

SHIRE OF COCOS (KEELING) ISLANDS
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

Certification of Financial Report	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Financial Position	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Rate Setting Statement	7
Index of Notes to the Financial Report	8
Independent Auditor's Report	49

The Shire of Cocos (Keeling) Islands conducts the operations of a local government with the following community vision:

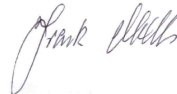
Working together to advance our islands.

Principal place of business:
Lot 256 Jalan Melati
Home island
Cocos (Keeling) Islands WA 6799

**SHIRE OF COCOS (KEELING) ISLANDS
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

The attached financial report of the Shire of Cocos (Keeling) Islands for the financial year ended 30 June 2022 is based on proper accounts and records to present fairly the financial position of the Shire of Cocos (Keeling) Islands at 30 June 2022 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 20th day of December 2022



Chief Executive Officer

Francis Mills

Name of Chief Executive Officer

SHIRE OF COCOS (KEELING) ISLANDS
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
Revenue				
Rates	23(a)	430,999	430,752	400,655
Operating grants, subsidies and contributions		4,677,341	4,353,103	4,336,339
Fees and charges	22(c)	560,999	1,009,660	439,696
Interest earnings	2(a)	8,713	20,650	13,401
Other revenue		241,980	112,000	39,231
		5,920,032	5,926,165	5,229,322
Expenses				
Employee costs		(3,031,680)	(2,977,241)	(2,685,626)
Materials and contracts		(1,378,074)	(1,854,513)	(1,283,977)
Utility charges		(64,038)	(159,500)	(56,007)
Depreciation	9(a)	(1,145,961)	(1,472,400)	(1,263,454)
Finance costs	2(b)	(954)	0	0
Insurance		(134,448)	(506,178)	(129,594)
Other expenditure	2(b)	(55,914)	(50,000)	(1,117,275)
		(5,811,069)	(7,019,832)	(6,535,933)
		108,963	(1,093,667)	(1,306,611)
Non operating grants, subsidies and contributions	2(a)	974,877	761,000	1,329,070
Profit on asset disposals	9(b)	18,570	0	0
		993,447	761,000	1,329,070
Net result for the period	22(b)	1,102,410	(332,667)	22,459
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	14	1,349,961	0	0
Total other comprehensive income for the period	14	1,349,961	0	0
Total comprehensive income for the period		2,452,371	(332,667)	22,459

This statement is to be read in conjunction with the accompanying notes.



SHIRE OF COCOS (KEELING) ISLANDS
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	NOTE	2022 \$	2021 \$
CURRENT ASSETS			
Cash and cash equivalents	3	4,874,042	3,555,071
Trade and other receivables	4	424,047	452,886
Inventories	5	32,751	32,751
Other assets	6	26,997	0
TOTAL CURRENT ASSETS		5,357,837	4,040,708
NON-CURRENT ASSETS			
Property, plant and equipment	7	12,646,353	13,052,772
Infrastructure	8	10,198,963	7,873,728
Right-of-use assets	10(a)	50,030	0
TOTAL NON-CURRENT ASSETS		22,895,346	20,926,500
TOTAL ASSETS		28,253,183	24,967,208
CURRENT LIABILITIES			
Trade and other payables	11	378,496	247,924
Other liabilities	12	736,109	68,370
Lease liabilities	10(b)	10,914	0
Employee related provisions	13	413,148	397,904
TOTAL CURRENT LIABILITIES		1,538,667	714,198
NON-CURRENT LIABILITIES			
Lease liabilities	10(b)	39,326	0
Employee related provisions	13	47,266	77,457
TOTAL NON-CURRENT LIABILITIES		86,592	77,457
TOTAL LIABILITIES		1,625,259	791,655
NET ASSETS		26,627,924	24,175,553
EQUITY			
Retained surplus		13,529,534	13,085,581
Reserve accounts	26	3,679,058	3,020,601
Revaluation surplus	14	9,419,332	8,069,371
TOTAL EQUITY		26,627,924	24,175,553

This statement is to be read in conjunction with the accompanying notes.



**SHIRE OF COCOS (KEELING) ISLANDS
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022**

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2020		13,411,578	2,672,145	8,069,371	24,153,094
Comprehensive income for the period					
Net result for the period		22,459	0	0	22,459
Total comprehensive income for the period		22,459	0	0	22,459
Transfers from reserves	26	159,000	(159,000)	0	0
Transfers to reserves	26	(507,456)	507,456	0	0
Balance as at 30 June 2021		13,085,581	3,020,601	8,069,371	24,175,553
Comprehensive income for the period					
Net result for the period		1,102,410	0	0	1,102,410
Other comprehensive income for the period	14	0	0	1,349,961	1,349,961
Total comprehensive income for the period		1,102,410	0	1,349,961	2,452,371
Transfers from reserves	26	500,000	(500,000)	0	0
Transfers to reserves	26	(1,158,457)	1,158,457	0	0
Balance as at 30 June 2022		13,529,534	3,679,058	9,419,332	26,627,924

This statement is to be read in conjunction with the accompanying notes.

SHIRE OF COCOS (KEELING) ISLANDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		451,608	430,752	389,312
Operating grants, subsidies and contributions		4,689,447	4,703,103	4,192,157
Fees and charges		560,440	1,009,660	626,379
Interest received		8,713	20,650	13,401
Other revenue		241,980	112,000	39,231
		5,952,188	6,276,165	5,260,480
Payments				
Employee costs		(3,051,834)	(2,977,242)	(2,568,803)
Materials and contracts		(1,278,969)	(1,854,513)	(1,372,536)
Utility charges		(64,038)	(159,500)	(58,844)
Finance costs		(954)	0	0
Insurance paid		(134,448)	(506,177)	(136,040)
Other expenditure		(55,914)	(50,000)	(1,309,212)
		(4,586,157)	(5,547,432)	(5,445,435)
Net cash provided by (used in) operating activities	15(b)	1,366,031	728,733	(184,955)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	7(a)	(1,239,435)	(2,631,240)	(1,087,738)
Payments for construction of infrastructure	8(a)	(468,741)	(293,160)	(462,396)
Non-operating grants, subsidies and contributions		1,642,616	761,000	1,329,070
Proceeds from sale of property, plant & equipment	9(b)	18,500	0	0
Net cash provided by (used in) investing activities		(47,060)	(2,163,400)	(221,064)
Net increase (decrease) in cash held		1,318,971	(1,434,667)	(406,019)
Cash at beginning of year		3,555,071	3,555,322	3,961,090
Cash and cash equivalents at the end of the year	15(a)	4,874,042	2,120,655	3,555,071

This statement is to be read in conjunction with the accompanying notes.

