Barossa Infrastructure

LIMITED

ANNUAL REPORT | 2021

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
Sam 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
KPMG

Lawyers
Minter Ellison

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 6, 81 Flinders Street
Adelaide, SA 5000

Website
http://barossainfrastructure.com.au

Contents

Year at a Glance

OPERATING PERFORMANCE

11,368ML
delivered (second highest)

Reliable system - minimal downtime

Security of supply paramount - goal achieved

COVID impact on operations minimal

FINANCIAL PERFORMANCE

Profit for year
$2.7 million

$2.5 million
Cost of leasing River Murray Water Rights - down $2.5 million on prior year

Good cash flow
$3.5 million

Strong cash position
$9.4 million

Unrealised gain on owned River Murray Water Entitlements
$11.6 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
7,617ML

Chairman's Report September 2021

December 2021 marks 20 years since BIL first supplied water to the Barossa Valley. What a fantastic achievement.

Consideration of Further Expansion and Recycled Water

The Company has received Expressions of Interest for more than 3.8GL of additional water, predominately from existing customers.

The Company has approached the meeting of this demand on several fronts. It actively participated in BGWA's workshops throughout 2020 and the Water Forum in 2021. These meetings have highlighted the need for additional water for the Valley floor to maintain existing plantings and allow for sustainable new plantings, together with an urgent need for a water supply to Eden Valley. These meetings indicated a significant level of support for consideration of fit-for-purpose recycled water from SA Water's Bolivar Wastewater Treatment Plant.

In November 2020, BIL met with the Federal Minister for Resources, Water and Northern Australia, the Hon. Keith Pitt MP, and local Federal Member for Barker, Tony Pasin MP, where they encouraged the region to submit a proposal for Commonwealth support. BIL developed a Concept Plan to address both the Barossa and Eden Valley issues with water sourced from Bolivar, which was submitted to the Minister in March 2021. Our proposal was supported by:

- a detailed study of water quality parameters required to ensure the use of Bolivar wastewater is environmentally sustainable within the whole of the Valley floor, and
- a concept engineering options assessment, cost estimate and delivery program.

Other water source options remain on the table and are actively being explored by BIL. All options are expensive and require considerable government financial support.

BIL and Board members have also met and discussed current issues and options with the Premier Hon. Steven Marshall MP, Hon. Rob Lucas (Treasurer), Hon. David Basham MP (Minister for Primary Industries and Regional Development), Hon. David Speirs MP (Minister for Environment and Water) and local Member for Schubert, Stephan Knoll MP.

At the regional level, the State Government secured Federal Government funds to progress a detailed business case to determine the viability of their Barossa New Water project (similar to BIL's Concept Plan). BIL has attended State Government project planning meetings and will continue to be involved in this process.

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 of these projects are properly 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 and on long term leases, 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.

With security of supply being imperative, the Company took the proactive step in the 2019/20 financial year of purchasing a forward water allocation which provided 500ML of delivered water in the 2020/21 financial year. The Company also entered into a multi-year forward which provides 1,000ML per year for four years.

Water market allocation prices were considerably lower than the year before due to improved rainfall in the southern Murray Darling Basin, which was welcomed. Our allocation purchases, along with 4.6 GL of water on long term leases and forwards, resulted in a total cost of water leases for the financial year of $2.5 million, considerably down on the $4.98 million for the year prior.

Again, no entitlements were purchased in 2020/21 due to continued high prices. BIL's historical average cost of the 2,972ML of owned entitlements is $2,228ML, whilst the market price throughout the year was approximately $6,900ML. The strategy remains to hold at least 70% of the customer contracted volumes of water as either owned, long term leases or multi-year forwards. On 30 June 2021 that holding was 68%.

An independent review of BIL's River Murray water rights strategy supported BIL's approach, and made minor recommendations to lessen the Company's exposure to high allocation prices in future Murray Darlin Basin dry periods.

COVID-19

Once again, the Company has not been significantly impacted by COVID-19.

Stock held as spares was regularly reviewed and kept high, as supply chains were disrupted due to interstate lockdowns. We remain confident that any repair can be completed with the minimum disruption to customers.

Financial

The Company made an after tax profit of $2,707,929 for the year, compared to the 2020 loss of $1,915,215.

The turnaround is directly attributed to the large reduction in the cost of leasing water – down some $2.5 million on the prior year, as described above.

Net assets are reported at a healthy $21,559,436, up from $18,851,417 in 2020.

The bank loan facilities have been drawn down to $11,000,050 to part fund the scheme expansion. At 30 June 2021, after the second annual repayment of $1,858,000 the outstanding balance amounted to $7,284,050. At the time of writing, a third annual repayment of $1,858,000 has been made.

Based on future projections, BIL's current water price does not fully recover cash operating costs by approximately $30ML, depending on the cost of leasing River Murray Water Rights. The Board intends to incrementally adjust water prices over three years to recover all cash operating costs by the commencement of the 2022/23 water year i.e. from 1 October 2022.

The good 2021 vintage has meant that debtors remain low. At this stage the loss of the Chinese wine market has not reflected in customers ongoing payments for water used and infrastructure levies.

HSE

There were no health, safety and environment issues reported to the Board.

Corporate Governance

The Company, as a part of the Barossa, is committed to the long term sustainability of supplementary irrigation of Barossa vineyards. This is achieved through monitoring the environmental risks, providing additional water to customers to meet climate change, keeping prices as low as possible and planning for future maintenance and replacement of assets.

I reiterate that future expansion of the scheme is being thoroughly investigated on multiple fronts, but that there are no guarantees that an additional water supply will be delivered. The Board is very mindful that existing shareholders have contributed enormously to the Company, and that their interests must be considered first and foremost. We remain focused on maintaining the "community basis" of the scheme in that all customer contracts are priced the same and minimum delivery standards are also the same.

Robert I Chapman
Chairman

14 September 2021

General Manager's Report September 2021

High Water Use

In what was another tough year with below average rainfall throughout the Barossa, it is pleasing that June and July of 2021 saw above average to considerably above average rainfall, while August's rainfall was average.

