Gascoyne Water Co-operative Limited

Annual Report 2021 - 2022

This Report covers the period

1st July 2021 - 30 June 2022

50 Boundary Road

PO BOX 5

CARNARVON WA 6701

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Company Directory

Gascoyne Water Co-operative Limited (GWC)

OFFICES 50 Boundary Road (PO BOX 5) CARNARVON WA 6701 Phone: (08) 9941 4488 Email: gwc@gascoynewater.com.au Website: www.gascoynewater.com.au	**BOARD OF DIRECTORS AS AT 30 JUNE 2022** Elena Mamouni Limnios/Non-member Director/Chairperson John Thomas/Member Director Linda Lyall/Member Director Rodney Sweetman/Member Director Domenico Condo/Member Director Paul Shain Geoffrey Calder/Non-member Director
LEGAL ADVISOR John Robertson William + Hughes Ground Floor, 25 Richardson Street WEST PERTH WA 6005	**AUDITOR** AMD Audit & Assurance Midwest Pty Ltd (t/as AMD) 28-30 Wellington Street BUNBURY WA 6230
BANKER ANZ Bank Robinson Street CARNARVON WA 6701	**INSURANCE BROKER** Nexus Risk Services Level 2, 50 Kings Park Road WEST PERTH WA 6005
COMPANY OFFICERS Lisa Hodson - Company Secretary (July 2021 thru December 2021) Wendy Lamotte – Company Secretary (December 2021 thru June 2022) Genevieve Burnett – Public Officer	**COMPANY EMPLOYEES** Edward Smith – Chief Executive Officer Genevieve Burnett – Executive Assistant Chonte Steele – Office Manager Justin Murphy – Acting Operations Manager Robert Lunnon – Electrical Instrument Engineer & IT specialist

Chair's Report

Over the last 12 months, GWC has demonstrated our stability and resilience, our ability to negotiate firmly with government, as well as our ability to retain and attract staff in one of the most challenging labour markets we have seen in recent years. We end this year even stronger and better positioned to be able to deliver water in a sustainable and more cost-effective way to our members.

As I am writing this report we are in the last phases of negotiation of a pivotal agreement with the Minister for Agriculture, Hon. Alannah MacTiernan, for the delivery of the Gascoyne Foodbowl Initiative (GFBI) project and transfer of GFBI Borefield assets to Gascoyne Water ownership. Negotiations of final terms and conditions have been underway for months as the board's priority is to reduce the risk and financial exposure of its members, whilst ensuring that any future additional capacity of the GFBI Borefield vests with GWC.

The release of the 4,000 GWC shares for the GFBI developers has commenced and will increase income to Gascoyne Water with $1.2M towards the equipping of GFBI bores from the sale of the shares at $300/share and up to $1.45M/year ongoing income in fixed and variable charges.

The importance of this agreement is however above the financial bottom line. This project is key in GWC's long-term vision to become the sole water supplier in the region. At completion we will have undoubtedly proven our capability and capacity as a leading co-op irrigator in this State, able to cope with complex challenges, grow our network whilst ensuring the delivery of a quality service.

From a governance perspective our Board is steadfast in its resolve to make good decisions swiftly but prudently. I am pleased to report that we have had an exceptional year with the entire board working with a strong focus and collaborative spirit.

- We have come a long way with regards to formation of agendas and documents to support board decisions, which are now fit for purpose.
- We have formed an Audit and Risk sub-committee and are proposing the appointment of a new independent director with finance and accounting background to organise and Chair this sub-committee.
- A new electronic board management platform has been adopted to allow for more efficient sharing of documentation and collaboration of board members.
- We have sought expert financial advice and invested a first $300k into a diversified share portfolio, and whilst this is a long-term investment the funds can be called upon within a few days if needed.
- I would like to see board evaluation introduced in the next 12 months in line with best practice, potentially with individual and 360 reviews.

From an operational perspective after a few challenging months the board has secured the full-time appointment of Mr Eddie Smith as chief executive officer until Dec 2023. He has been continuously working on business as usual whilst also developing his team, delivering maintenance and an aggressive capital expenditure program, in the most challenging labour and subcontractor availability conditions. I have collaborated with Mr Smith on a weekly basis to provide a sounding board for the various opportunities and challenges he had to navigate through operationally and strategically, as well as support him in lobbying and strategic stakeholder engagement. On behalf of the members and the entire board, I would like to thank Mr Smith and his team for their very hard work over the past year, it is greatly appreciated.

Going forward one of our key priorities is member engagement. We have commenced quarterly Shed Meetings and intent to continue these, welcoming all members to attend to hear directly from your board and executive, raise any questions you may have and provide your feedback. We are working on a comprehensive communications plan to ensure engagement with members and all other stakeholders is systematic and consistent.

Operationally the delivery of the GFBI is the most significant item for the next 12-24 months and handling any risk associated with network performance, water flow management and remaining within budgets.

The assessment of our cost of operations, exploring opportunities for cost reduction remains ongoing. We are part of a research study that will compare the cost of irrigation systems similar to ours across Australia and we look forward to the results. Renewable energy has been on the agenda for a while and the timing is now ripe for a full consideration, as Horizon Power is strategically motivated to support renewable energy options.

I would like to make a special mention of retiring Independent Director Geoff Calder, who has served on our board since 2017. Mr Calder spent 20 years as Chief Executive Officer of Harvey Water and brought on our board a wealth of knowledge and experience in water operations and corporate governance. On behalf of the board and members I would like to thank Mr Calder for his significant contribution.

Despite the challenges and controversies that have faced GWC over the years, this has been an exceptional 12 months and I am very optimistic for the future. It has been a privilege to serve a member-based organisation that is helping the local farming community.

Dr Elena A. Mamouni Limnios
Chair
Gascoyne Water Co-operative Ltd

CEO's Report

It is my pleasure to provide a report to members as the Chief Executive Officer (CEO) of the Gascoyne Water Co-operative (GWC).

GWC have had a strong financial and operational result for the 2022 financial year.

Water Production

We have had 2 small river flows in 2022 following good flows in 2021 which provided good aquifer recharge in the borefields.

- The TDS readings of the scheme water are currently averaging at:
  - 536mg/l from the Northern Borefields (NBF)
  - 548mg/l from the Southern Borefields. (SBF)
- 7.13GL of scheme water was supplied over the 2022 financial year, with:
  - 4.73GL being supplied from the SBF and
  - 2.4GL being supplied from the NBF.

Water Charges

On the back of good financial results and forecast revenue growth from the co-operatives expansion of business over coming years there will be no change to GWC or GWAMCO water charges for the 2023 water year with base charges shown below.

GWC

Description of Charge	Rate
Fixed charge	0.2022 cents/kl allocation
Variable contribution (consumption)	0.1122 cents/kl consumed

GWAMCO

Description of Charge	Rate
Asset Replacement Contribution Levy	0.04081 cents/kl allocation
Fixed Asset Contribution	$2,040.80/annum/supply point

GWC Financial Results

The audited financial reports are included in the Annual Reports, which will be available from the GWC office or on our website and will be presented by the company accountants at the AGM, which Members are encouraged to attend.

Profit and Loss

The Financial Statements, report a consolidated loss before income tax of $379,653 for the 2022 financial year. This result is materially impacted by an accounting asset impairment charge, which is required by the Australian Accounting Standards.

With the financial reports adjusted to remove the impact of the asset impairment charge, the GWC profit for the 2022 financial year report is **$462,782**. This is a strong result, particularly considering the increased fixed bulk water charge and electricity expenses which have been absorbed without increasing water prices.

Staff Changes

Despite the very tight labour market throughout the WA economy, we have successfully recruited staff to fill key roles in the GWC.

Peter Butler joins us as the Operations Manager, taking over from Justin Murphy who will be retiring soon after 3 years with the GWC.

Chonte Steele has taken on the new role of Office Manager and is supported by our new Administration Assistant Sandra Fraser.

Genevieve Burnett continues with the GWC as the Executive Assistant and the GWC Co Secretary.

Bob Lunnen continues to work remotely as our Electrical and Instrumentation Engineer working on project works and planned system improvements and upgrades.

Thank you to the Team for your efforts and support in keeping the co-operatives running smoothly.

GISAM and GFBI Projects

Gascoyne Water are working with Department of Primary Industries and Regional Development (DPIRD), Water Corporation and Department of Water and Environmental Regulation (DWER) to deliver the Gascoyne Foodbowl Initiative (GFBI) and Gascoyne Irrigation System Augmentation and Modernisation (GISAM) projects.
Successfully delivering these projects will mean.

- Increased revenue to Gascoyne Water.
- Expansion of the borefield area and allocation licenced to Gascoyne Water.
- Expansion of the Carnarvon Horticultural industry.
- Expansion of the Gascoyne Water asset base.
- Expansion of the Gascoyne Water membership.
- Improved stability and efficiency of the irrigation Water system.