SHIRE OF COCOS (KEELING) ISLANDS
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
NET CURRENT ASSETS - At start of financial year - surplus/(deficit)	24(b)	703,813	837,862	1,212,835
OPERATING ACTIVITIES				
Revenue from operating activities (excluding general rate)				
Operating grants, subsidies and contributions		4,677,341	4,353,103	4,336,339
Fees and charges		560,999	1,009,660	439,696
Interest earnings		8,713	20,650	13,401
Other revenue		241,980	112,000	39,231
Profit on asset disposals	9(b)	18,570	0	0
		5,507,603	5,495,413	4,828,667
Expenditure from operating activities				
Employee costs		(3,031,680)	(2,977,241)	(2,685,626)
Materials and contracts		(1,378,074)	(1,854,513)	(1,283,977)
Utility charges		(64,038)	(159,500)	(56,007)
Depreciation		(1,145,961)	(1,472,400)	(1,263,454)
Finance costs		(954)	0	0
Insurance		(134,448)	(506,178)	(129,594)
Other expenditure		(55,914)	(50,000)	(1,117,275)
		(5,811,069)	(7,019,832)	(6,535,933)
Non-cash amounts excluded from operating activities	24(a)	1,112,444	1,472,400	1,367,109
Amount attributable to operating activities		808,978	(52,019)	(340,157)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		974,877	761,000	1,329,070
Proceeds from disposal of assets	9(b)	18,500	0	0
Purchase of property, plant and equipment	7(a)	(1,239,435)	(2,631,240)	(1,087,738)
Purchase and construction of infrastructure	8(a)	(468,741)	(293,160)	(462,396)
		(714,799)	(2,163,400)	(221,064)
Amount attributable to investing activities		(714,799)	(2,163,400)	(221,064)
FINANCING ACTIVITIES				
Payments for principal portion of lease liabilities	25(a)	(6,360)	0	0
Transfers to reserves (restricted assets)	26	(1,158,457)	(315,150)	(507,456)
Transfers from reserves (restricted assets)	26	500,000	1,261,955	159,000
Amount attributable to financing activities		(664,817)	946,805	(348,456)
Surplus/(deficit) before imposition of general rates		133,175	(430,752)	303,158
Total amount raised from general rates	23(a)	430,999	430,752	400,655
Surplus/(deficit) after imposition of general rates		564,174	0	703,813

This statement is to be read in conjunction with the accompanying notes.

**SHIRE OF COCOS (KEELING) ISLANDS
FOR THE YEAR ENDED 30 JUNE 2022
INDEX OF NOTES TO THE FINANCIAL REPORT**

Note 1	Basis of Preparation	9
Note 2	Revenue and Expenses	10
Note 3	Cash and Cash Equivalents	12
Note 4	Trade and Other Receivables	13
Note 5	Inventories	14
Note 6	Other Assets	15
Note 7	Property, Plant and Equipment	16
Note 8	Infrastructure	18
Note 9	Fixed Assets	20
Note 10	Leases	23
Note 11	Trade and Other Payables	24
Note 12	Other Liabilities	25
Note 13	Employee Related Provisions	26
Note 14	Revaluation Surplus	27
Note 15	Notes to the Statement of Cash Flows	28
Note 16	Contingent Liabilities	29
Note 17	Capital Commitments	29
Note 18	Related Party Transactions	30
Note 19	Financial Risk Management	32
Note 20	Events Occurring After the End of the Reporting Period	36
Note 21	Other Significant Accounting Policies	37
Note 22	Function and Activity	38
Information required by legislation		
Note 23	Rating Information	41
Note 24	Rate Setting Statement Information	44
Note 25	Borrowing and Lease Liabilities	45
Note 26	Reserve accounts	46
Note 27	Trust Funds	47

SHIRE OF COCOS (KEELING) ISLANDS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2022

1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

Local Government Act 1995 requirements

Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996* prescribe that the financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Shire to measure any vested improvements at zero cost.

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the financial report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the

The local government reporting entity

All funds through which the Shire controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

All monies held in the Trust Fund are excluded from the financial statements.

Judgements and estimates

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The balances, transactions and disclosures impacted by accounting estimates are as follows:

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation uncertainties made in relation to lease accounting
- estimation of useful lives of non-current assets

SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

Recognition of revenue is dependant on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Timing of revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligation	Not applicable	Not applicable	When assets are controlled
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	On payment and issue of the licence, registration or approval
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Output method based on regular weekly period as proportionate to collection service
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	On entry or at conclusion of hire
Memberships	Gym membership	Over time	Payment in full in advance	Refund for unused portion on application	Output method Over 12 months matched to access right
Fees and charges for other goods and services	Reinstatements and private works	Single point in time	Payment in full in advance	None	Output method based on provision of service or completion of works
Commissions	Commissions on licencing	Over time	Payment in full on sale	None	When assets are controlled
Reimbursements	Insurance claims, other reimbursements	Single point in time	Payment in arrears for claimable event	None	When claim is agreed

Consideration from contracts with customers is included in the transaction price.

SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

2. REVENUE AND EXPENSES (Continued)

Revenue Recognition

Revenue recognised during the year under each basis of recognition by nature or types of goods or services is provided in the table below:

For the year ended 30 June 2022

Nature or type	Contracts with customers	Non operating grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	430,999	0	430,999
Operating grants, subsidies and contributions	4,677,341	0	0	0	4,677,341
Fees and charges	531,717	0	29,282	0	560,999
Interest earnings	0	0	4,256	4,457	8,713
Other revenue	920	0	0	241,060	241,980
Non-operating grants, subsidies and contributions	0	974,877	0	0	974,877
Total	5,209,978	974,877	464,537	245,517	6,894,909

For the year ended 30 June 2021

Nature or type	Contracts with customers	Non operating grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	400,655	0	400,655
Operating grants, subsidies and contributions	4,336,339	0	0	0	4,336,339
Fees and charges	426,682	0	13,014	0	439,696
Interest earnings	0	0	4,911	8,490	13,401
Other revenue	0	0	0	39,231	39,231
Non-operating grants, subsidies and contributions	0	1,329,070	0	0	1,329,070
Total	4,763,021	1,329,070	418,580	47,721	6,558,392