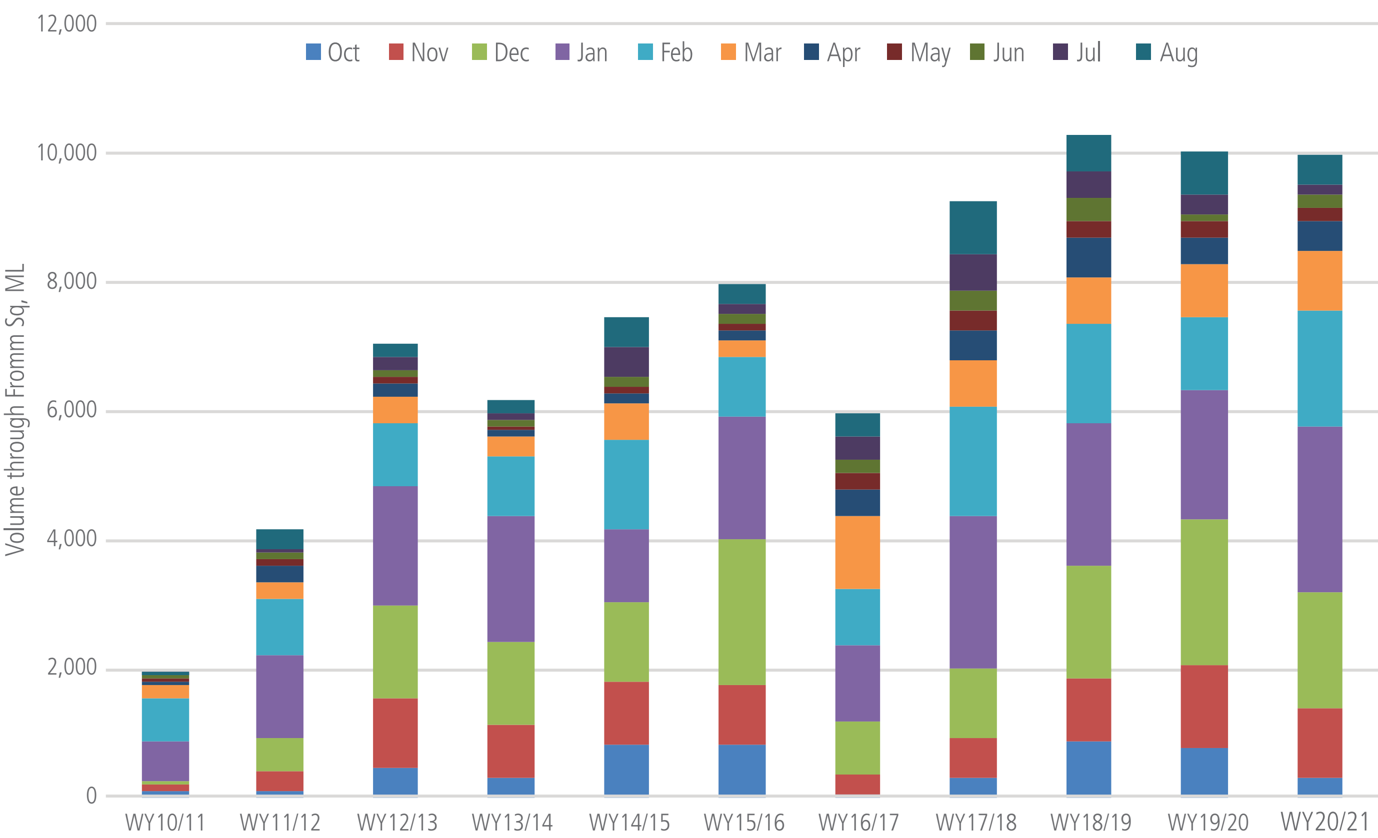
In FY2020/21 BIL supplied its customers 11,368ML, the second largest volume in the scheme's history after FY2018/2019 where customers consumed 11,419ML.

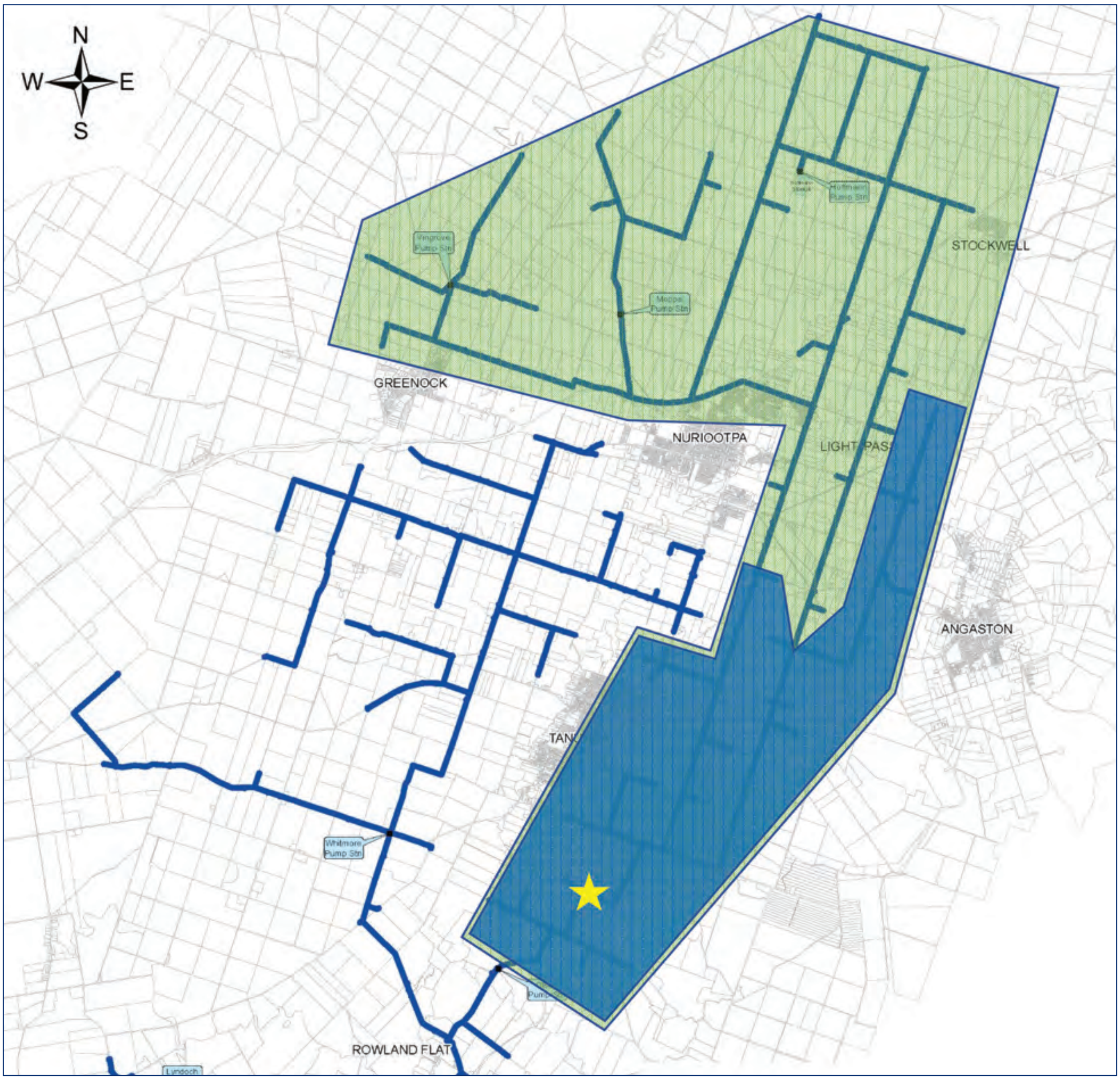
The chart below of BIL water use per month for the past 11 water years shows that water use was modest through until December, before recording the scheme's largest January volume, the largest February volume, the second largest March volume, and the second largest April volume.

