to cover seasonal fluctuations of cash flow that is secured over the assets of the Company. Interest would be payable at the rate of 10.64%.

Note 19 continued overleaf

Note 19: FINANCIAL INSTRUMENTS *continued*

(iii) Interest Rate Risk

Profile

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

	Carrying Amount	
	2023	2022
	$	$
Fixed rate instruments		
Financial liabilities – Lease liabilities	**97,730**	129,267
Variable rate instruments		
Financial assets – Cash and cash equivalents	**2,776,595**	5,539,442
Financial assets – Investments	**6,000,000**	-
Financial liabilities – Loans and borrowings	**-**	(1)
	8,776,595	5,539,441

Fair value sensitivity analysis for fixed rate instruments

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

Note 20: COMMITMENTS

The Company has no capital commitments at 30 June 2023 (2022 : $Nil).

The Company entered into non-cancellable agreements to lease River Murray Water Rights for periods from 1 to 6 years. Payments under these arrangements are as follows:

Within one year	1,454,497	1,805,196
Later than one year	2,285,893	1,601,541
	3,740,390	3,406,737

Note 21: EVENTS SUBSEQUENT TO REPORTING DATE

Other than the matters discussed above, there has not 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 years.

Directors' Declaration

In the opinion of the Directors of the Company:

(a) the financial statements and notes that are set out on pages 14 to 42, are 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 performance for the financial year ended on that date; and

  (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(c) the Directors draw attention to note 1 (a) to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors.

R I Chapman
Director

G M Davis
Director

Tanunda, S.A.
12 September 2023

William Buck
ACCOUNTANTS & ADVISORS

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF BAROSSA INFRASTRUCTURE LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023 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 (SA)
ABN 38 280 203 274

M.D. King
Partner
Adelaide

Dated this 12th day of September 2023

WilliamBuck
ACCOUNTANTS & ADVISORS

Barossa Infrastructure Limited

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Barossa Infrastructure Limited (the Company), which comprises the statement of financial position as at 30 June 2023, the statement of 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 (including Independence Standards)* (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.

William Buck
ACCOUNTANTS & ADVISORS

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.

William Buck

William Buck (SA)
ABN: 38 280 203 274

M.D. King
Partner

Dated this 12th day of September, 2023 in Adelaide, South Australia.

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