Note	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
(a) Revenue (Continued)			
Interest earnings			
Interest on reserve funds	4,457	15,150	8,490
Rates instalment and penalty interest (refer Note 23(c))	4,256	4,500	4,911
Other interest earnings	0	1,000	0
	8,713	20,650	13,401
(b) Expenses			
Auditors remuneration			
- Audit of the Annual Financial Report	69,300	59,500	65,000
	69,300	59,500	65,000
Finance costs			
Other Interest Expense	314	0	0
Lease Liabilities	25(a) 640	0	0
	954	0	0
Other expenditure			
Sundry expenses	55,914	50,000	1,117,275
	55,914	50,000	1,117,275

SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

3. CASH AND CASH EQUIVALENTS

Cash at bank and on hand
 Term deposits
Total cash and cash equivalents

Held as
 - Unrestricted cash and cash equivalents
 - Restricted cash and cash equivalents

Note	2022	2021
	\$	\$
	1,848,984	534,470
	3,025,058	3,020,601
15(a)	4,874,042	3,555,071
	1,194,984	534,470
15(a)	3,679,058	3,020,601
	4,874,042	3,555,071

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk and which are subject to an insignificant risk of changes in value.

Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest.

Restricted financial assets

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement and for which no liability has been recognised.

Details of restrictions on financial assets can be found at Note 15.

SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

4. TRADE AND OTHER RECEIVABLES

Current

Rates receivable
 Trade and other receivables
 Allowance for credit losses of trade and other receivables

Note	2022	2021
	\$	\$
	9,324	26,616
	431,573	443,679
19(b)	(16,850)	(17,409)
	424,047	452,886

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for grants, contributions, reimbursements, and goods sold and services performed in the ordinary course of business.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value.

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 19.

Classification and subsequent measurement

Receivables which are generally due for settlement within 30 days except rates receivables which are expected to be collected within 12 months are classified as current assets. All other receivables such as, deferred pensioner rates receivable after the end of the reporting period are classified as non-current assets.

Trade and other receivables are held with the objective to collect the contractual cashflows and therefore the Shire measures them subsequently at amortised cost using the effective interest rate method.

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

5. INVENTORIES

	Note	2022	2021
Current		\$	\$
Bricks		32,751	32,751
		32,751	32,751

The following movements in inventories occurred during the year:

Balance at beginning of year	32,751	32,751
Inventories expensed during the year	0	0
Additions to inventory	0	0
Balance at end of year	32,751	32,751

SIGNIFICANT ACCOUNTING POLICIES

General

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

**SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

6. OTHER ASSETS

	2022	2021
	\$	\$
Other assets - current		
Prepayments	2,600	0
Accrued income	24,397	0
	26,997	0

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

7. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

Movement in the balances of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Buildings - non- specialised	Total buildings	Furniture and equipment	Plant and equipment	Work In Progress	Total property, plant and equipment
Note	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020	10,225,142	10,225,142	162,007	2,284,382	2,979	12,674,510
Additions	0	0	35,008	172,453	880,277	1,087,738
Depreciation	9(a) (157,217)	(157,217)	(73,559)	(478,700)	0	(709,476)
Balance at 30 June 2021	10,067,925	10,067,925	123,456	1,978,135	883,256	13,052,772
Comprises:						
Gross balance amount at 30 June 2021	10,641,751	10,641,751	853,359	4,912,140	883,256	17,290,506
Accumulated depreciation at 30 June 2021	(573,826)	(573,826)	(729,903)	(2,934,005)	0	(4,237,734)
Balance at 30 June 2021	10,067,925	10,067,925	123,456	1,978,135	883,256	13,052,772
Additions	155,003	155,003	24,999	119,201	940,232	1,239,435
Disposals	70	70	0	0	0	70
Revaluation increments / (decrements) transferred to revaluation surplus	(960,540)	(960,540)	0	0	0	(960,540)
Depreciation	9(a) (170,187)	(170,187)	(50,602)	(464,595)	0	(685,384)
Transfers	56,107	56,107	0	0	(56,107)	0
Balance at 30 June 2022	9,148,378	9,148,378	97,853	1,632,741	1,767,381	12,646,353
Comprises:						
Gross balance amount at 30 June 2022	9,166,523	9,166,523	573,800	4,413,521	1,767,381	15,921,225
Accumulated depreciation at 30 June 2022	(18,145)	(18,145)	(475,947)	(2,780,780)	0	(3,274,872)
Balance at 30 June 2022	9,148,378	9,148,378	97,853	1,632,741	1,767,381	12,646,353

**SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Buildings					
Buildings - non-specialised	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2022	Utilising both observable and unobservable inputs being construction costs based on recent contract prices, current condition (level 2 inputs), residual values and remaining useful life assessments (level 3 inputs).
<p>Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.</p> <p>During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.</p>					
(ii) Cost					
Furniture and equipment		Cost	Cost	Not applicable	Purchase cost
Plant and equipment		Cost	Cost	Not applicable	Purchase cost

SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

8. INFRASTRUCTURE

(a) Movements in Balances

Movement in the balances of each class of infrastructure between the beginning and the end of the current financial year.

	Note	Infrastructure - roads	Infrastructure - Other	Infrastructure - Parks & Ovals	Work In Progress	Total Infrastructure
		\$	\$	\$	\$	\$
Balance at 1 July 2020		6,165,586	1,739,724	60,000	0	7,965,310
Additions		297,257	123,278	0	41,861	462,396
Depreciation	9(a)	(261,515)	(292,463)	0	0	(553,978)
Balance at 30 June 2021		6,201,328	1,570,539	60,000	41,861	7,873,728
Comprises:						
Gross balance at 30 June 2021		6,982,551	3,600,700	60,000	41,861	10,685,112
Accumulated depreciation at 30 June 2021		(781,223)	(2,030,161)	0	0	(2,811,384)
Balance at 30 June 2021		6,201,328	1,570,539	60,000	41,861	7,873,728
Additions		334,998	26,423	0	107,320	468,741
Revaluation increments / (decrements) transferred to revaluation surplus		(688,397)	2,998,898	0	0	2,310,501
Depreciation	9(a)	(169,649)	(284,358)	0	0	(454,007)
Transfers		0	30,837	0	(30,837)	0
Balance at 30 June 2022		5,678,280	4,342,339	60,000	118,344	10,198,963
Comprises:						
Gross balance at 30 June 2022		5,678,280	4,343,509	60,000	118,344	10,200,133
Accumulated depreciation at 30 June 2022		0	(1,170)	0	0	(1,170)
Balance at 30 June 2022		5,678,280	4,342,339	60,000	118,344	10,198,963

**SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

8. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Infrastructure - roads	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2022	Utilising both observable and unobservable inputs being construction costs based on recent contract prices, current condition (level 2 inputs), residual values and remaining useful life assessments (level 3 inputs).
Infrastructure - Other	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2022	Utilising both observable and unobservable inputs being construction costs based on recent contract prices, current condition (level 2 inputs), residual values and remaining useful life assessments (level 3 inputs).
Infrastructure - Parks & Ovals	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Utilising both observable and unobservable inputs being construction costs based on recent contract prices, current condition (level 2 inputs), residual values and remaining useful life assessments (level 3 inputs).