While River Murray allocations started low in July 2020, in South Australia they increased quickly to 100% while the Victorian Murray allocations reached 100% by late summer. Water allocation prices trended with water demand across the year, and BIL was able to minimise purchases during peak times while still meeting its water account obligations.

Reasonable rainfall in the southern Murray-Darling Basin catchments allowed the South Australian Government to open allocations on 1 July 2021 at 100%, while interstate allocations are projected to also reach 100% later in the year.

Volume through Fromm Sq, ML, Oct-Aug WY10/11 to WY20/21





Operations

In late January 2021, BIL supplied customers at a flow rate of 1,340L/s, the highest ever supplied by BIL.

Steve Dewar and Caleb Staehr of Infrastructure Maintenance Services (IMS) and Chris Hoare of Water Treatment and Engineering (WTE) continue to provide BIL with highly responsive, professional and quality service. This was particularly the case in mid-February when a SAPN power supply issue caused a fault to our equipment at Whitmore pump station. Their quick thinking and action – including temporarily moving equipment between pump stations and manually controlling the pumps throughout the night – resulted in flow being maintained.

In another example, the above diagram shows an unintended benefit of BIL's Hoffmann storage and pump station. A leak in BIL's 600mm pipeline near Bethany (the yellow star in the diagram) took a week to fix. Normally all customers within the blue and green shaded areas would have been without water for the duration of the repair. However, IMS and WTE reconfigured the scheme to allow water from the Hoffmann storage to be pumped to customers in the green area, leaving considerably fewer customers in the blue area without water.

General Manager's Report September 2021

Water quality remained poor for much of the year, with a higher-than-normal load of fibrous plant material, fish and shrimp. SA Water's Warren Reservoir works scheduled for winter of 2022 is likely to significantly improve this situation.

Customer callouts have been encouragingly low, particularly during the peak irrigation season.

Advocacy and Recognition of BIL

BIL, itself and through member organisations such as the National Irrigators' Council and South Australian Murray Irrigators, has actively advocated in the interest of BIL on a number of national and state matters that meaningfully impact BIL, such as the ACCC's River Murray water markets inquiry, DEW's River Murray carryover policy and DEW's regional water security strategy.

I am currently sitting on a number of State Government Steering Committees relating to water, which I think reflects our high standing within the irrigation industry and the importance of BIL as an enabler of economic activity for the state.

SA Water

I thank SA Water for making operational changes to the way BIL was supplied in the peak of summer. These changes improved both flow and pressure when it was needed most. SA Water's Warren Reservoir outlet works, which are planned for winter 2022, will further assist in supply to BIL at peak times.

SA Water's Fromm Square upgrade works, which will enable a secure flow and pressure while the Warren Reservoir works are being undertaken, are scheduled for October 2021. BIL is working closely with SA Water and their contractor to ensure disruptions to BIL are minimised.

The Warren Reservoir is currently full, ready for the upcoming summer irrigation period.

Nuriootpa Community Wastewater Management Scheme

Barossa Council supplied BIL 310ML of treated recycled water in 2020/21, which represents 14% of the total water supplied to Gomersal Road customers and 2.8% of the total water supplied to BIL customers. For most of the year this was significantly diluted with River Murray water. We thank the customers that were able to help during winter to keep water flowing in this line, which in turn helps Council avoid discharging to local watercourses.

BIL's annual recycled water audit report for SA Health is published on the Company's website.

Customers and Staff

As always, Mrs Lisa Buckley and Mr Neville Skipworth have provided wonderful service to BIL customers and support to me. Thank you. I also extend my thanks to Mr Borvin Kracman and the Board who have been heavily involved in the investigations for additional water.

Notwithstanding COVID restrictions, I encourage customers to arrange a time to chat with me on how the Company could improve to service you better.

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

14 September 2021

Corporate Governance Statement

Barossa Infrastructure Ltd's Board and Management are committed to the sustainable provision of supplementary irrigation water for viticulture in the Barossa region. All profits from operations are returned to the shareholders in the form of the lowest sustainable price for water.

The Board updates this statement annually, considering any further issues that may require attention.

The Company sources its water through the Water Transport Agreement with SA Water and as part of that agreement is required to have a Water Allocation from the River Murray. These rights are dependent on water availability. The Murray Darling Basin Plan, approved by Federal Parliament, has been substantially implemented and will assure the supply of quality water to irrigators in South Australia and better regulate the trading of water allocations and licences.

Board Role

The Board is composed of from three to twelve Directors including at least two Independent Directors. An Independent Director is defined in the Company's Constitution as one who has no financial interest in the Company or any commercial interests in any vineyard or winery in the Barossa Valley.

The Board is accountable to the shareholders and the Barossa community for the sustainable performance of the Company. The Board meets at least six times annually and sets policies and monitors performance at these meetings.

In addition to this, input from relevant organisations assists in meeting the Company's objectives and environmental requirements. This includes meeting ongoing environmental monitoring requirements.

The Board has delegated to the Executive Committee, consisting of the Chairman, Company Secretary, two Directors and the General Manager, the day to day operational decisions within approved policies and budgets.

Risk Management

Risk management for Barossa Infrastructure Ltd is summarised below. The risks were reviewed in 2021.