All of which supports Gascoyne waters Strategic Goal of becoming the single operator of the irrigation water production and supply system in the future.

Thank you all and I look forward to seeing you all at the AGM and supporting you over the next year.

Eddie Smith CEO
Gascoyne Water

Board of Directors

Dr Elena Limnios (Non-Member Director/Chair)

Dr Elena Limnios is an experienced Independent Board Director, currently serving as Board Member for SMTAFE, Chairperson for Perth NRM and Chair of the Hellenic Australian Chamber of Commerce and Industry. Elena is a former UWA Business School Assistant Professor and is considered a national expert in cooperatives and mutuals, having led research collaborations with over 40 industry and institutional partners worldwide. She has published across governance, strategy and finance, consulted at board and executive levels and developed AICD equivalent training for member-owned businesses. Elena is also an experienced engineer and property professional, her qualifications include Masters in Engineering (High Distinction), MBA, PhD in organizational resilience (UWA), and Graduate Membership of the Australian Institute of Company Directors (AICD).

Linda Lyall (Member Director)

Linda Lyall is a banana/mango grower from North River Road, North Plantations. Linda has been an active member since 2003 and meets the qualifications of a Director under the Rules. Linda was elected to the Board of GWC at the 16th Annual General Meeting held on 20 November 2018. Linda is a 3rd generation grower on the Gascoyne River. She has been involved in many community projects and events. She has volunteered in the community for many years. Linda has strong family ties in the growing community and has a keen interest in the development and management of the horticulture industry. She has a broad understanding of the irrigation regulatory requirements and has completed and kept up to date with director training.

Rodney Sweetman (Member Director)

Rodney Sweetman was appointed to the position of Member Director of GWC at the Annual General Meeting of Members held on Monday 16 November 2020. Mr Sweetman has been a member of the Co-operative since 2006 when he purchased his plantation and was a Director on the Board of GWC over the years including Acting Chief Executive Officer of GWC for a brief period. Mr Sweetman has business experience managing and operating a diversified private business successfully in Carnarvon for 25 years. He was involved in local government and State Parliament for 8 years

Domenico Condo (Member Director)

Domenico Condo was appointed to the position of Member Director at the co-operatives' Annual General Meeting of Members held on Monday 16 November 2020. Mr Condo provided the following list of achievements as follows:

- Established horticulture knowledge and experience from the early 1970's.

- In-depth knowledge of water trading and management schemes from business ownership in Mildura district of Victoria.
- Management of failing business to the position of being an exporter of premium grapes, citrus and beans.
- Winner inaugural Victorian New Business of the year Award 1994.
- Development of current business in Carnarvon from bare ground in 1995 to current table grape production facility across two sites.

Mr Condo has service on many business and community Boards and Committees since arriving in Carnarvon such as:

- Inaugural Director of Gascoyne Water Cooperative (GWC) and Chairman for 8 years standing down in 2015.
- Former GWC representative working with the GWAAC Committee.
- Grower representative on the Carnarvon Ministerial Advisory Group.
- Former member of the Borefield Management Group.
- Former Vice Chairperson on the Carnarvon Irrigation Steering Committee.
- Former Shire Councillor Plantation Ward.
- Former Board Member of the Gascoyne Development Commission.
- Former Vice Chairperson of the Carnarvon Growers Association and current Committee Member.
- Member of the Carnarvon Chamber of Commerce.
- Licensed fumigator - fumigation of produce for export.

Geoff Calder (Non-Member Director)

Geoffrey Calder was appointed to the position of Non-Member Director at the 15th AGM of Members held Monday 30 October 2017. Mr Calder has spent the past 20 years as Chief Executive Officer of Harvey Water in the South West and brings with him a wealth of knowledge and experience in operations and corporate governance. Mr Calder's experience in facilitating Strategic Planning, Risk Management, team building and many other areas too numerous to mention, will be of great value to the GWC.

Paul Shain (Member Director)

Paul (Pavao) Shain was elected by members at the 19th Annual General Meeting of Gascoyne Water Co-operative Ltd held 22 November 2021. Mr Shain has been a grower in the Gascoyne for 26 years. He believes he understands the many issues that the industry has to deal with and acknowledges water is the most important input to the horticultural industry. He offers to represent the Vietnamese growers who depend on the Gascoyne Water Co-operative and believes he can assist them in increasing their understanding of how their co-operative works.

John Thomas (Member Director)

John Thomas was born in Busselton and moved to Carnarvon in 1953. He has been a banana planter for over 50 years. Mr Thomas was re-elected to the Board of GWC at the 17th Annual General Meeting held on 20 November 2018.

Corporate Governance Report

Board Responsibilities

The Board is accountable to members for the performance of the cooperative. In carrying out its responsibilities the Board undertakes to serve the interests of members, employees, customers, and the broader community, in an honest, fair and diligent manner and in accordance with the Co-operative Rules and the Director's Code of Conduct and within the bounds of applicable legislation, regulations and laws.

In particular the Board:

- Sets and reviews strategic direction
- Establishes and reviews policy
- Ensures compliance with laws and all appropriate accounting standards
- Monitors the operating and financial performance of the Co-operative
- Monitors Risk Management
- Ensures adequate and inclusive communication with the members

Board Structure

The Rules of the Co-operative provide that the minimum number of Member Directors is three (3) and the maximum number of Member Directors is five (5). In addition to Member Directors, there must be a minimum of two (2) Non-Member Directors and subject to rule 47.3 a maximum of four (4) Non-Member Directors. Non-Member Directors may be nominated by the Board for election, but only persons with skills, experience, or knowledge in the engineering, industrial, legal, commercial or financial sectors are eligible to be nominated.

The Board currently comprises five (5) Member Directors and two (2) Non-Member Directors. Director details as at the date of this report, including their qualifications and experience are set out on the preceding pages.

Meetings

The Board generally schedules monthly Board meetings. In addition to this, the Board will meet whenever necessary to deal with specific matters. In this reporting period, the Board held a total of 9 ordinary Board Meetings. Details of Directors' attendance at meetings are set out within this report.

The Chairman, Company Secretary & Chief Executive Officer establish meeting agendas to ensure adequate coverage of strategic, financial and risk areas. Directors are expected to participate and exercise their independent judgement.

Access to Information and Professional Advice

Directors receive regular detailed financial and operational reports compiled and presented by the co-operative accountants and have unrestricted access to company records and information. Board members have the authority to engage independent experts, collectively or individually in line with the "Seeking Independent Advice" and "Financial Delegations" Policies.

Directors and Officers Insurance and Deeds of Indemnity
The Co-operative's Rules require the Co-operative to indemnify its officers against all liabilities, costs, charges, losses, damages and expenses which they may respectively incur, or be put to, in the execution of their respective offices. Further, the Co-operative's Rules permit the Co-operative to maintain and pay insurance premiums for Director and officer liability insurance, to the extent permitted by law.

During the financial year, the Co-operative did not pay insurance premiums for a Directors and Officers liability insurance contract that provides cover for Directors and Officers of the Co-operative. The Co-operative has executed Deeds of Indemnity for Directors and Officers in lieu of an insurance policy.

Director Training
All Directors are expected to maintain the skills required to discharge their obligations to the Co-operative. Directors are encouraged to undertake continued professional education involving industry seminars and approved education courses. All Directors are encouraged to attend industry-specific conferences including the annual Irrigation Australia and Co-operatives WA Conferences. As part of their continued professional development Directors participated in a 3-day Directorship Course facilitated by the Australian Institute of Directors in April 2019.

Review of Board and Director Performance
The Board is responsible for overseeing the annual evaluation of the Board and Director performance. The Board aims to conduct annual evaluations with the objective of improving Board processes and overall efficiency.

Committees of the Board
The Board has established a recruitment committee for the appointment of GWC new non-member Director.

Communication with Shareholders
Directors recognise that shareholders, as the ultimate owners of the Co-operative, are entitled to receive timely and relevant information about the Co-operative. The Board has established a Communication Policy which aims to promote open and effective communication with members and other stakeholders of the Co-operative. A range of communication means are used including but not limited to:

- Annual Report
- Annual General Meeting
- Informal Meetings with members
- website www.gascoynewater.com.au
- Regular member mail outs including Newsletters

Disputes Panel/Committee
In accordance with Rule 97/98 the Board determined that the Disputes Panel shall comprise of seven persons for the reporting period. For the period, the non-Director members appointed to the Disputes Panel were: Ms Valerie Shrubb, Mr Albert Holtham, Mr John Kearney, Mr Wayne Whitcroft and Mr David Bumbak.

A Disputes Committee was not formed during this reporting period.