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.

SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

9. FIXED ASSETS

(a) Depreciation

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Buildings - non-specialised	7(a)	170,187	548,100	157,217
Furniture and equipment	7(a)	50,602	61,400	73,559
Plant and equipment	7(a)	464,595	442,500	478,700
Infrastructure - roads	8(a)	169,649	150,200	261,515
Infrastructure - Other	8(a)	284,358	270,200	292,463
Right-of-use assets - Buildings	10(a)	6,570	0	0
		1,145,961	1,472,400	1,263,454

Depreciation rates

Typical estimated useful lives for the different asset classes for the current and prior years are included in the table below:

Asset Class	Useful life
Buildings	50 to 100 years
Furniture and equipment	4 to 15 years
Plant and equipment	4 to 15 years
Sealed roads and streets formation seal	not depreciated
- bituminous seals	15 years
- paved roads	50 years
Gravel roads formation pavement gravel sheet	not depreciated 15 years 15 years
Infrastructure - Other	10 years
Infrastructure - Parks And Ovals	not depreciated

SHIRE OF COCOS (KEELING) ISLANDS
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2022

9. FIXED ASSETS (Continued)

(b) Disposals of assets

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss	2022 Budget Net Book Value	2022 Budget Sale Proceeds	2022 Budget Profit	2022 Budget Loss	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
Buildings - non-specialised	\$ (70)	\$ 0	\$ 70	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Furniture and equipment	0	99	99	0	0	0	0	0	0	0	0	0
Plant and equipment	0	18,401	18,401	0	0	0	0	0	0	0	0	0
	(70)	18,500	18,570	0	0	0	0	0	0	0	0	0

The following assets were disposed of during the year.

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss
Plant and Equipment				
Other property and services				
EZYGO Electric Buggie	0	1,000	1,000	0
Cushman Hauler Pro Buggie	0	2,699	2,699	0
Cushman Hauler Pro Buggie	0	2,799	2,799	0
Cushman Shuttle Buggie	0	4,600	4,600	0
Cushman Shuttle Buggie	0	4,600	4,600	0
Bad Boy Recoil Buggie	0	603	603	0
Kubota Tractor	0	2,000	2,000	0
Hyundai Skid Steer	0	100	100	0
	0	18,401	18,401	0
Buildings - non-specialised				
Other Property and Services				
Depot Ablutions - WI	(70)	0	70	0
	(70)	0	70	0
Furniture and equipment				
Other Property and Services				
Two Door Commercial Fridge	0	99	99	0
	0	99	99	0
	(70)	18,500	18,570	0

**SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

9. FIXED ASSETS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

Each class of fixed assets within either property, plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Initial recognition and measurement for assets held at cost

Plant and equipment including furniture and equipment is recognised at cost on acquisition in accordance with *Financial Management Regulation 17A*. Where acquired at no cost the asset is initially recognised at fair value. Assets held at cost are depreciated and assessed for indicators of impairment annually.

Initial recognition and measurement between mandatory revaluation dates for assets held at fair value

Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with *Financial Management Regulation 17A (5)*. These assets are expensed immediately.

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets that are land, buildings, infrastructure and investment properties acquired between scheduled revaluation dates of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next revaluation date in accordance with the mandatory measurement framework.

Revaluation

The fair value of land, buildings, infrastructure and investment properties is determined at least every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the Shire.

At the end of each period the carrying amount for each asset class is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires land, buildings, infrastructure, investment properties and vested improvements to be shown at fair value.

Revaluation (continued)

For property, plant and equipment and infrastructure, increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss. Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

The depreciable amount of all property, plant and equipment and infrastructure, are depreciated on a straight-line basis over the individual asset's useful life 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 life 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 and losses are included in the statement of comprehensive income in the period in which they arise.

Depreciation on revaluation

When an item of property, plant and equipment and infrastructure is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- (i) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or
- (ii) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Amortisation

All intangible assets with a finite useful life, are amortised on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use.

The residual value of intangible assets is considered to be zero and the useful life and amortisation method are reviewed at the end of each financial year.

Amortisation is included within depreciation in the Statement of Comprehensive Income and in Note 9(a).

SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

10. LEASES

(a) Right-of-Use Assets

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.

	Note	Right-of-use assets - Buildings \$	Right-of-use assets Total \$
Balance at 30 June 2021		0	0
Additions		56,600	56,600
Depreciation	9(a)	(6,570)	(6,570)
Balance at 30 June 2022		50,030	50,030

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the entity is the lessee:

	2022 Actual \$	2021 Actual \$
Depreciation on right-of-use assets	9(a) (6,570)	0
Interest expense on lease liabilities	25(a) (640)	0
Short-term lease payments recognised as expense	(50,324)	(56,170)
Total amount recognised in the statement of comprehensive income	(57,534)	(56,170)

(b) Lease Liabilities

Current	10,914	0
Non-current	39,326	0
	25(a) 50,240	0

Secured liabilities and assets pledged as security

Lease liabilities are effectively secured, as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

At the commencement date, a right-of-use asset is recognised at cost and lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Shire uses its incremental borrowing rate.

All contracts that are classified as short-term leases (i.e. a lease with a term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Details of individual lease liabilities required by regulations are provided at Note 25(a).

Right-of-use assets - valuation measurement

Right-of-use assets are measured at cost. This means that all right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the Statement of Financial Position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Refer to Note 9 under revaluation for details on the significant accounting policies applying to vested improvements.

Right-of-use assets - depreciation

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shorter. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Shire anticipates to exercise a purchase option, the specific asset is amortised over the useful life of the underlying asset.