1. **Work Health and Safety**
    - *Workplace health and safety is a paramount consideration; an external audit was completed in previous years and recommendations actioned to ensure that the Company is fully compliant with the current WHS Act*
    - *Further regular audits will document compliance and be included in the Board's agenda*
    - *COVID issues for staff and customers have been monitored carefully and to date has not presented any issues within the guidelines of social distancing and safe practices*

2. **SA Water - Water Transport Agreement**
    - *As well as a contractual relationship, the business relationship is actively managed with meetings and mutual cooperation on operational issues aimed at achieving win-win outcomes*
    - *An updated Water Transport Agreement was signed in June 2017 which provides for the agreement to now end in 2040 with an option for the Company to extend it to 2060; the agreement provides more certainty in costs escalation and allows for further expansions*
    - *The new agreement is essentially similar to the previous, with updated clauses for further expansion to 13,000 Megalitres capacity and a right to extend to 2060*
    - *Principle of 'good faith decisions' in reviewing the charges are included*

3. **Management and Board Succession**
    - *A database contains all customer records and allows billing, with procedures in place for backup and off site secure storage*
    - *The program of Board renewal continues to progressively introduce new members with the appropriate mix of skills and experience to take the Company through its next stage, whilst retaining corporate knowledge*

4. Environmental Risks

- *The impact of importing water to the Barossa is monitored annually (refer below) and is subject to a region wide Irrigation Management Plan*
- *Climate variability (and change) and the effect of rationing on demand form part of the water and environment management strategy*
- *The Nuriootpa Community Wastewater Management Scheme is assessed annually and reports are made to SA Health*
- *A regular review is carried out of the surface water aquifers which may be impacted by irrigation*
- *Site use approval for up to 12 Gigalitres a year was received on 8 February 2018*

5. Safety of Pipeline and Pumping Stations

- *The life of various assets has been analysed and asset management strategies developed to minimise the risks of disruptions to supply*
- *A spares policy has been implemented to ensure rapid repair of minor leaks and bursts*
- *An Asset Management Plan has been developed and is being implemented, including monitoring of pressures at critical locations*
- *Safe Operating Procedures have been developed for all items of plant and equipment and for confined spaces*
- *Audits are carried out to confirm the actual process is compliant*

6. Sustainability

- *Ongoing environmental, financial and operational performance and issues are regularly monitored and action taken by management as necessary*
- *COVID has had little impact directly on BIL's operations. The impact on customers is being closely monitored and is not expected to be a significant issue for BIL's ongoing operations. Similarly, the impact on suppliers is also expected to be minimal.*

7. Funding

- *Impact of the state of the wine industry and the ability of customers to pay their accounts is routinely monitored and supported by debtor monitoring and control mechanisms*
- *The Board is developing an asset upgrade and replacement policy as part of the asset management plan; provision will be made annually to accumulate funds to meet these future needs*
- *Customers who participated in the latest expansion will fully cover the repayment of the new debt for the expansion*

8. River Murray Water Rights

- *A portfolio strategy for ownership, long term lease or short term lease of water rights has been developed and is being implemented; it involves the Company holding water rights from interstate as well as from South Australia*
- *BIL is monitoring water allocations for the 2021/2022 year*
- *Dependency on River Murray water is being closely examined and alternative sources of water pursued*

9. Water Quality

- *Regular testing of water quality is undertaken and has never proven to be a negative issue; despite popular misconceptions, River Murray water provides a high quality irrigation water resource which is, in general, better irrigation quality than most ground waters in the region*
- *BIL is interested in the Northern Adelaide Irrigation Scheme (NAIS) expansion from Bolivar and the variants of the Bolivar Water Project; this water must be fit-for-purpose*
- *If this additional source of water becomes available it will improve the sustainability of the Company*

Environmental Performance

The Company is aware of the variable nature of the Australian climate and that the supplementary irrigation used by our customers should be sufficient to mitigate these climate impacts without detrimental effect on either the local environment or the underground water supplies.

Review of gauging stations and shallow aquifer monitoring has indicated no areas of concern.

Barossa Infrastructure Ltd assists relevant organisations in the collection and dissemination of information that will enhance the environment and promote good viticulture practices.

The Company has joined a number of organisations that promote sustainable irrigation and environmental concerns in the Murray Darling Basin. These include:

- South Australian Murray Irrigators Incorporated
- National Irrigators' Council
  and
- Irrigation Australia

As part of the process of examining the taking of treated wastewater from the Nuriootpa Community Wastewater Management Scheme, Barossa Infrastructure Ltd engaged Edge Environment to prepare a detailed risk management plan and make a submission to the Department of Health for approval, and to audit the Scheme.

Sustainability

The Board is committed to the long term sustainability of the supply of Barossa Infrastructure Ltd water to shareholders and customers.

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 2021 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 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
Robert Ian Chapman Independent Director Assoc Dip Bus, FAICD, F Fin Chairman *Appointed 4 June 2012* *Member Executive Committee* 	Chairman Chapman Capital Partners Chairman T-Ports 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) Past Managing Director Bank SA (2002/10) Past Regional General Manager, WA, SA, NT Commonwealth Bank of Australia Past Chairman Kelly & Co Business Advisory Panel (2012) Past Chairman Bank SA Advisory Board (2012)

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 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 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' Meeting Attendance

For the year ended 30 June 2021, 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 supply contract with SA Water

Review of Operations

The net profit after providing for income tax amounted to $2,707,929 (2020: loss $1,915,215). No water restrictions applied to River Murray Water Rights for the 2021 year and customers were entitled to take 100% of their contracted amounts. The cooler summer meant a later vintage this year compared to the two previous years and resulted in water consumption remaining strong later into the year. BIL had its second highest delivery of water at 11,368ML for the financial year to 30 June 2021. The cost of leasing temporary water rights decreased dramatically during the year resulting in almost a 50% reduction on the cost of water leasing for the current financial year compared to the same period last year. The reduction in the water leasing expense has been the major contributor to the strong profit result this year.

The Company has been in a most fortunate position where the COVID 19 pandemic has not had any impact on operations to 30 June 2021, and at this stage the Board does not foresee any future significant impact. Trade debtors are monitored closely and no individual customer debt is permitted to exceed the value in their contract that BIL could on sell to recoup the debt should a customer experience financial distress. The operations have not been affected by closed borders or interruption to supply chains. The company increased its holding of maintenance spares to mitigate against this risk.

State of Affairs

Loan facilities have been entered into to part finance the expansion project and acquire additional River Murray Water Rights. The bank loan facilities have been drawn down to $11,000,050. At 30 June 2021, after two annual repayments of $1,858,000, the outstanding balance amounted to $7,284,050.

No share capital was issued during the year and total share capital at 30 June 2021 is $15,395,637.

Continued expansion of plantings in the Barossa, plus the demand for additional water after two drought years reducing subsoil moistures, and the expected impact of climate change, provides a continued demand for water and the need to expand the scheme to meet customer demand.

For the impact of COVID 19, please refer to the statement under 'Review of Operations'.

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 2017 AGM, is not to exceed $210,000 per annum. Directors' fees and the 9.50% super guarantee for 2021 amounted to $197,869.

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 nineteenth full "water year" on 30 September 2021.

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 but at a preliminary stage.

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 $10,986 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 2022

The State Government announced on the 15th June 2021 that 100% of water allocations would apply for the 2022 year.

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.

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

The Auditor's Independence Declaration by KPMG is set out on page 48 and forms part of the Directors' Report for the financial year ended 30 June 2021.