Directors
The following persons held office as Directors of Gascoyne Water Co-operative Limited at 30 June 2022:

- Elena Limnios – Non-Member Director & Chair (March 2022 thru June 2022 and ongoing)
- John Thomas – Member Director
- Linda Lyall – Member Director (Chair Nov 2021 thru March 2022)
- Rodney Sweetman – Member Director
- Domenico Condo – Member Director
- Paul Shain – Member Director
- Geoffrey Calder – Non-Member Director

The Co-operative Rules provide for rotation of Directors (see Rule 53). One-third of Members Directors retire from office but may offer themselves for re-election if desired. Non-member Directors may be appointed for a period of not more than three years if the candidate is nominated under Rule 48.2.

Company Secretary
Wendy Lamotte commenced the role of Company Secretary in December 2021 following Lisa Hodson's resignation. Wendy holds a Bachelor of Laws degree and a Master of Business Administration (UWA). She is committed to sound and sustainable governance best practices.

Principle Activities
The principal activities of the Company during the financial year consisted of:

- managing the supply of water to irrigators, including the development of the northern borefield in conjunction with the Service Agreement with Gascoyne Water Asset Mutual Co-operative Ltd;
- operating and maintaining the irrigation assets within the irrigation area of Carnarvon;
- developing the business management systems to serve the business into the future;

Significant Changes in the State of Affairs
There were no significant changes in the state of affairs of the company that occurred during the year which are not otherwise in this report and the accounts.

Directors' Benefits
No Director of the Company has received, or has become entitled to receive, a benefit (other than a remuneration benefit included in the Notes to the accounts) because of a contract that the Director, or a firm in which the Director is a member, or an entity in which the Director has a substantial financial interest, has made with the company.

Directors' Interests

The relevant interests in the share capital of the company as at 30 June 2022, appearing in the register maintained at the office under Division 7 Section 230 of the *Co-operatives Act 2009* were:

Director	**A Class Shares**	**C class Shares**
Paul Shain	500	72
John Thomas	500	30
Linda Lyall	500	54
Domenico Condo	500	160
Rodney Sweetman	500	5
Elena Limnios	Nil	Nil
Geoffrey Calder	Nil	Nil

Note: GWC Chief Executive Officer, Mr Eddie Smith, is listed as a director of Caidan Investments (WA) Pty Ltd which holds 500 A Class shares and 40 C Class shares in GWC and Caidan Produce Pty Ltd which holds 500 A Class Shares and 73 C class shares in GWC.

Meetings of Directors

The below table outlines the attendance of Directors at ordinary Board meetings.

Directors Name	**# of Meetings Held during reporting period**	**# of Meetings Attended**	**Directorship period (commencement date – end of report)**
John Thomas	13	11	18/11/2019 – 30/06/2022
Linda Lyall	13	10	20/11/2018 – 30/06/2022 (Chair Nov 2021 thru March 2022)
Domenico Condo	13	13	16/11/2020 – 30/06/2022
Thomas Day	4	4	18/11/2019 – 22/11/2021 (Chair June 2021 thru Nov 2021)
Rodney Sweetman	13	13	16/11/2020 – 30/06/2022
Paul Shain	9	9	22/11/2021 – 30/06/2022
Elena Limnios	13	12	15/12/2020 – 30/06/2022 (Chair March 2022 – ongoing)
Geoffrey Calder	13	12	30/10/2017 – 30/06/2022

Remuneration of Directors
No change has been made to Director remuneration from that accepted by Members at the Fourteenth Annual General Meeting on 24 November 2016 as follows:

Director Name	Position Title	Budgeted Amount per Annum	Actual 2021/2022 Financial Year
Paul Shain	Member Director	$6,000	$3,500
John Thomas	Member Director	$6,000	$6,000
Linda Lyall	Member Director & Chair	$6,000	$8,666
Domenico Condo	Member Director	$6,000	$6,000
Rodney Sweetman	Member Director	$6,000	$6,000
Elena Limnios	Non-member Director & Chair	$33,000	$26,999
Geoffrey Calder	Non-member Director	$25,000	$24,999

Auditor
AMD Audit & Assurance Midwest Pty Ltd (ACN 609 606 902) accepted the appointment as GWC's external Auditors at the 19h Annual General Meeting held on 22 November 2021 for the Financial Year ending 30 June 2022.

Financial Results
The financial results for the company for the year are contained in the attached Statutory Accounts.

Subsequent Events
No subsequent events are reported.
No options over issued shares or interests in the company or a controlled entity were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The Co-operative was not a party to any such proceeding during the year.

Dividends & Distributions
GWC did not pay any dividends or distributions to members during the year.

GWC, not being a listed Company, did not grant any options over unissued shares or unissued interests, to any of the Directors or any of the 5 most highly remunerated officers of the co-operative during the year or since the end of the year.

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

Elena Limnios

Chair/Member Director

CHIEF EXECUTIVE OFFICER DECLARATION

I, Edward Summerhayes Smith, Chief Executive Officer of the Gascoyne Water Co-operative Ltd hereby certify:

- That any reserves are used in the business
- That the accompanying Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position of the Co-operative are to the best of my knowledge and belief, true in very particular
- That the names, addresses and occupations of persons who are Directors of the Co-operative at the date of this report are:

Director Name	Occupation	Address
Paul Shain	Farmer	Carnarvon
John Thomas	Farmer	Carnarvon
Linda Lyall	Farmer	Carnarvon
Domenico Condo	Farmer	Carnarvon
Rodney Sweetman	Farmer	Carnarvon
Elena Limnios	Company Director	Shenton Park
Geoffrey Calder	Company Director	Fremantle

Edward Smith

General Manager

Carnarvon, Western Australia Date: 31/10/2022

Gascoyne Water Co-operative Limited and Controlled Entities

ABN: 32 590 776 789

Financial Report
30 June 2022

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Gascoyne Water Co-operative Limited and Controlled Entities
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

		Consolidated Group		Parent Entity	
		2022	2021	2022	2021
	Note	$	$	$	$
Sales revenue	3	**3,413,652**	3,115,105	**3,463,452**	2,953,556
Other Revenue	3	**644,995**	41,137	**692,300**	41,137
Water Charges		**(1,481,196)**	(1,328,530)	**(1,462,835)**	(1,309,825)
Payroll expense		**(618,072)**	(682,295)	**(618,072)**	(682,295)
Depreciation and amortisation expense	4	**(41,240)**	(31,276)	**(41,240)**	(31,276)
Consultants		**(105,369)**	(34,680)	**(105,369)**	(34,680)
Writeback / (Loss) on debts written off	8	**22,405**	9,577	**22,405**	9,577
Impairment loss	4	**(1,410,141)**	(10,000)	**(1,410,141)**	(10,000)
Maintenance, operations and inventory		**(543,493)**	(544,750)	**(542,929)**	(544,055)
Administration expenses		**(260,976)**	(301,073)	**(260,406)**	(300,503)
Finance costs		**(218)**	(440)	**(218)**	(440)
Profit / (loss) before income tax		**(379,653)**	232,775	**(263,053)**	91,196
Income tax expenses	5	**90,578**	(59,397)	**90,578**	(59,397)
Profit / (loss) for the year		**(289,075)**	173,378	**(172,475)**	31,799
Profit attributable to:					
Members of the parent entity		**(289,075)**	173,378	**(172,475)**	31,799
		(289,075)	173,378	**(172,475)**	31,799

The accompanying notes form part of these financial statements

Gascoyne Water Co-operative Limited and Controlled Entities

Statement of financial position

As at 30 June 2022

		Consolidated Group		Parent Entity	
		2022	**2021**	**2022**	**2021**
	Note	**$**	**$**	**$**	**$**
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	7	**4,285,130**	3,445,454	**4,092,868**	3,127,836
Trade and other receivables	8	**219,880**	136,137	**195,324**	118,839
Inventories	9	**96,592**	94,943	**96,592**	94,943
Financial assets	11	**228,584**	1,578,505	**228,584**	1,578,505
Other assets	10	**936,950**	10,121	**936,950**	10,121
TOTAL CURRENT ASSETS		**5,767,136**	5,265,160	**5,550,318**	4,930,244
NON-CURRENT ASSETS					
Financial assets	11	**-**	-	**1**	1
Property, plant and equipment	13	**-**	841,967	**-**	841,967
Right-of-use assets	14	**-**	15,633	**-**	15,633
Intangible assets	15	**-**	82	**-**	82
Deferred tax assets	16	**257,497**	381,885	**257,497**	381,885
TOTAL NON-CURRENT ASSETS		**257,497**	1,239,567	**257,498**	1,239,568
TOTAL ASSETS		**6,024,633**	6,504,727	**5,807,816**	6,169,812
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	17	**1,054,652**	1,040,113	**1,053,071**	1,037,034
Contract liabilities	18	**52,294**	-	**52,294**	-
Provisions	19	**7,172**	41,776	**7,172**	41,776
Lease liabilities	20	**8,301**	7,751	**8,301**	7,751
GFBI Funds Held in Trust	22	**9,130**	9,130	**9,130**	9,130
TOTAL CURRENT LIABILITIES		**1,131,549**	1,098,770	**1,129,968**	1,095,691
NON-CURRENT LIABILITIES					
Borrowings	21	**3,042,706**	3,042,706	**3,042,706**	3,042,706
Lease liabilities	20	**49,225**	57,526	**49,225**	57,526
Deferred tax liabilities	16	**-**	214,967	**-**	214,967
TOTAL NON-CURRENT LIABILITIES		**3,091,931**	3,315,199	**3,091,931**	3,315,199
TOTAL LIABILITIES		**4,223,480**	4,413,969	**4,221,899**	4,410,890
NET ASSETS		**1,801,153**	2,090,758	**1,585,917**	1,758,922
EQUITY					
Issued capital	23	**91,152**	91,682	**92,002**	92,532
Retained earnings		**1,710,001**	1,999,076	**1,493,915**	1,666,390
TOTAL EQUITY		**1,801,153**	2,090,758	**1,585,917**	1,758,922