SHIRE OF COCOS (KEELING) ISLANDS NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

SIGNIFICANT ACCOUNTING POLICIES

Computer software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the the Shire are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software.
- it can be demonstrated how the software will generate probable future economic benefits;

Computer software (continued)

- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

11. TRADE AND OTHER PAYABLES

Current

Sundry creditors
 Prepaid rates
 Accrued - payroll liabilities
 Accrued - other expenses
 Bonds and deposits held

	2022	2021
	\$	\$
Sundry creditors	252,126	129,570
Prepaid rates	9,258	5,941
Accrued - payroll liabilities	69,741	74,948
Accrued - other expenses	12,000	0
Bonds and deposits held	35,371	37,465
	378,496	247,924

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

Financial liabilities are initially recognised at fair value when the Shire becomes a party to the contractual provisions of the instrument.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services.

The amounts are unsecured, are recognised as a current liability and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Prepaid rates

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the Shire recognises revenue for the prepaid rates that have not been refunded.

SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

12. OTHER LIABILITIES

Current

Non operating grant/contributions liabilities

Reconciliation of changes in non operating grant/contribution liabilities

Opening balance

Additions

Revenue from non operating grant/contributions held as a liability at the start of the period

	2022	2021
	\$	\$
	736,109	68,370
	736,109	68,370
	68,370	0
	736,109	68,370
	(68,370)	0
	736,109	68,370

Performance obligations in relation to non operating grant/contribution liabilities are satisfied as project milestones are met or completion of construction or acquisition of the asset.

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

Contract liabilities represent the Shire's obligation to transfer goods or services to a customer for which the Shire has received consideration from the customer.

Contract liabilities represent obligations which are not yet satisfied. Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

Non operating grant/contribution liabilities

Non operating grant/contribution liabilities represent the Shire's obligations to construct recognisable non-financial assets to identified specifications to be controlled the Shire which are yet to be satisfied. Non operating grant/contribution liabilities are recognised as revenue when the obligations in the contract are satisfied.

Non-current non operating grant/contribution liabilities fair values are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 in the fair value hierarchy (see Note 21(i)) due to the unobservable inputs, including own credit risk.

SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

13. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

Current provisions

Employee benefit provisions

Annual Leave

Long Service Leave

Non-current provisions

Long Service Leave

	2022	2021
	\$	\$
Annual Leave	146,440	184,518
Long Service Leave	266,708	213,386
	413,148	397,904
Long Service Leave	47,266	77,457
	47,266	77,457
	460,414	475,361

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave and associated on costs for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date

More than 12 months from reporting date

Note	2022	2021
	\$	\$
Less than 12 months after the reporting date	281,417	238,100
More than 12 months from reporting date	178,997	237,261
	460,414	475,361

Expected reimbursements of employee related provisions from other WA local governments included within other receivables

4

0

0

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

The Shire's obligations for employees' annual leave, long service leave and other employee leave entitlements are recognised as employee related provisions in the Statement of Financial Position.

Short-term employee benefits

Provision is made for the Shire's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Shire's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

Long-term employee benefits provisions are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Shire's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Shire does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

14. REVALUATION SURPLUS

	2022 Opening Balance	2022 Revaluation Increment	2022 Revaluation (Decrement)	Total Movement on Revaluation	2022 Closing Balance	2021 Opening Balance	2021 Revaluation Increment	2021 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Buildings - non-specialised	7,102,793	0	(960,540)	(960,540)	6,142,253	7,102,793	0	7,102,793
Revaluation surplus - Infrastructure - roads	966,578	0	(688,397)	(688,397)	278,181	966,578	0	966,578
Revaluation surplus - Infrastructure - Other	0	2,998,898	0	2,998,898	2,998,898	0	0	0
	8,069,371	2,998,898	(1,648,937)	1,349,961	9,419,332	8,069,371	0	8,069,371

Movements on revaluation of property, plant and equipment (including infrastructure) are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

15. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Cash and cash equivalents	3	4,874,042	2,120,655	3,555,071

Restrictions

The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:

- Cash and cash equivalents	3	3,679,058	2,073,795	3,020,601
		<u>3,679,058</u>	<u>2,073,795</u>	<u>3,020,601</u>

The restricted financial assets are a result of the following specific purposes to which the assets may be used:

Restricted reserve accounts	26	3,679,058	2,073,795	3,020,601
Total restricted financial assets		<u>3,679,058</u>	<u>2,073,795</u>	<u>3,020,601</u>

**(b) Reconciliation of Net Result to Net Cash Provided
By Operating Activities**

Net result		1,102,410	(332,667)	22,459
Non-cash items:				
Depreciation/amortisation		1,145,961	1,472,400	1,263,454
(Profit)/loss on sale of asset		(18,570)	0	0
Changes in assets and liabilities:				
(Increase)/decrease in trade and other receivables		28,839	350,000	(237,621)
(Increase)/decrease in other assets		(26,997)	0	0
(Increase)/decrease in inventories		0	0	3,273
Increase/(decrease) in trade and other payables		124,212	0	(79,475)
Increase/(decrease) in employee related provisions		(14,947)	0	103,655
Increase/(decrease) in other liabilities		667,739	0	68,370
Non-operating grants, subsidies and contributions		(1,642,616)	(761,000)	(1,329,070)
Net cash provided by/(used in) operating activities		<u>1,366,031</u>	<u>728,733</u>	<u>(184,955)</u>

**(c) Undrawn Borrowing Facilities
Credit Standby Arrangements**

Bank overdraft limit		0		0
Bank overdraft at balance date		0		0
Credit card limit		40,000		40,000
Credit card balance at balance date		(4,534)		(13,374)
Total amount of credit unused		<u>35,466</u>		<u>26,626</u>

SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

16. CONTINGENT LIABILITIES

The Shire is not aware of any contingent liabilities as at 30 June 2022.