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

R I Chapman	**G M Davis**
Director	Director

Tanunda, S.A.
14 September 2021

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2021

	Note	2021 $	2020 $
Sale of Water		10,652,837	9,930,405
Cost of Sales		(10,842,067)	(13,820,534)
Gross Loss		(189,230)	(3,890,129)
Infrastructure Levies Revenue		3,348,939	3,336,432
Other Income		4,981	98,520
Administrative Expenses		(1,177,460)	(1,150,837)
Results From Operating Activities		1,987,230	(1,606,014)
Financial Income		16,852	7,273
Financial Expenses		(206,962)	(316,474)
Net financing expense		(190,110)	(309,201)
Profit/(Loss) Before Tax		**1,797,120**	(1,915,215)
Income Tax Benefit	4 (a)	910,809	-
Profit/(Loss) After Tax		**2,707,929**	(1,915,215)
Total Comprehensive Income/(Loss)		**2,707,929**	(1,915,215)

The accompanying notes form part of these financial statements

Statement of Changes in Equity

For the year ended 30 June 2021

	Attributable to equity holders of the Company		
	Issued Capital $	Retained Earnings $	Total Equity $
Balance at 1 July 2019	15,395,637	5,370,995	20,766,632
Total comprehensive income			
Loss after tax	-	(1,915,215)	(1,915,215)
Balance at 30 June 2020	15,395,637	3,455,780	18,851,417
Balance at 1 July 2020	15,395,637	3,455,780	18,851,417
Total comprehensive income			
Profit after tax	-	2,707,929	2,707,929
Balance at 30 June 2021	15,395,637	6,163,709	21,559,346

The accompanying notes form part of these financial statements

Statement of Financial Position

As at 30 June 2021

	Note	2021 $	2020 $
ASSETS			
Current Assets			
Cash and Cash Equivalents	5	9,356,046	5,827,702
Trade and Other Receivables	6	1,410,650	2,889,714
Other Assets	7	1,569,866	2,302,954
Total Current Assets		**12,336,562**	11,020,370
Non-current Assets			
Other Assets	7	3,328,549	3,426,469
Property, Plant and Equipment	8	18,394,296	19,714,868
Intangible Assets	9	15,167,753	15,576,013
Right of Use Assets	13	27,054	35,898
Deferred Tax Asset	4 (c)	910,809	-
Total Non-current Assets		**37,828,461**	38,753,248
TOTAL ASSETS		**50,165,023**	49,773,618
LIABILITIES			
Current Liabilities			
Trade and Other Payables	10	417,080	1,643,788
Employee Benefits	15	50,391	41,343
Lease Liabilities	13	9,637	36,854
Loans & Borrowings	11	1,858,000	1,858,000
Contract Liabilities	16	3,477,872	3,473,703
Total Current Liabilities		**5,812,980**	7,053,688
Non-current Liabilities			
Lease Liabilities	13	17,507	-
Loans & Borrowings	11	5,426,050	7,284,050
Contract Liabilities	16	17,349,140	16,584,463
Total Non-current Liabilities		**22,792,697**	23,868,513
TOTAL LIABILITIES		**28,605,677**	30,922,201
NET ASSETS		**21,559,346**	18,851,417
EQUITY			
Issued Capital	12	15,395,637	15,395,637
Retained Earnings	12	6,163,709	3,455,780
TOTAL EQUITY		**21,559,346**	18,851,417

The accompanying notes form part of these financial statements

Statement of Cash Flows

For the year ended 30 June 2021

	Note	2021 $	2020 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Receipts from Customers		15,943,699	14,962,105
Cash Paid to Suppliers and Employees		(10,360,479)	(11,721,028)
Cash from Operating Activities		5,583,220	3,241,077
Interest Received		13,035	9,056
Interest Paid		(208,215)	(326,962)
Net Cash from Operating Activities	14	**5,388,040**	2,923,171
CASH FLOWS USED IN INVESTING ACTIVITIES			
Proceeds from sale of Property, Plant and Equipment		-	181
Acquisition of Property, Plant and Equipment		(67,288)	(42,316)
Net Cash used in Investing Activities		**(67,288)**	(42,135)
CASH FLOWS USED IN FINANCING ACTIVITIES			
Proceeds from Government Grants		65,592	30,928
Proceeds from Borrowings		-	500,050
Repayment of Borrowings		(1,858,000)	(1,858,000)
Net Cash used in Financing Activities		**(1,792,408)**	(1,327,022)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**3,528,344**	1,554,014
Cash and Cash Equivalents at 1 July*		5,827,702	4,273,688
Cash and Cash Equivalents at 30 June	5	**9,356,046**	5,827,702

*Cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

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 14th September 2021. 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 January 2020, however they do not have a material effect 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 (h) – valuation of financial instruments
- 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 16 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.

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.

Note 1 continued overleaf

Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

(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.

(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.

Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

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.

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.

Note 1 continued overleaf

Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

(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.

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:

	2021	2020
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% - 66.6%	7.5% - 66.6%
Motor Vehicles	16.6% - 25%	16.6% - 25%
Leasehold Improvements	2.5% - 13.3%	2.5% - 13.3%

Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

(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:

	2021	2020
Software	20%	20%
SA Water Capital Works	4%	4%

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

(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.

Note 1 continued overleaf

Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

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.

(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.

Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

(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.

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 customers are shareholders 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 the COVID 19 pandemic 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 8 percent (2020: 8%) of the Company's revenue. Chinese tariffs on Australian wine is not expected to have a significant impact on the Company and its customers.

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.

Note 1 continued overleaf

Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

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 carrying debt at variable rates due to favourable market rates, but continues to monitor developments in the market that would influence a change from the current position.

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.

(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.

Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

(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.

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.

Note 1 continued overleaf

Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

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.

	2021	2020
	$	$
Note 2: PERSONNEL EXPENSES		
Wages, salaries and directors fees	490,117	615,447
Other associated personnel expenses	4,234	4,413
Contributions to defined contribution superannuation funds	61,376	58,522
Decrease in liability for annual leave	(702)	(44,897)
Increase/(Decrease) in liability for long service leave	9,749	(75,079)
	564,774	558,406
Note 3: AUDITOR'S REMUNERATION		
Auditors of the Company: KPMG Australia		
Audit of the financial statements	37,260	44,155
	37,260	44,155

Note 4: INCOME TAX EXPENSE

	2021 $	2020 $
(a) Recognised in the statement of comprehensive income		
Current period	-	-
Deferred tax expense		
Origination/(Reversal) of temporary differences	469,429	(659,815)
Recognition of previously unrecognised deferred tax assets	441,380	659,815
Total income tax expense	**910,809**	-