The accompanying notes form part of these financial statements

Gascoyne Water Co-operative Limited and Controlled Entities
Statement of changes in equity
For the year ended 30 June 2022

	Note	Ordinary Shares	Retained Earnings	Total
		$	$	$
Consolidated Group				
Balance at 1 July 2020		91,182	1,825,698	1,916,880
Balance at 1 July 2020 - restated		91,182	1,825,698	1,916,880
Comprehensive income				
Profit for the year		-	173,378	173,378
Shares issued during the year	23	2,500	-	2,500
Shares brought-back during the year	23	(2,000)	-	(2,000)
Balance at 30 June 2021		91,682	1,999,076	2,090,758
Balance at 1 July 2021		**91,682**	**1,999,076**	**2,090,758**
Comprehensive income				
Profit for the year		**-**	**(289,075)**	**(289,075)**
Shares issued during the year	23	**4,000**	**-**	**4,000**
Shares brought-back during the year	23	**(4,530)**	**-**	**(4,530)**
Balance at 30 June 2022		**91,152**	**1,710,001**	**1,801,153**

	Note	Ordinary Shares	Retained Earnings	Total
		$	$	$
Parent Entity				
Balance at 1 July 2020		92,032	1,634,591	1,726,623
Balance at 1 July 2020 - restated		92,032	1,634,591	1,726,623
Comprehensive income				
Profit for the year		-	31,799	31,799
Shares issued during the year	23	2,500	-	2,500
Shares brought-back during the year	23	(2,000)	-	(2,000)
Balance at 30 June 2021		92,532	1,666,390	1,758,922
Balance at 1 July 2021		**92,532**	**1,666,390**	**1,758,922**
Comprehensive income				
Profit for the year		**-**	**(172,475)**	**(172,475)**
Shares issued during the year	23	**4,000**	**-**	**4,000**
Shares brought-back during the year	23	**(4,530)**	**-**	**(4,530)**
Balance at 30 June 2022		**92,002**	**1,493,915**	**1,585,917**

The accompanying notes form part of these financial statements

Gascoyne Water Co-operative Limited and Controlled Entities
Statement of cash flows
For the year ended 30 June 2022

		Consolidated Group		Parent Entity	
		2022	**2021**	**2022**	**2021**
CASH FLOWS FROM OPERATING ACTIVITIES	**Note**	**$**	**$**	**$**	**$**
Receipts from customers		**4,041,087**	3,242,191	**3,895,449**	3,052,121
Payments to suppliers and employees		**(3,953,400)**	(2,888,156)	**(3,932,406)**	(2,869,259)
Interest received		**2,455**	20,775	**2,455**	20,775
Interest paid		**(218)**	(440)	**(218)**	(440)
Net cash provided by/(used in) operating activities	26	**89,924**	374,370	**(34,720)**	203,197
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		**(593,795)**	(152,639)	**(593,795)**	(152,639)
Purchase of computer software		**-**	-	**-**	-
Proceeds on sale of property, plant & equipment		**6,156**	-	**6,156**	-
Proceeds from financial assets at amortised cost		**1,349,921**	-	**1,349,921**	-
Payments for financial assets at amortised cost		**-**	(688)	**-**	(688)
Net cash provided by/(used in) investing activities		**762,282**	(153,327)	**762,282**	(153,327)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		**4,000**	2,500	**4,000**	2,500
Share buy-back payment		**(4,530)**	(2,000)	**(4,530)**	(2,000)
Net repayment of borrowings		**-**	-	**-**	-
Repayment of lease liabilities		**(12,000)**	(12,000)	**(12,000)**	(12,000)
GFBI Payments		**-**	-	**-**	-
Dividends paid to parent entity		**-**	-	**250,000**	-
Net cash provided by/(used in) financing activities		**(12,530)**	(11,500)	**237,470**	(11,500)
Net increase/(decrease) in cash held		**839,676**	209,543	**965,032**	38,370
Cash and cash equivalents at beginning of financial year		**3,445,454**	3,235,911	**3,127,836**	3,089,466
Cash and cash equivalents at end of financial year	7	**4,285,130**	3,445,454	**4,092,868**	3,127,836

The accompanying notes form part of these financial statements

This financial report covers Gascoyne Water Co-operative Limited and Controlled Entities and its controlled entities ('the Group'). Gascoyne Water Co-operative Limited and Controlled Entities is a for-profit Company limited by shares, incorporated and domiciled in Australia.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The financial report was authorised for issue by the Directors on 31 October 2022.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the *Co-operatives Act 2009.* The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments. The amounts presented in the financial statements have been rounded to the nearest dollar.

2 Summary of Significant Accounting Policies

(a) Basis for consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the Parent (Gascoyne Water Co-operative Ltd) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the Parent controls. The Parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of controlled entities is contained in Note 12 to the financial statements.

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

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

(b) Income Tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or

- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Gascoyne Water Co-Operative Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

(c) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(d) Revenue recognition

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Dividend revenue

Dividends are recognised when the entity's right to receive payment is established.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

(e) Finance costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(f) Goods and services tax (GST)

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

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

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the weighted average costs basis and is net of any rebates and discounts received. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

(h) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Land and buildings

Land and buildings are measured using the revaluation model. Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured using the cost model. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

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

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

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Group, commencing when the asset is ready for use.

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss when the item is derecognised. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Fixed asset class

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(i) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(j) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the Group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

(k) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(l) Impairment of non-financial assets

At the end of each reporting period the Group determines whether there is any evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

(m) Intangibles

Software

Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between one and five years.

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

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

(n) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

(o) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days. The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(p) Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(q) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount is taken to finance costs in the statement of profit or loss and other comprehensive income.

(r) Contract Liabilities

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

(s) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(t) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

(u) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(v) New or Amended Accounting Standards and Interpretations Adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(w) New Accounting Standards and Interpretations not yet Mandatory or Early Adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2022. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

(x) Critical Accounting Estimates and Judgments

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. The directors continually evaluate their judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. The directors base their judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, the directors believe to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 8, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Revenue from contracts with customers involving sale of goods

When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the Group is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

Fair value measurement hierarchy

The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Employee benefits provision

As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 3 Revenue and Other Income

	Consolidated Group 2022 $	Consolidated Group 2021 $	Parent Entity 2022 $	Parent Entity 2021 $
Sales revenue				
- Revenue from water sales	**2,999,393**	2,910,339	**2,752,428**	2,701,664
- GWAMCO service agreement	**410,483**	66,888	**410,483**	66,888
- Other trading revenue	**1,321**	117,103	**48,086**	164,229
	3,411,197	3,094,330	**3,210,997**	2,932,781
Finance Income				
- Interest received	**2,455**	20,775	**2,455**	20,775
- Dividend income	**-**	-	**250,000**	-
	2,455	20,775	**252,455**	20,775
Total revenue from sales	**3,413,652**	3,115,105	**3,463,452**	2,953,556
Other Income				
- Share sale revenue	**76,800**	-	**-**	-
- GISAM Funding	**567,706**	-	**567,706**	-
- Water Corporation on Sale Fee	**-**	-	**124,105**	-
- Cash flow boost	**-**	37,500	**-**	37,500
- Rebates and refunds	**489**	3,637	**489**	3,637
	644,995	41,137	**692,300**	41,137

Note 4 Expenses

Profit before income tax from continuing operations included the following specific expenses:

	Note	Consolidated Group 2022 $	Consolidated Group 2021 $	Parent Entity 2022 $	Parent Entity 2021 $
Expenses					
Accounting and Legal Fees					
- General accounting and tax		**28,573**	25,298	**28,573**	25,298
- Additional one off services		**37,313**	53,719	**37,313**	53,719
- Legal Fees		**55,746**	70,497	**55,746**	70,497
		121,632	149,514	**121,632**	149,514
Finance costs					
- Interest paid		**218**	440	**218**	440
		218	440	**218**	440
Impairment loss					
- Intangible assets (computer software)	15	**50**	1	**50**	1
- Right of use asset	14	**13,346**	182	**13,346**	182
- Property, plant and equipment	13	**1,396,745**	9,817	**1,396,745**	9,817
		1,410,141	10,000	**1,410,141**	10,000
Depreciation and amortisation expense					
- Property, plant and equipment	13	**38,921**	28,908	**38,921**	28,908
- Right-of-use asset	14	**2,287**	2,315	**2,287**	2,315
- Intangible assets (computer software)	15	**32**	53	**32**	53
		41,240	31,276	**41,240**	31,276
Leases					
- Interest expense on lease liabilities		**4,249**	4,763	**4,249**	4,763
		4,249	4,763	**4,249**	4,763

Note 5 Income Tax Expense

(a) Reconciliation of income tax to accounting profit:

	Consolidated Group		Parent Entity	
	2022	2021	2022	2021
	$	$	$	$
Profit from ordinary activities	**(379,653)**	232,775	**(263,053)**	91,196
Applicable tax rate	**25.00%**	26.00%	**25.00%**	26.00%
Prima facie tax payable on ordinary activities	**(94,913)**	60,522	**(65,763)**	23,711
Add:				
Tax effect of				
- Temporary differences	**4,336**	(1,124)	**(24,815)**	35,686
	4,336	(1,124)	**(24,815)**	35,686
Less:				
Tax effect of				
- Other allowable items	**-**	-	**-**	-
Income tax expense	**(90,578)**	59,397	**(90,578)**	59,397

	Consolidated Group		Parent Entity	
	2022	2021	2022	2021
CURRENT	$	$	$	$
Income tax payable	**-**	-	**-**	-
	-	-	**-**	-

Note 6 Auditor's Remuneration

	Consolidated Group		Parent Entity	
	2022	2021	2022	2021
	$	$	$	$
Remuneration of the auditor of the parent entity for:				
- Auditing or reviewing the financial statements	**13,600**	14,980	**13,600**	14,980
	13,600	14,980	**13,600**	14,980

Note 7 Cash and Cash Equivalents

	Consolidated Group		Parent Entity	
	2022	2021	2022	2021
CURRENT	$	$	$	$
Cash at bank and on hand - Unrestricted	**4,276,000**	3,436,324	**4,083,738**	3,118,706
Cash at bank and on hand - Restricted	**9,130**	9,130	**9,130**	9,130
	4,285,130	3,445,454	**4,092,868**	3,127,836

Restricted funds relate to the unspent portion of collaborative agreement funds. Refer to Note 21 for further detail.

The effective interest rate on short-term bank deposits was 0.00% (2021 0.00%).

Reconciliation of cash

Cash at the end of the financial year, as shown in the statement of cash flows, is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	**4,285,130**	3,445,454	**4,092,868**	3,127,836
	4,285,130	3,445,454	**4,092,868**	3,127,836

A floating charge over cash and cash equivalents has been provided for certain debt. Refer to Note 21 for further detail.

Note 8 Trade and Other Receivables

	Consolidated Group		Parent Entity	
	2022	2021	2022	2021
CURRENT	$	$	$	$
Trade receivables	**217,806**	137,546	**193,307**	120,272
Provision for impairment	**(31,060)**	(53,465)	**(31,060)**	(53,465)
	186,746	84,081	**162,247**	66,807
Other receivables	**33,134**	52,056	**33,077**	52,032
Total current trade and other receivables	**219,880**	136,137	**195,324**	118,839

(a) Allowance for expected credit losses

The group has recognised a reversal of unused amounts of $22,405 (2021: $9,577 reversal) in profit or loss in respect of the expected credit losses for the year ended 30 June 2022.

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

Consolidated - 2022	Expected credit loss rate 2022	Carrying amount 2022	Allowance for expected credit losses 2022
	%	$	$
Not overdue	**0.0%**	**103,342**	**-**
0 to 3 months overdue	**6.5%**	**56,836**	**3,673**
Over 3 months overdue	**47.5%**	**57,628**	**27,387**
		217,806	**31,060**

Consolidated - 2021	Expected credit loss rate 2021	Carrying amount 2021	Allowance for expected credit losses 2021
	%	$	$
Not overdue	5.5%	54,914	3,020
0 to 3 months overdue	24.0%	33,329	7,999
Over 3 months overdue	86.1%	49,303	42,446
		137,546	53,465

Movements in the allowance for expected credit losses are as follows:

	2022	2021
Consolidated	$	$
Opening balance	**53,465**	63,042
Unused amounts reversed	**(22,405)**	(9,577)
Closing balance	**31,060**	53,465

Note 8 Trade and Other Receivables (Cont.)

Parent - 2022	**Expected credit loss rate 2022**	**Carrying amount 2022**	**Allowance for expected credit losses 2022**
	%	**$**	**$**
Not overdue	**0.0%**	**95,479**	**-**
0 to 3 months overdue	**8.3%**	**44,406**	**3,673**
Over 3 months overdue	**51.3%**	**53,421**	**27,387**
		193,306	**31,060**

Parent - 2021	**Expected credit loss rate 2021**	**Carrying amount 2021**	**Allowance for expected credit losses 2021**
	%	**$**	**$**
Not overdue	6.5%	46,390	3,015
0 to 3 months overdue	30.4%	26,296	7,994
Over 3 months overdue	89.2%	47,586	42,456
		120,272	53,465

Movements in the allowance for expected credit losses are as follows:

	2022	**2021**
Parent	**$**	**$**
Opening balance	**53,465**	63,042
Unused amounts reversed	**(22,405)**	(9,577)
Closing balance	**31,060**	53,465

Note 9 Inventories

	Consolidated Group		**Parent Entity**	
	2022	**2021**	**2022**	**2021**
CURRENT	**$**	**$**	**$**	**$**
At cost:				
Consumables	**96,592**	94,943	**96,592**	94,943
	96,592	94,943	**96,592**	94,943

Note 10 Other Assets

	Consolidated Group		**Parent Entity**	
	2022	**2021**	**2022**	**2021**
CURRENT	**$**	**$**	**$**	**$**
Prepayments	**936,950**	10,121	**936,950**	10,121
	936,950	10,121	**936,950**	10,121

Note 11 Financial Assets

	Consolidated Group		Parent Entity	
	2022	2021	2022	2021
	$	$	$	$
CURRENT				
Financial assets at amortised cost - term deposits	**228,584**	1,578,505	**228,584**	1,578,505
	228,584	1,578,505	**228,584**	1,578,505

The effective interest rate on long-term bank deposits was 0.20% (2021 0.10%).

	Consolidated Group		Parent Entity	
	2022	2021	2022	2021
NON-CURRENT				
Financial assets at fair value through other comprehensive income - investment in subsidiaries	**-**	-	**1**	1
	-	-	**1**	1

Note 12 Composition of the Group

	Percentage Owned*	Percentage Owned*
	2022	2021
Name of subsidiary and place of business	%	%
Coral Coast Water Pty Ltd - Australia	100%	100%

* - The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

Note 13 Property, Plant and Equipment

	Consolidated Group		Parent Entity	
	2022	2021	2022	2021
	$	$	$	$
Plant and Equipment:				
- At cost	**497,336**	481,410	**497,336**	481,410
- Accumulated depreciation	**(343,101)**	(332,797)	**(343,101)**	(332,797)
- Accumulated impairment losses	**(154,235)**	(94,976)	**(154,235)**	(94,976)
	-	53,637	**-**	53,637
Leasehold improvements				
- At cost	**85,932**	85,932	**85,932**	85,932
- Accumulated depreciation	**(28,915)**	(28,831)	**(28,915)**	(28,831)
- Accumulated impairment losses	**(57,017)**	(53,770)	**(57,017)**	(53,770)
	-	3,331	**-**	3,331
Irrigation Asset				
- At cost	**15,992,437**	15,422,477	**15,992,437**	15,422,477
- Accumulated depreciation	**(2,219,002)**	(2,195,766)	**(2,219,002)**	(2,195,766)
- Accumulated impairment losses	**(13,773,435)**	(12,441,712)	**(13,773,435)**	(12,441,712)
	-	784,999	**-**	784,999
Total property, plant and equipment	**-**	841,967	**-**	841,967

Gascoyne Water Co-operative Limited and Controlled Entities
Notes to the financial statements
For the year ended 30 June 2022

Note 13 Property, Plant and Equipment (Cont.)

Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Plant and Equipment $	Leasehold Improvements $	Irrigation Assets $	Total $
Consolidated Group				
Balance at 1 July 2020	5,972	3,456	721,385	730,813
Additions	59,476	-	93,163	152,639
Disposals	-	-	(2,760)	(2,760)
Depreciation expense	(11,187)	(86)	(17,635)	(28,908)
Impairment loss	(625)	(39)	(9,153)	(9,817)
Carrying amount at 30 June 2021	**53,637**	**3,331**	**784,999**	**841,967**
Additions	**23,835**	**-**	**569,960**	**593,795**
Disposals - written down value	**(96)**	**-**	**-**	**(96)**
Depreciation expense	**(15,601)**	**(84)**	**(23,236)**	**(38,921)**
Impairment loss	**(61,775)**	**(3,247)**	**(1,331,723)**	**(1,396,745)**
Carrying amount at 30 June 2022	**-**	**-**	**-**	**-**

Impairment Testing

The recoverable amount of the consolidated entity as a cash generating unit has been determined by a value in use calculation using a discounted cash flow model, based on a 7 year projection period approved by management, together with a terminal value.

Key assumptions are those to which the recoverable amount of an asset or cash-generating unit is most sensitive.

The following key assumptions were used in the discounted cash flow model for the consolidated entity:
(a) 6.64% pre-tax discount rate;
(b) 2.5% per annum projected revenue growth rate.
(c) 2.0% per annum increase in operating costs and overheads

The discount rate of 6.64% pre-tax reflects managements estimate of the time value of money and the consolidated entity's weighted average cost of capital and the risk free rate.

Management believes the projected 2.5% revenue growth rate is prudent and justified, based on historical growth.

There were no other key assumptions for the consolidated entity.

Based on the above, an impairment charge of $1,410,141 has been applied as the carrying amount of the consolidated entity's assets exceeded their recoverable amount.

If there are any negative changes in the key assumptions on which the recoverable amount of the consolidated entity's assets is based, this would result in a further impairment charge.

Note 14 Right-of-use assets

	Consolidated Group		Parent Entity	
	2022	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**
Land and buildings - right-of-use	**74,212**	74,212	**74,212**	74,212
Accumulated depreciation	**(13,003)**	(10,716)	**(13,003)**	(10,716)
Accumulated impairment losses	**(61,209)**	(47,863)	**(61,209)**	(47,863)
	-	15,633	**-**	15,633

Movements in carrying amounts

	$
Consolidated Group	
Balance at 1 July 2020	18,130
Amortisation expense	(2,315)
Impairment expense	(182)
Carrying amount at 30 June 2021	**15,633**
Additions	**-**
Disposals	**-**
Depreciation expense	**(2,287)**
Impairment expense	**(13,346)**
Carrying amount at 30 June 2022	**-**

Gascoyne Water Co-Operative Limited leases land and buildings for its offices as part of its Service Agreement (Agreement) from Gascoyne Water Asset Mutual Co-Operative Ltd. The Agreement remains in effect while the consolidated entity holds the Water Service Licence (Licence) for the Carnarvon Operating Area. The Licence expires on 22 June 2028.

Impairment Testing
Details of impairment testing of the consolidated entity as a cash generating unit are outlined at Note 13.

Note 15 Intangible Assets

	Consolidated Group		Parent Entity	
	2022	**2021**	**2022**	**2021**
Computer software	**$**	**$**	**$**	**$**
Cost	**210,439**	210,439	**210,439**	210,439
Accumulated amortisation	**(206,530)**	(206,498)	**(206,530)**	(206,498)
Accumulated impairment losses	**(3,909)**	(3,859)	**(3,909)**	(3,859)
Net carrying amount	**-**	82	**-**	82
Total intangibles	**-**	82	**-**	82

Movements in carrying amounts

	$
Consolidated Group	
Balance at 1 July 2020	136
Amortisation expense	(53)
Impairment expense	(1)
Carrying amount at 30 June 2021	**82**
Amortisation expense	**(32)**
Impairment expense	**(50)**
Carrying amount at 30 June 2022	**-**

Impairment Testing
Details of impairment testing of the consolidated entity as a cash generating unit are outlined at Note 13.

Note 16 Deferred Tax Assets and Liabilities

	Consolidated Group		Parent Entity	
	2022	2021	2022	2021
	$	$	$	$
CURRENT				
Income tax payable	**-**	-	**-**	-
Total	**-**	-	**-**	-

NON-CURRENT	Opening Balance	(Charged)/ Credited to Profit & Loss	(Charged)/ Credits Directly to Equity	Changes in Tax Rates	Exchange Differences	Closing Balance
Consolidated Group	$	$	$	$	$	$
Deferred tax liability						
Other	159,878	67,490	-	(12,401)	-	214,967
Balance at 30 June 2021	159,878	67,490	-	(12,401)	-	214,967
Other	**214,967**	**(214,967)**	**-**	**-**	**-**	**-**
Balance at 30 June 2022	**214,967**	**(214,967)**	**-**	**-**	**-**	**-**
Deferred tax assets						
Other	386,193	(26,340)	-	22,032	-	381,885
Balance at 30 June 2021	386,193	(26,340)	-	22,032	-	381,885
Other	**381,885**	**(114,088)**	**-**	**(10,300)**	**-**	**257,497**
Balance at 30 June 2022	**381,885**	**(114,088)**	**-**	**(10,300)**	**-**	**257,497**

Parent Entity	Opening Balance	(Charged)/ Credited to Profit or Loss	(Charged)/ Credited Directly to Equity	Changes in Tax Rates	Exchange Differences	Closing Balance
	$	$	$	$	$	$
Deferred Tax Liability						
Other	159,878	67,490	-	(12,401)	-	214,967
Balance at 30 June 2021	159,878	67,490	-	(12,401)	-	214,967
Other	**214,967**	**(214,967)**	**-**	**-**	**-**	**-**
Balance at 30 June 2022	**214,967**	**(214,967)**	**-**	**-**	**-**	**-**
Deferred Tax Assets						
Other	386,193	(26,340)	-	22,032	-	381,885
Balance at 30 June 2021	386,193	(26,340)	-	22,032	-	381,885
Other	**381,885**	**(114,088)**	**-**	**(10,300)**	**-**	**257,497**
Balance at 30 June 2022	**381,885**	**(114,088)**	**-**	**(10,300)**	**-**	**257,497**

Note 17 Trade and Other Payables

	Consolidated Group		Parent Entity	
	2022	2021	2022	2021
	$	$	$	$
CURRENT				
Trade payables	**969,987**	880,019	**969,987**	879,578
Other payables	**84,665**	160,094	**83,084**	157,456
	1,054,652	1,040,113	**1,053,071**	1,037,034

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

Note 18 Contract Liabilities

	Consolidated Group		Parent Entity	
	2022	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**
CURRENT				
Contract liabilities	**52,294**	-	**52,294**	-
	52,294	-	**52,294**	-

Contract liabilities relate to funding received under the Financial Assistance Agreement for the *Gascoyne Irrigation Scheme Augmentation and Modernisation* project. During the year $620,000 funding was received of which $567,706 was spent on the project up to 30 June 2022.

Note 19 Provisions

	Consolidated Group		Parent Entity	
Analysis of Provisions	**2022**	**2021**	**2022**	**2021**
CURRENT	**$**	**$**	**$**	**$**
Annual Leave				
Opening balance at 1 July 2021	**23,018**	36,251	**23,018**	36,251
Additions	**21,593**	35,478	**21,593**	35,478
Used	**(37,439)**	(48,711)	**(37,439)**	(48,711)
Balance at 30 June 2022	**7,172**	23,018	**7,172**	23,018
Long Service Leave				
Opening balance at 1 July 2021	**18,758**	16,709	**18,758**	16,709
Additions	**2,509**	2,049	**2,509**	2,049
Used	**(21,267)**	-	**(21,267)**	-
Balance at 30 June 2022	**-**	18,758	**-**	18,758
Total	**7,172**	41,776	**7,172**	41,776

Note 20 Lease liabilities

	Consolidated Group		Parent Entity	
	2022	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**
Current	**8,301**	7,751	**8,301**	7,751
Non current	**49,225**	57,526	**49,225**	57,526
	57,526	65,277	**57,526**	65,277

Refer to note 29 for further information on financial instruments.

Note 21 Borrowings

	Consolidated Group		Parent Entity	
	2022	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**
NON-CURRENT				
Pipeline Loan - GWAMCO	**3,042,706**	3,042,706	**3,042,706**	3,042,706
Total non-current borrowings	**3,042,706**	3,042,706	**3,042,706**	3,042,706
Total borrowings	**3,042,706**	3,042,706	**3,042,706**	3,042,706

The Pipeline Loan is secured by a fixed and floating charge over all the assets of the entity.

Refer to note 29 for further information on financial instruments.