	2021 $	2020 $
(b) Numerical reconciliation between tax expense and pre-tax accounting (loss)/profit		
Profit/(Loss) before tax	1,797,120	(1,915,215)
Income tax using company tax rate of 26% (2020 : 27.5%)	467,251	(526,684)
Decrease in income tax expense due to:		
Non-assessable income	-	(26,543)
Change in tax rate	(15,152)	-
Non-deductible expenses	963	2,533
Non-deductible depreciation	5,282	12,736
Utilisation of prior year losses not previously recognised	(927,773)	(659,815)
Deferred tax asset for c/fwd tax losses not previously recognised	(441,380)	-
Current year losses for which no deferred tax asset is recognised	-	1,197,773
Income tax benefit on pre-tax net profit	**(910,809)**	-

Note 4 continued overleaf

Note 4: INCOME TAX EXPENSE *continued*

(c) Deferred Tax Assets and Liabilities

	2021 $	2020 $
Deferred tax liability is attributable to :		
Property, plant and equipment	2,000,812	2,323,748
Accrued interest income	992	-
Prepaid Expenses	425,961	378,512
Intangible Assets – Capital Works	1,355,076	1,164,972
Accrued water sales - unused	44,730	65,058
	3,827,571	3,932,290
Deferred tax asset is attributable to:		
Employee benefits	13,169	11,420
Borrowing Costs	2,157	3,702
Contract liabilities	3,975,062	3,605,111
Cost of Equity	-	4,636
Legal Fees	726	1,535
Tax Losses	747,266	305,886
	4,738,380	3,932,290
Net Deferred Tax Assets	**910,809**	-

Deferred tax assets have now been recognised in respect of carried forward tax losses of $2,874,099 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

	2021 $	2020 $
Contract liability	369,951	560,610
Property, plant and equipment	322,936	(643,636)
Interest income	(992)	490
Prepaid Expenses	(47,449)	(72,284)
Intangible Assets – Capital Works	(190,104)	(400,254)
Accrued water sales	20,328	(65,058)
Employee benefits	1,749	(33,019)
Borrowing Costs	(1,545)	(1,523)
Cost of Equity	(4,636)	(4,636)
Legal Fees	(809)	(768)
Lease costs	-	263
Tax Losses	441,380	659,815
Net movement	**910,809**	-

(e) Dividend Franking Account

The amount of franking credits available to shareholders of Barossa Infrastructure Ltd for subsequent financial years is $3,909,472 (2020 : $3,909,472). The ability to utilise the franking credits is dependent upon the capacity to declare dividends.

	2021	2020
	$	$

Note 5: CASH AND CASH EQUIVALENTS

Cash and cash equivalents	**9,356,046**	5,827,702

Cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

Note 6: TRADE AND OTHER RECEIVABLES

Trade Debtors	1,312,798	2,724,894
Sundry Debtors	-	65,592
Net GST Receivable	97,852	99,228
	1,410,650	2,889,714

Note 7: OTHER ASSETS

Current		
Prepayments	402,739	1,383,643
Accrued Income – Water Sales	1,163,310	919,311
Accrued Income – Interest	3,817	-
Total Current Other Assets	**1,569,866**	2,302,954
Non-Current		
Prepayments	3,328,549	3,426,469
Total Non-Current Other Assets	**3,328,549**	3,426,469

Note 8: PROPERTY, PLANT & EQUIPMENT

	2021 $	2020 $
Pipeline and Installation		
At cost	29,336,349	29,336,349
Less: Accumulated Depreciation	(18,108,734)	(17,488,074)
Total Pipeline and Installation	11,227,615	11,848,275
Water Storage		
At cost	4,424,923	4,424,923
Less: Accumulated Depreciation	(1,058,683)	(724,187)
Total Water Storage	3,366,240	3,700,736
Pumps and Installation		
At cost	5,369,519	5,365,172
Less: Accumulated Depreciation	(2,046,433)	(1,721,223)
Total Pumps and Installation	3,323,086	3,643,949
Meters and Installation		
At cost	2,562,012	2,503,428
Less: Accumulated Depreciation	(2,178,559)	(2,089,058)
Total Meters and Installation	383,453	414,370
Capital Works in Progress		
At cost	20,342	12,311
Less: Accumulated Depreciation	-	-
Total Capital Works in Progress	20,342	12,311
Office Equipment		
At cost	68,410	88,961
Less: Accumulated Depreciation	(49,358)	(60,398)
Total Office Equipment	19,052	28,563
Motor Vehicles		
At cost	91,620	91,620
Less: Accumulated Depreciation	(49,341)	(37,684)
Total Motor Vehicles	42,279	53,936
Leasehold Improvements		
At cost	15,606	15,606
Less: Accumulated Depreciation	(3,377)	(2,878)
Total Leasehold Improvements	12,229	12,728
Total Property Plant & Equipment net book value	**18,394,296**	19,714,868

	2021	2020
	$	$
Reconciliations		
Pipeline and Installation		
Carrying Amount at Beginning of Year	11,848,275	12,343,951
Acquisitions	-	162,570
Depreciation	(620,660)	(658,246)
Carrying Amount at End of Year	11,227,615	11,848,275
Water Storage		
Carrying Amount at Beginning of Year	3,700,736	3,634,228
Acquisitions	-	431,643
Depreciation	(334,496)	(365,135)
Carrying Amount at End of Year	3,366,240	3,700,736
Pumps and Installation		
Carrying Amount at Beginning of Year	3,643,949	1,459,946
Acquisitions	4,347	2,567,515
Disposals	-	(24,804)
Depreciation	(325,210)	(358,708)
Carrying Amount at End of Year	3,323,086	3,643,949
Meters and Installation		
Carrying Amount at Beginning of Year	414,370	428,372
Acquisitions	58,584	97,352
Depreciation	(89,501)	(111,354)
Carrying Amount at End of Year	383,453	414,370
Capital Works in Progress		
Carrying Amount at Beginning of Year	12,311	3,234,747
Acquisitions	8,031	5,628
Transfers to Assets and Expenses	-	(3,228,064)
Carrying Amount at End of Year	20,342	12,311
Office Equipment		
Carrying Amount at Beginning of Year	28,563	18,219
Acquisitions	-	16,826
Disposals	(1,399)	(103)
Depreciation	(8,112)	(6,379)
Carrying Amount at End of Year	19,052	28,563
Motor Vehicles		
Carrying Amount at Beginning of Year	53,936	69,045
Depreciation	(11,657)	(15,109)
Carrying Amount at End of Year	42,279	53,936

Note 8 continued overleaf

	2021 $	2020 $
Note 8: PROPERTY, PLANT & EQUIPMENT *(continued)*		
Leasehold Improvements		
Carrying Amount at Beginning of Year	12,728	13,250
Depreciation	(499)	(522)
Carrying Amount at End of Year	12,229	12,728
Total Depreciation Expense for Year	**1,390,135**	1,515,453

Note 9: INTANGIBLE ASSETS

	2021 $	2020 $
River Murray Water Rights – at cost		
Carrying Amount at Beginning of Year	7,199,966	7,199,966
Acquisitions	-	-
Carrying Amount at End of Year	7,199,966	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 $18.8m, resulting in an unrealised gain of $11.6m.

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.

	2021 $	2020 $
SA Water Capital Works – at cost		
Carrying Amount at Beginning of Year	8,367,862	8,770,594
Acquisitions	-	-
Less: Amortisation	(401,631)	(402,732)
Carrying Amount at End of Year	7,966,231	8,367,862

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.

	2021 $	2020 $
Software – at cost		
Carrying Amount at Beginning of Year	8,185	14,831
Less: Amortisation	(6,629)	(6,646)
Carrying Amount at End of Year	1,556	8,185
Total Intangible Assets at net book value	**15,167,753**	15,576,013

	2021 $	2020 $
Note 10: TRADE AND OTHER PAYABLES		
Current		
Trade Creditors	31,609	509,532
Other Creditors and Accruals	385,471	1,134,256
	417,080	1,643,788

Note 11: INTEREST BEARING LOANS AND BORROWINGS

	2021 $	2020 $
Current		
Secured Loan – Bendigo Bank Ltd	1,858,000	1,858,000
Total Current Interest Bearing Loans and Borrowings	**1,858,000**	1,858,000
Non-Current		
Secured Loan – Bendigo Bank Ltd	5,426,050	7,284,050
Total Non-Current Interest Bearing Loans and Borrowings	**5,426,050**	7,284,050

Bank Loans

The loan is 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 entered into a Construction Loan with a total facility of $13m. During the year a loan repayment of $1,858,000 occurred, resulting in cash outflows from financing activities of $1,858,000. The Construction Loan reverted to a Principal and Interest loan facility and is repayable over 7 years. The interest rate on the current facility is carried at variable rates that amounted to 2.71% at 30 June 2021.

The Company has met all covenants under the loan facility for the 2021 financial year.

Note 12: MOVEMENTS IN EQUITY

	2021	2020
	$	$
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 (2020 : 0).

	2021	2020
Retained Earnings		
Retained earnings at beginning of year	3,455,780	5,370,995
Total recognised income and expense	2,707,929	(1,915,215)
Balance at end of year	**6,163,709**	3,455,780

Note 13: 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:

	2021	2020
Right of Use Assets		
Opening balance	35,898	-
Recognised on adoption of AASB 16	-	74,274
Adjustment on original recognition	(553)	-
Depreciation for the year	(37,804)	(38,376)
Additions to right-of-use assets	29,513	
Closing balance	27,054	35,898

	2021	2020
Lease Liabilities		
Opening balance	36,854	-
Recognised on adoption of AASB 16	-	74,274
Adjustment on original recognition	(553)	-
Repayments during the year	(38,670)	(37,420)
Additions to lease liabilities	29,513	
Closing balance	27,144	36,854
Lease liabilities – current	9,637	36,854
Lease liabilities – non-current	17,507	-
Closing balance	**27,144**	36,854

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 14: RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2021 $	2020 $
Profit/(Loss) after tax	2,707,929	(1,915,215)
Adjustments for:		
Depreciation and Amortisation	2,005,457	2,132,704
Loss on Sale of Non-Current Assets	1,399	24,725
Government Grants	-	(96,520)
Income Tax Benefit	(910,809)	-
Operating profit before changes in working capital	**3,803,976**	145,694
Changes in assets and liabilities (attributable to the operating activities of the Company):		
Decrease/(Increase) in Receivables	1,412,096	(496,306)
Increase in contract liabilities	768,845	2,127,860
Net GST Received	1,745	17,543
Decrease in Prepayments & Accrued Income	661,749	483,205
(Decrease)/Increase in Creditors	(481,678)	304,395
(Decrease)/Increase in Accruals	(787,740)	460,777
Increase/(Decrease) in Provisions and Employee Benefits	9,047	(119,997)
Net Cash from Operating Activities	**5,388,040**	2,923,171

Note 15: EMPLOYEE BENEFITS

Aggregate Liability for Employee Entitlements

	2021 $	2020 $
Current		
- Liability for annual leave	14,730	15,432
- Liability for long service leave	35,661	25,911
	50,391	41,343
Number of Employees at Year End	4	4

Note 16: DEFERRED INCOME/CONTRACT LIABILITIES

	2021 $	2020 $
Current		
Contract Liabilities	3,477,872	3,473,703
Total Current Deferred Income/Contract Liabilities	**3,477,872**	3,473,703
Non-Current		
Contract Liabilities	17,349,140	16,584,463
Total Non-current Deferred Income/Contract Liabilities	**17,349,140**	16,584,463

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

	2021 $	2020 $
Carrying amount at the beginning of year	16,584,463	14,467,318
Balance transferred from Income in Advance	-	-
Revenue recognised during the year	(3,348,939)	(3,336,432)
Revenue deferred to future years	4,113,616	5,453,577
Total Non-current Deferred Income/Contract Liabilities	**17,349,140**	16,584,463

Note 17: RELATED PARTY DISCLOSURES

Key management personnel compensation

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

	2021 $	2020 $
Short-term employee and director benefits	370,009	366,219
Other long term benefits	-	-
Post employment benefits	26,191	25,895
Termination benefits	-	135,870
	396,200	527,984

Apart from the details disclosed in this note, no key management personnel have entered into a material contract with the Company. There were no material contracts involving key management personnel interests existing at year end, other than water contracts entered into by the key management personnel as customers of the water project on the same terms and conditions as all other investors/customers.

Note 17: 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:

	2021 Number Held	2020 Number Held
G W Burge	**-**	-
Burge Corp Pty Ltd	**563,500**	563,500
S P Dahlitz	**-**	-
Dahlitz Estate Pty Ltd	**22,750**	22,750
T J McCarthy	**-**	-
M McCarthy	**17,500**	17,500
Total Number of Shares in the Company held by Directors and their Director Related Entities:	**603,750**	603,750

Other Transactions with the Company

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 2021. 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.