Note 22 GFBI Funds Held in Trust

	Consolidated Group		Parent Entity	
	2022	2021	2022	2021
	$	$	$	$
DPIRD Funding	**560,000**	560,000	**560,000**	560,000
Sand Spear Trial	**(30,519)**	(30,519)	**(30,519)**	(30,519)
GFBI Bore Development Stage 2 (early access)	**(520,351)**	(520,351)	**(520,351)**	(520,351)
	9,130	9,130	**9,130**	9,130

The Gascoyne Water Co-operative Limited and the Gascoyne Water Asset Mutual Co-operative Limited (collectively known as Gascoyne Water) have entered into a collaborative funding agreement (the Agreement) with the State of Western Australia (the State) through its Department of Primary Industries and Regional Development (the Department) for:
1. Operation of Gascoyne Food Bowl Initiative (GFBI) Borefield;
2. Governance and Operational Improvement; and
3. Financial Advice.
For the Period 1 January 2018 to 30 June 2026.

The transferring of ownership or long term leasing of Department GFBI irrigation assets to, or by Gascoyne Water is still subject to future policy decisions by Government and further negotiation between the Department and Gascoyne Water.

The GFBI irrigation infrastructure remains the property of the State during the term of, and at the end of the Agreement.

If at any time during the course of the Agreement (or extensions) and for any reason by either party, the Agreement is terminated, then any unspent or uncommitted funds owed by either party shall be repaid to the other party.

Refer to Note 28 for further details.

Note 23 Issued Capital

	Consolidated Group		Parent Entity	
	2022	2021	2022	2021
	$	$	$	$
A class shares	**82,000**	82,500	**82,500**	83,000
C class shares	**9,152**	9,182	**9,502**	9,532
	91,152	91,682	**92,002**	92,532

Movements in 'A class' share capital - consolidated group

Details	**Date**	**Shares**	**Issue Price**	**$**
Balance	1 July 2020	82,000		82,000
Issue of Shares		2,500	$1	2,500
Shares bought-back		(2,000)	$1	(2,000)
Balance	30 June 2021	82,500		82,500
Issue of Shares		**4,000**	**$1**	**4,000**
Shares bought-back		**(4,500)**	**$1**	**(4,500)**
Balance	**30 June 2022**	**82,000**		**82,000**

Movements in 'C class' share capital - consolidated group

Details	**Date**	**Shares**	**Issue Price**	**$**
Balance	1 July 2020	9,160		9,182
Issue of Shares		-	$1	-
Shares bought-back		-	$1	-
Balance	30 June 2021	9,160		9,182
Issue of Shares		**-**	**$1**	**-**
Shares bought-back		**(30)**	**$1**	**(30)**
Balance	**30 June 2022**	**9,130**		**9,152**

Note 23 Issued Capital (Cont.)

Movements in 'A class' share capital - parent entity

Details	Date	Shares	Issue Price	$
Balance	1 July 2020	82,500		82,500
Issue of Shares		2,500	$1	2,500
Shares bought-back		(2,000)	$1	(2,000)
Balance	30 June 2021	83,000		83,000
Issue of Shares		**4,000**	**$1**	**4,000**
Shares bought-back		**(4,500)**	**$1**	**(4,500)**
Balance	**30 June 2022**	**82,500**		**82,500**

Movements in 'C class' share capital - parent entity

Details	Date	Shares	Issue Price	$
Balance	1 July 2020	9,510		9,532
Issue of Shares		-	$1	-
Shares bought-back		-	$1	-
Balance	30 June 2021	9,510		9,532
Issue of Shares		**-**	**$1**	**-**
Shares bought-back		**(30)**	**$1**	**(30)**
Balance	**30 June 2022**	**9,480**		**9,502**

(a) Capital Management

Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.
The group’s debt and capital include ordinary share capital and financial liabilities, supported by financial assets.
There are no externally imposed capital requirements.
Management effectively manages the group’s capital by assessing the group’s financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

		Consolidated Group		Parent Entity	
		2022	**2021**	**2022**	**2021**
	Note	**$**	**$**	**$**	**$**
Total borrowings	21	**3,042,706**	3,042,706	**3,042,706**	3,042,706
Trade and other payables	17	**1,054,652**	1,040,113	**1,053,071**	1,037,034
Less cash and cash equivalents	7	**(4,285,130)**	(3,445,454)	**(4,092,868)**	(3,127,836)
Less financial assets at amortised cost - term deposits	11	**(228,584)**	(1,578,505)	**(228,584)**	(1,578,505)
Net debt		**(416,356)**	(941,139)	**(225,675)**	(626,600)
Total equity		**1,801,153**	2,090,758	**1,585,917**	1,758,922
Total capital		**1,384,797**	1,149,619	**1,360,242**	1,132,322

Note 24 Key Management Personnel Remuneration

Key management personnel remuneration included within employee expenses for the year is shown below:

	2022	2021
	$	$
Short-term employee benefits	**352,563**	395,886
Other long-term benefits	**6,082**	41,621
Post-employment benefits	**33,654**	43,488
	392,299	480,995

Short-term employee benefits

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP.

Other long-term benefits

These amounts include annual leave and long service leave that is not payable wholly within twelve months after the end of the period.

Post-employment benefits

These amounts are the current-year's estimated cost of providing for the Co-operatives superannuation contributions made during the year.

Other KMP Transactions

Refer to Note 25 for further detail of other related KMP transactions

Note 25 Related Party Transactions

The Group's main related parties are as follows:

Key Management Personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel. For details of disclosures relating to key management personnel, refer to Note 24: Key Management Personnel Remuneration.

Entities Subject to significant influence by the Co-operative

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. The following transactions occurred with related parties:

Gascoyne Water Co-operative Limited and Controlled Entities
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Note 25 Related Party Transactions (Cont)

	Coral Coast Water		Gascoyne Water	
	2022	2021	2022	2021
	$	$	$	$
Associated companies/individuals:				
Sale of goods and services	**2,421**	1,522	**128,268**	83,822
Sale of goods and services- Coral Coast Water	**-**	-	**274,678**	146,461
Sale of goods and services - Gascoyne Water Asset Mutual	**2,306**	2,395	**410,483**	67,629
Purchase of goods and services	-	-	**236**	(15,797)
Purchase of goods and services - Gascoyne Water Asset Mutual	**(18,362)**	(18,349)	**(12,000)**	(12,000)
Purchase of goods and services - Gascoyne Water	**(274,678)**	(146,461)	**-**	-
Dividend Paid - Coral Coast Water	**(250,000)**	-	**-**	-
Dividend received - Gascoyne Water	**-**	-	**250,000**	-
Loan Payment - Gascoyne Water Asset Mutual	**-**	-	**-**	-
	(538,313)	(160,893)	**1,051,666**	270,115
Amounts outstanding from related parties:				
Trade and other receivables	**64**	331	**1,043**	2,005
Trade and other receivables - Coral Coast Water	**-**	-	**1,029**	1,955
Trade and other receivables - Gascoyne Water Asset Mutual	**575**	75	**53,447**	18,888
	639	406	**55,519**	**22,848**
Amounts payable to related parties:				
Trade and other payables- Gascoyne Water Asset Mutual	**-**	-	**1,100**	1,100
Trade and other payables- Gascoyne Water	**1,029**	1,955	-	-
Loans from associated entities - Gascoyne Water Asset Mutual	**-**	-	**3,042,706**	3,042,706
	1,029	**1,955**	**3,043,806**	**3,043,806**
Shares held				
Gascoyne Water Co-operative Limited shares held by Coral Coast Water Pty Ltd - A Class	**-**	-	**500**	500
Gascoyne Water Co-operative Limited shares held by Coral Coast Water Pty Ltd - C Class	**-**	-	**350**	350
Coral Coast Water Pty Ltd held by Gascoyne Water Co-operative Limited	**1**	1	**-**	-
Gascoyne Water Asset Mutual Co-operative Limited held by Coral Coast Water Pty Ltd	**110**	110	**-**	-
Gascoyne Water Asset Mutual Co-operative Limited held by Gascoyne Water Co-operative Limited - A Class	**-**	-	**240**	240

Gascoyne Water Co-operative Limited and Controlled Entities
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Note 26 Cash Flow Information

	Consolidated Group		Parent Entity	
	2022	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**
(a) Reconciliation of cash flows from operating activities with profit				
Profit / (loss) after income tax	**(289,075)**	173,378	**(172,475)**	31,799
Non-cash flows in profit				
- depreciation and amortisation	**41,240**	31,276	**41,240**	31,276
- bad and doubtful debts	**(22,405)**	-	**(22,405)**	-
- (profit)/loss on disposal of assets	**(6,060)**	10,018	**(6,060)**	10,018
- writeback of impairment loss on disposal of assets	**-**	(7,260)	**-**	(7,260)
- interest on lease liabilities	**4,249**	4,763	**4,249**	4,763
- impairment expense	**1,410,141**	10,000	**1,410,141**	10,000
- dividends received	**-**	-	**(250,000)**	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries				
- (increase)/decrease in trade and other debtors	**(61,338)**	97,146	**(54,080)**	68,626
- (increase)/decrease in other assets	**(926,829)**	11,427	**(926,829)**	11,427
- (increase)/decrease in inventories	**(1,649)**	(54,180)	**(1,649)**	(54,180)
- (increase)/decrease in deferred tax asset	**124,388**	4,308	**124,388**	4,308
- increase/(decrease) in trade and other payables	**14,539**	49,588	**16,037**	48,514
- increase/(decrease) in contract liabilities	**52,294**	-	**52,294**	-
- increase/(decrease) in deferred taxes payable	**(214,967)**	55,089	**(214,967)**	55,089
- increase/(decrease) in provisions	**(34,604)**	(11,184)	**(34,604)**	(11,184)
Net cash provided by operating activities	**89,924**	374,370	**(34,720)**	203,197

Note 27 Contingent Liabilities

There were no known contingent liabilities at 30 June 2022.