Details of amounts other than Directors' fees paid to the above mentioned Director Related Entities are as follows:

Director	Director Related Entity	2021 ($)	2020 ($)
G M Davis	Geoff Davis & Associates	125,880	149,950
J L Kerr	Capital Strategies Pty Ltd	49,892	40,796
Current Payable	Geoff Davis & Associates	20,460	12,534
	Capital Strategies Pty Ltd	4,059	7,892

Note 18: 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	**2021**	2020
		$	$
Cash and cash equivalents	5	9,356,046	5,827,702
Trade and other receivables	6	1,410,650	2,889,714
		10,766,696	8,717,416

Impairment losses

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

	Gross 2021	Gross 2020
	$	$
Not past due	1,144,607	2,384,239
Past due 31-60 days	-	-
Past due 61-90 days	118,399	137,169
Past due 91days and >	49,792	203,486
	1,312,798	2,724,894

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
Overdraft facility	-	-	-	-	-	-	-
Bank Loan	7,284,050	(7,595,820)	(1,937,204)	(73,719)	(1,960,571)	(3,624,326)	
Trade and other payables	417,080	(417,080)	(417,080)	-	-	-	-
Lease liability	27,144	(28,200)	(5,127)	(5,127)	(10,255)	(7,691)	
	7,728,274	**(8,041,100)**	**(2,359,411)**	**(78,846)**	**(1,970,826)**	**(3,632,017)**	**-**

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 6.64%.

(iii) Interest Rate Risk

Profile

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

	Carrying Amount	
	2021	2020
	$	$
Fixed rate instruments		
Financial liabilities – Lease liabilities	**27,144**	36,854
Variable rate instruments		
Financial assets – Cash and cash equivalents	**9,356,046**	5,827,702
Financial liabilities – Loans and borrowings	**(7,284,050)**	(9,142,050)
	2,071,996	(3,314,348)

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 19: COMMITMENTS

The Company has no capital commitments at 30 June 2021 (2020 : $Nil).

The Company entered into non-cancellable agreements to lease River Murray Water Rights for periods from 1 to 3 years. Payments under these arrangements are as follows:

Within one year	1,522,040	1,419,851
Later than one year	2,085,334	3,234,006
	3,607,374	4,653,857

Note 20: EVENTS SUBSEQUENT TO REPORTING DATE

As a result of the evolving nature of the COVID-19 pandemic and the rapidly evolving government policies of restrictive measures put in place to contain it, as at the date of these financial statements, the Company is not in a position to reasonably estimate the financial effects of the COVID-19 pandemic on the future financial performance and financial position of the Company. To date the impact of the pandemic has been manageable and minimal.

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 18 to 46, 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 2021 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.
14 September 2021

KPMG

Lead 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, in relation to the audit of Barossa Infrastructure Limited for the financial year ended 30 June 2021 there have been:

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

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

KPMG

KPMG

Paul Cenko
Partner

Adelaide

14 September 2021

Independent Auditor's Report

To the shareholders of Barossa Infrastructure Limited

Opinion

We have audited the ***Financial Report*** of Barossa Infrastructure Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Statement of financial position as at 30 June 2021;
- Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 *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 fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

Other Information is financial and non-financial information in Barossa Infrastructure Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

KPMG

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report 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 Auditor's Report.

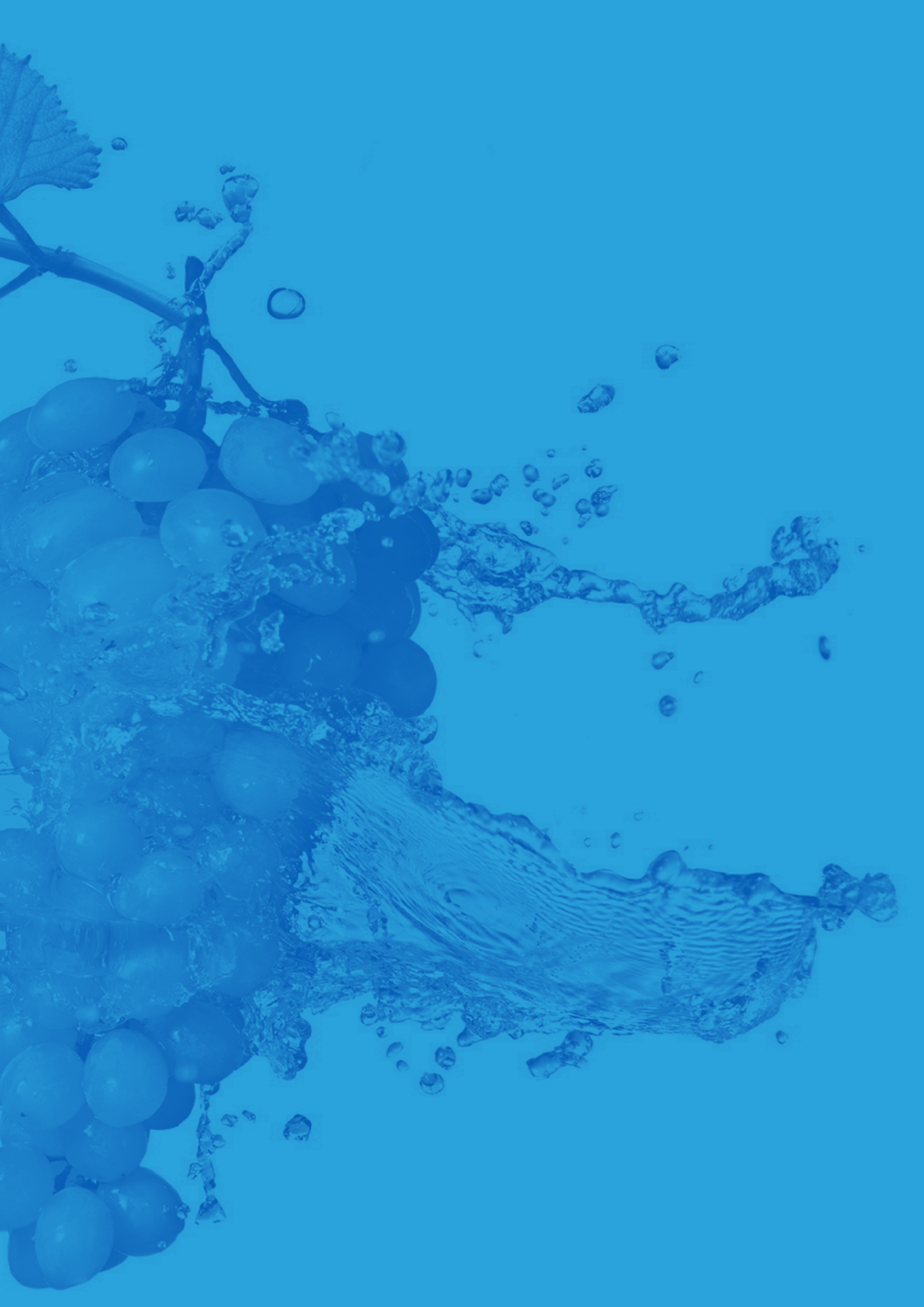
KPMG

KPMG

Paul Cenko
Partner

Adelaide

14 September 2021



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

Registered Office
Barossa Infrastructure Ltd
A.C.N. 084 108 958
C/- Level 6, 81 Flinders St,
Adelaide, SA 5000

Designed and printed by Color On Demand - www.colorondemand.com.au