Note 28 Events After the Reporting Period

Gascoyne Foodbowl Initiative (GFBI)

The Gascoyne Water Co-Operative Limited (GWC) signed a Heads of Agreement on 22 January 2021 wit the Department of Primary Industries and Regional Development (DPRID) on the operation, maintenance and future transfer of ownership of Gascoyne Foodbowl Initiative (GFBI) assets to GWC.

This Heads of Agreement requires the continuation of the 2017 Collaboration Grant Funding Agreement between GWC and DPRID to provide an instrument granting legal access to the GFBI as required for the Department of Water and Environmental Regulation (DWER) groundwater licensing requirements to maintain Gascoyne Water Asset Mutual Co-Operative Ltd's (GWAMCO) 5C Licence, GWL200885(4). GWC are currently in the final stages of negotiations with DPIRD to secure a long term binding agreement to replace the 2021 Heads of Agreement which is progressing satisfactorily at the date of this report.

Gascoyne Irrigation System Augmentation and Modernisation Project (GISAM)

In June 2021 GWC successfully applied to the National Water Gateway Authority (NWGA) for co-funding grants for a number of projects under the headline project of the Gascoyne Irrigation System Augmentation and Modernisation Project (GISAM). On 22 January 2022 a Funding Assistance Agreement (FAA) was executed between GWC and DPIRD who are the responsible state government agency for handling grant monies and reporting to the NWGA on the project outcomes.

This agreement is relevant to the progress of the GFBI project because Output 1 of the GISAM project is the equipping and commissioning of the GFBI borefield, which has resulted in 50% of the funding for the borefield equipping being provided through federal government grant funding rather being 100% funded from GWC revenue.

Due to the planned delivery date of 30 June 2023 for the GISAM project, the GFBI borefield would have been equipped and commissioned sooner than was originally planned, however, difficulties in securing contract resources and materials have caused an extension for the completion of the GISAM project until the end of the 2023 calendar year. This delay is not expected to materially affect GWC's capacity to meet demand for irrigation water over the 22/23 summer period as the development of most of the GFBI land has not yet occurred, which means forecast increased demand from these developments will not be seen until summer next year, 2023.

The project continues to progress as a the date of this report, with further Federal Government funding likely whereby funding will contribute to meeting the due date of end of 2023 calendar year.

GFBI Land Release, Developers GWC water allocations

DPIRD have completed the land release process and announced the successful developers for the respective parcels of land, DIPRD have also provided the scheduled take up of the 4,000 GWC C Class Shares.

Corona Virus (COVID-19)

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not been financially significant for the group up to 30 June 2022, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

Note 29 Financial Instruments

Financial risk management objectives

The group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group. The group uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior management ('management') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the group and appropriate procedures, controls and risk limits. Management identifies, evaluates and hedges financial risks within the group's operating units. Management reports to the Board on a monthly basis.

Market risk

Foreign currency risk

The group is not exposed to any foreign currency risk.

Price risk

The group is not exposed to any significant price risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The group does not hold any collateral.

The group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the group based on recent sales experience, historical collection rates and forward-looking information that is available.

The group has a credit risk exposure with two receivables which as at 30 June 2022 owed the group $31,060 (14% of trade receivables) (2021 owed the group $53,465 (39% of trade receivables)). These receivables are outside their terms of trade and an impairment was made as at 30 June 2022 (2021: these receivables were outside of their terms of trade and an impairment was made as at 30 June 2021). There are no guarantees against these receivables but management closely monitors the receivables balance on a monthly basis and is in regular contact with these receivables to mitigate risk.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Note 29 Financial Instrument (Cont)

Liquidity risk

Vigilant liquidity risk management requires the group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

Unused borrowing facilities at the reporting date:

	Consolidated	
	2022	2021
	$	$
Bank overdraft	**-**	-
Bank loans	**-**	-
	-	-

Remaining contractual maturities

The following tables detail the group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2021	**Weighted average interest rate %**	**1 year or less $**	**Between 1 and 2 years $**	**Between 2 and 5 years $**	**Over 5 years $**	**Remaining contractual maturities $**
Non-derivatives						
Non-interest bearing						
Trade payables	-	1,040,113	-	-	-	1,040,113
Loan - GWAMCO (Pipeline)	-	-	-	-	3,042,706	3,042,706
Interest bearing - fixed rate						
Lease liability	7.1%	12,000	12,000	36,000	21,960	81,960
Total non-derivatives		1,052,113	12,000	36,000	3,064,666	4,164,779

Consolidated - 2022	**Weighted average interest rate %**	**1 year or less $**	**Between 1 and 2 years $**	**Between 2 and 5 years $**	**Over 5 years $**	**Remaining contractual maturities $**
Non-derivatives						
Non-interest bearing						
Trade payables	**-**	**1,054,652**	**-**	**-**	**-**	**1,054,652**
Loan - GWAMCO (Pipeline)	**-**	**-**	**-**	**-**	**3,042,706**	**3,042,706**
Interest bearing - fixed rate						
Lease liability	**7.1%**	**12,000**	**12,000**	**36,000**	**9,960**	**69,960**
Total non-derivatives		**1,066,652**	**12,000**	**36,000**	**3,052,666**	**4,167,318**

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Gascoyne Water Co-operative Limited and Controlled Entities

Directors' Declaration

For the year ended 30 June 2022

In accordance with a resolution of the directors of GASCOYNE WATER CO-OPERATIVE LIMITED, the directors of the company declare that:

1. The financial statements and notes for the year ended 30 June 2022 are in accordance with the *Co-operatives Act 2009* and:

   (a) comply with Australian Accounting Standards;

   (b) give a true and fair view of the financial position as at 30 June 2022 and of the performance for the year ended on that date of the company.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Director

Elena Limnios	Linda Lyall
Dated this 31st Day of October 2022	Dated this 31st Day of October 2022

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GASCOYNE WATER CO-OPERATIVE LIMITED AND CONTROLLED ENTITIES

Opinion
We have audited the financial report of Gascoyne Water Co-operative Limited and Controlled Entities (the co-operative), which comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, the statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and the director's declaration.

In our opinion, the accompanying financial report of the co-operative is in accordance with the *Co-operatives Act 2009,* including:

a) giving a true and fair view of the financial position of the co-operative as at 30 June 2022, and of its financial performance and cash flows for the year then ended; and
b) complying with Australian Accounting Standards and the *Co-operatives Regulations 2010.*

Basis for Opinion
We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the co-operative in accordance with the ethical requirements of the *Co-operatives Act 2009* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independent declaration required by the *Co-operatives Act 2009*, which has been given to the directors of the co-operative, would be the same terms if given to the directors as at the time of this auditor's report.

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

Other Information
Those charged with governance are responsible for the other information. The other information comprises the information included in the co-operative's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the co-operative are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Co-operatives Act 2009* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the co-operative's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the co-operative to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

AMD Chartered Accountants

TIM PARTRIDGE
Director

Level 1-53 Victoria Street, Bunbury, Western Australia

Dated this 31st day of October 2022

AUDITOR'S INDEPENDENCE DECLARATION
UNDER THE CO-OPERATIVES ACT 2009

TO THE DIRECTORS OF GASCOYNE WATER CO-OPERATIVE LIMITED AND CONTROLLED ENTITIES

I declare that, to the best of my knowledge and beliefs, during the year ended 30 June 2022 there have been no contraventions of:

(i) the auditor independence requirements as set out in the *Co-operatives Act 2009* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

AMD Chartered Accountants

TIM PARTRIDGE
Director

Level 1 – 53 Victoria Street, Bunbury, Western Australia

Dated this 31st day of October 2022