17. CAPITAL COMMITMENTS

	2022	2021
	\$	\$
Contracted for:		
- capital expenditure projects	139,496	79,631
- plant & equipment purchases	770,336	0
	909,832	79,631
Payable:		
- not later than one year	909,832	79,631

The capital expenditure project outstanding at the end of the current reporting period represents the construction of:

- Home Island retail precinct	28,891	19,111
- Home Island new housing project	32,265	17,872
- The Spot - shelter	0	34,000
- Council chamber upgrades	0	8,648
- Birdhide	50,840	0
- Studio Lot	27,500	0

Plant and Equipment purchases include:

- Excavator	348,411	0
- Rubbish Truck	209,180	0
- Bobcat	87,045	0
- Light vehicles	125,700	0
	909,832	79,631

SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

18. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
President - Cr. Minkom			
President's annual allowance	5,500	5,500	5,250
Meeting attendance fees	5,500	5,500	5,250
Training and conferences	5,255	5,000	0
Travel and accommodation expenses	2,196	5,000	5,275
	18,451	21,000	15,775
Deputy President - Cr. Iku			
Meeting attendance fees	5,500	5,500	5,250
Training and conferences	4,354	5,000	0
Travel and accommodation expenses	3,212	5,000	4,270
	13,066	15,500	9,520
Councillor - Cr. Charleston			
Meeting attendance fees	0	0	5,250
Travel and accommodation expenses	0	0	1,060
	0	0	6,310
Councillor - Cr. Lacy			
Meeting attendance fees	5,500	5,500	5,250
ICT expenses	1,672	0	0
Training and conferences	3,263	5,000	0
Travel and accommodation expenses	0	5,000	509
	10,435	15,500	5,759
Councillor - Cr. Hamiril			
Meeting attendance fees	5,500	5,500	5,250
Training and conferences	3,263	5,000	0
Travel and accommodation expenses	0	5,000	4,486
	8,763	15,500	9,736
Councillor - Cr. Ibram			
Meeting attendance fees	2,750	5,500	5,250
Training and conferences	3,263	5,000	0
Travel and accommodation expenses	0	5,000	3,570
	6,013	15,500	8,820
Councillor - Cr. Amat-Noor			
Meeting attendance fees	0	0	5,250
Travel and accommodation expenses	0	0	509
	0	0	5,759
Councillor - Cr. Liu			
Meeting attendance fees	5,500	5,500	0
ICT expenses	1,474	0	0
Training and conferences	3,492	5,000	0
Travel and accommodation expenses	2,269	5,000	0
	12,735	15,500	0
Councillor - Cr. Young			
Meeting attendance fees	5,500	5,500	0
ICT expenses	1,474	0	0
Training and conferences	3,492	5,000	0
Travel and accommodation expenses	1,903	5,000	0
	12,369	15,500	0
	81,832	114,000	61,679
Total fees, expenses and allowances to be paid or reimbursed to elected council members			
President's annual allowance	5,500	5,500	5,250
Meeting attendance fees	35,750	38,500	36,750
ICT expenses	4,620	0	0
Training and conferences	26,382	35,000	0
Travel and accommodation expenses	9,580	35,000	19,679
18(b)	81,832	114,000	61,679

SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

18. RELATED PARTY TRANSACTIONS (Continued)

(b) Key Management Personnel (KMP) Compensation

The total of compensation paid to KMP of the Shire during the year are as follows:

	2022 Actual	2021 Actual
	\$	\$
Short-term employee benefits	623,858	583,812
Post-employment benefits	58,161	74,225
Employee - other long-term benefits	3,978	10,190
Council member costs	81,832	61,679
18(a)	767,829	729,906

Short-term employee benefits

These amounts include all salary and fringe benefits awarded to KMP except for details in respect to fees and benefits paid to council members which may be separately found in the table above.

Post-employment benefits

These amounts are the current-year's cost of the Shire's superannuation contributions made during the year.

Other long-term benefits

These amounts represent long service leave entitlements accruing during the year.

Council member costs

These amounts represent payments of member fees, expenses, and reimbursements during the year.

(c) Transactions with related parties

Transactions between related parties and the Shire are on normal commercial terms and conditions, no more favourable than those available to other parties, unless otherwise stated.

No outstanding balances or provisions for doubtful debts or guarantees exist in relation to related parties at year end.

In addition to KMP compensation above the following transactions occurred with related parties:

	2022 Actual	2021 Actual
	\$	\$
Sale of goods and services	136,442	219,707
Purchase of goods and services	93,910	39,610
Short term employee benefits - other related parties	0	222
Payment of salaries and wages	761,272	683,519
Amounts outstanding from related parties:		
Trade and other receivables	12,983	15,254
Amounts payable to related parties:		
Trade and other payables	767	7,592

(d) Related Parties

The Shire's main related parties are as follows:

i. 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 council member, are considered key management personnel.

ii. Other Related Parties

An associate person of KMP was employed by the Shire under normal employment terms and conditions.

Any entity that is controlled by or over which KMP, or close family members of KMP, have authority and responsibility for planning, directing and controlling the activity of the entity, directly or indirectly, are considered related parties in relation to the Shire.

iii. Entities subject to significant influence by the Shire

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.

SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

19. FINANCIAL RISK MANAGEMENT

This note explains the Shire's exposure to financial risks and how these risks could affect the Shire's future financial performance.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets and debt investments	Aging analysis Credit analysis	Credit limits. Investment policy
Liquidity risk	Other liabilities	Rolling cash flow forecasts	Availability of committed credit lines. No borrowing facilities.

The Shire does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance area under policies approved by the Council. The finance area identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

(a) Interest rate risk

Cash and cash equivalents

The Shire's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the Shire to cash flow interest rate risk.

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the Shire to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents, term deposits, and Treasury bonds held disclosed as financial assets at amortised cost are reflected in the table below.

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2022					
Cash and cash equivalents	0.60%	4,874,042	3,025,058	1,848,584	400
2021					
Cash and cash equivalents	0.17%	3,555,071	3,020,601	534,070	400

Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

	2022	2021
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	18,486	5,341

* Holding all other variables constant

SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

19. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

The Shire's major receivables comprise rates annual charges and user fees and charges. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The Shire manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of the Shire to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. The Shire is able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

The Shire applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2021 or 1 July 2022 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors.

The loss allowance as at 30 June 2022 and 30 June 2021 for rates receivable was determined as follows:

	Less than 1 year past due	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2022					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	0	9,324	0	0	9,324
Loss allowance	0	0	0	0	0
30 June 2021					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	0	26,616	0	0	26,616
Loss allowance	0	0	0	0	0

The loss allowance as at 30 June 2022 and 30 June 2021 was determined as follows for trade receivables.

	Less than 30 days past due	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2022					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.42%	
Gross carrying amount	374,110	12,405	4,619	40,439	431,573
Loss allowance	30	0	0	16,820	16,850
30 June 2021					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.51%	
Gross carrying amount	354,927	26,154	24,951	37,647	443,679
Loss allowance	0	0	0	17,409	17,409

SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

19. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

The loss allowances for trade receivables and contract assets as at 30 June reconcile to the opening loss allowances as follows:

	Rates receivable		Trade and other receivables		Contract Assets	
	2022 Actual	2021 Actual	2022 Actual	2021 Actual	2022 Actual	2021 Actual
Opening loss allowance as at 1 July	\$ 0	\$ 0	\$ 17,409	\$ 31,071	\$ 0	\$ 0
Receivables written off during the year as uncollectable	(79)	0	3	0	0	0
Unused amount reversed	79	0	(562)	(13,662)	0	0
Closing loss allowance at 30 June	0	0	16,850	17,409	0	0

Trade receivables are written off where there is no reasonable expectation of recovery.

Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Shire, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

19. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables

Payables are subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

The contractual undiscounted cash flows of the Shire’s Payables are set out in the liquidity table below. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<u>2022</u>					
Trade and other payables	378,496	0	0	378,496	378,496
	<u>378,496</u>	<u>0</u>	<u>0</u>	<u>378,496</u>	<u>428,736</u>
<u>2021</u>					
Trade and other payables	247,924	0	0	247,924	247,924
	<u>247,924</u>	<u>0</u>	<u>0</u>	<u>247,924</u>	<u>247,924</u>

**SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

20. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Shire.

21. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of 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 ATO is included with receivables or payables in the statement of financial position.

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

b) Current and non-current classification

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Shire's operational cycle. In the case of liabilities where the Shire does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current or non-current based on the Shire's intentions to release for sale.

c) Rounding off figures

All figures shown in this annual financial report, other than a rate in the dollar, are rounded to the nearest dollar. Amounts are presented in Australian Dollars.

d) Comparative figures

Where required, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When the Shire applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements that has a material effect on the statement of financial position, an additional (third) Statement of Financial Position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

e) Budget comparative figures

Unless otherwise stated, the budget comparative figures shown in this annual financial report relate to the original budget estimate for the relevant item of disclosure.

f) Superannuation

The Shire contributes to a number of Superannuation Funds on behalf of employees. All funds to which the Shire contributes are defined contribution plans.

g) Fair value of assets and liabilities

Fair value is the price that the Shire would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

h) Interest earnings

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset measured at amortised cost except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

i) Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Shire selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Shire are consistent with one or more of the following valuation approaches:

Market approach

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach

Valuation techniques that reflect the current replacement cost of the service capacity of an asset.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Shire gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

j) Impairment of assets

In accordance with Australian Accounting Standards the Shire's cash generating non-specialise assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. AASB 116) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

For non-cash generating specialised assets that are measured under the revaluation model, such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regularity to ensure the carrying value does not differ materially from that which would be determined using fair value at the end of the reporting period.

k) Initial application of accounting standards

During the current year, no new or revised Australian Accounting Standards and Interpretations were compiled, became mandatory and were applicable to its operations.

New accounting standards for application in future years

The following new accounting standards will have application to local government in future years:

- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates
- AASB 2021-7 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

It is not expected these standards will have an impact on the financial report.

**SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

22. FUNCTION AND ACTIVITY

(a) Service objectives and descriptions

Shire operations as disclosed in this financial report encompass the following service orientated functions and activities.

Objective

Description

Governance

To provide the highest level of administrative support to all Council functions and activities as well as to elected members.

Activities include administration and the operation of facilities and services to members of Council including fees, expenses, allowances, election expenses, conference expenses, refreshments and receptions.

General purpose funding

To provide a solid financial platform by good financial management in order to provide a level of services expected by electors.

Activities include rates and general grants income, expenditure relating to the collection of rates.

Law, order, public safety

To ensure that residents enjoy a standard of living as free as possible from public nuisance.

Activities include administration and enforcement of animal control, litter, camping and other local laws as required.

Health

Maintain a high standard of health control for the benefit of residents by ensuring compliance with all relevant legislation and regular health testing.

Activities include general inspections of all food establishments ensuring compliance with relevant standards.

Education and welfare

To provide youth and community support, community information and project services.

Activities include the provision of shire community small grant funding, assistance with community projects, school holiday program and youth activities.

Housing

To provide and maintain kampong housing for the community.

This includes the provision, administration and maintenance of rental kampong housing, the administration of Kampong Leases.

Community amenities

To provide high quality community amenities for the use by residents and visitors to the Cocos (Keeling) Islands.

Activities include the provision of waste management, public conveniences, cemetery maintenance and the administration of the Town Planning Scheme.

Recreation and culture

To provide and maintain recreation and cultural facilities.

Activities include the administration and operation of Public Libraries, contributions to community festivals and events, and the maintenance of public reserves, the museum and other significant sites.

Transport

To construct and maintain all streets and roads within the Shire to a high standard.

Includes the construction and maintenance of all local roads, street signage and transport facilities.

Economic services

The regulation and promotion of economic development, tourism, area promotion and building control.

This includes building and planning approval, controls on building standards, assistance in tourism promotion and the development of tourism facilities.

Other property and services

To ensure that all Council plant and equipment is in good working order and to perform private works where required.

Activities include plant operations, private works, insurance and lease administration.

SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

22. FUNCTION AND ACTIVITY (Continued)

(b) Income and expenses

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
Income excluding grants, subsidies and contributions			
Governance	34,616	10,500	16,482
General purpose funding	440,667	452,402	414,821
Law, order, public safety	9,911	7,700	432
Health	545	45,000	0
Education and welfare	0	500	0
Housing	38,770	498,940	26,000
Community amenities	93,997	75,000	77,933
Recreation and culture	10,114	8,500	8,243
Transport	15,936	13,000	13,288
Economic services	59,718	57,500	51,390
Other property and services	556,987	404,020	284,394
	1,261,261	1,573,062	892,983
Grants, subsidies and contributions			
General purpose funding	4,531,554	4,208,556	4,208,556
Law, order, public safety	82,697	82,697	41,868
Housing	200,000	200,000	300,000
Recreation and culture	184,914	0	36,335
Transport	363,011	160,850	361,750
Economic services	290,042	462,000	716,900
	5,652,218	5,114,103	5,665,409
Total Income	6,913,479	6,687,165	6,558,392
Expenses			
Governance	(256,648)	(315,410)	(149,091)
General purpose funding	(78,281)	(66,514)	(69,252)
Law, order, public safety	(160,008)	(224,940)	(186,633)
Health	(11,582)	(48,349)	(11,871)
Education and welfare	(378,139)	(377,590)	(326,904)
Housing	(260,817)	(1,280,831)	(279,463)
Community amenities	(1,602,572)	(1,427,469)	(1,378,911)
Recreation and culture	(1,413,166)	(1,469,362)	(1,313,513)
Transport	(736,758)	(954,534)	(865,765)
Economic services	(258,932)	(444,828)	(244,717)
Other property and services	(654,166)	(410,005)	(1,709,813)
Total expenses	(5,811,069)	(7,019,832)	(6,535,933)
Net result for the period	1,102,410	(332,667)	22,459

SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

22. FUNCTION AND ACTIVITY (Continued)

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
(c) Fees and Charges			
Governance	4,168	2,500	4,180
General purpose funding	955	1,000	764
Law, order and public safety	9,911	7,700	432
Health	545	45,000	0
Housing	38,770	405,940	26,000
Community amenities	91,084	75,000	77,933
Recreation and culture	1,580	3,000	2,805
Transport	9,641	8,000	8,504
Economic services	59,718	57,500	51,391
Other property and services	344,627	404,020	267,687
	560,999	1,009,660	439,696
(d) Total Assets			
Governance	5,397,415	4,082,397	
General purpose funding	9,326	0	
Law, order, public safety	109,326	85,157	
Education and welfare	283,071	320,261	
Housing	2,061,928	1,622,232	
Community amenities	2,587,030	1,830,866	
Recreation and culture	5,527,500	4,689,376	
Transport	8,985,906	8,612,120	
Economic services	2,064,657	2,406,103	
Other property and services	1,227,024	1,318,696	
	28,253,183	24,967,208	

SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

23. RATING INFORMATION

(a) General Rates

RATE TYPE		2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2020/21		
Rate Description	Basis of valuation	Rate in \$	Number of Properties	Actual Rateable Value *	Actual Rate Revenue	Actual Interim Rates	Actual Back Rates	Actual Total Revenue	Budget Rate Revenue	Budget Interim Rate	Budget Back Rate	Budget Total Revenue	Actual Total Revenue
		\$		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
General Developed	Gross rental valuation	0.1122	132	2,211,700	250,490	2,156	0	252,646	246,474	500	0	246,974	238,553
Vacant Land	Gross rental valuation	0.2240	10	44,400	9,946	0	0	9,946	12,365	0	0	12,365	12,006
Business	Gross rental valuation	0.1184	27	835,595	98,934	(1,430)	0	97,504	98,934	0	0	98,934	96,093
Holiday Accommodation	Gross rental valuation	0.1665	16	293,760	48,007	0	0	48,007	49,604	0	0	49,604	32,473
Sub-Total			185	3,385,455	407,377	726	0	408,103	407,377	500	0	407,877	379,125
Minimum payment													
		\$											
General Developed	Gross rental valuation	725	3	3,540	2,175	0	0	2,175	2,175	0	0	2,175	2,115
Vacant Land	Gross rental valuation	825	5	16,120	4,125	0	0	4,125	3,300	0	0	3,300	3,200
Business	Gross rental valuation	725	23	91,564	16,675	0	0	16,675	17,400	0	0	17,400	16,215
Holiday Accommodation	Gross rental valuation	725	0	0	0	0	0	0	0	0	0	0	0
Sub-Total			31	111,224	22,975	0	0	22,975	22,875	0	0	22,875	21,530
			216	3,496,679	430,352	726	0	431,078	430,252	500	0	430,752	400,655
Discounts on general rates (Refer note 23(b))								(79)				0	0
Concessions on general rates (Refer note 23(b))								0				0	0
Total amount raised from general rates								430,999				430,752	400,655
Total Rates								430,999				430,752	400,655

* Rateable value is based on the value of properties at the time the rate is raised

The entire balance of rates revenue has been recognised at a point in time in accordance with AASB 1058 *Income for not-for-profit entities*.

SHIRE OF COCOS (KEELING) ISLANDS
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2022

23. RATING INFORMATION (Continued)

(b) Discounts, Incentives, Concessions, & Write-offs

Rates Discounts

Rate or Fee Discount Granted	Type	Discount	Discount	2022 Actual	2022 Budget	2021 Actual	Circumstances in which Discount is Granted
		%	\$	\$	\$	\$	
Small balance write off	Rate		<\$10	79	0	0	Small balance interest write off
				79	0	0	

SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

23. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	13/09/2021	0.00	0.00%	11.00%
Option Two				
First instalment	13/09/2021	15.00	5.50%	11.00%
Second instalment	29/11/2021	0.00	5.50%	11.00%
Third instalment	11/02/2022	0.00	5.50%	11.00%
Fourth instalment	26/04/2022	0.00	5.50%	11.00%

	2022 Actual \$	2022 Budget \$	2021 Actual \$
Interest on unpaid rates	3,514	4,000	4,681
Interest on instalment plan	742	500	230
Charges on instalment plan	315	500	225
	4,571	5,000	5,136

SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

24. RATE SETTING STATEMENT INFORMATION

		2021/22 Budget	2020/21
		(30 June 2022)	(30 June 2021)
Note	2021/22 (30 June 2022 Carried Forward)	Budget (30 June 2022 Carried Forward)	2020/21 (30 June 2021 Carried Forward)
	\$	\$	\$
(a) Non-cash amounts excluded from operating activities			
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to operating activities			
	Less: Profit on asset disposals	0	0
9(b)	(18,570)	0	0
	Non-cash movement in employee benefit provisions (current)	0	44,460
9(a)	1,145,961	1,472,400	1,263,454
	Add: Depreciation		
	Non-cash movements in non-current assets and liabilities:		
	Employee benefit provisions	0	59,195
	(30,191)		
	Non-cash amounts excluded from operating activities	1,472,400	1,367,109
	1,112,444		
(b) Surplus/(deficit) after imposition of general rates			
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.			
Adjustments to net current assets			
	Less: Reserve accounts	(2,073,795)	(3,020,601)
26	(3,679,058)		
	Add: Current liabilities not expected to be cleared at end of year		
	- Current portion of lease liabilities	0	0
10(b)	10,914		
	- Employee benefit provisions	353,444	397,904
10(b)	413,148		
	Total adjustments to net current assets	(1,720,351)	(2,622,697)
	(3,254,996)		
Net current assets used in the Rate Setting Statement			
	Total current assets	2,248,790	4,040,708
	Less: Total current liabilities	(528,439)	(714,198)
	Less: Total adjustments to net current assets	(1,720,351)	(2,622,697)
	(3,254,996)		
	Net current assets used in the Rate Setting Statement	0	703,813
	564,174		

SHIRE OF COCOS (KEELING) ISLANDS
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2022

25. BORROWING AND LEASE LIABILITIES

(a) Lease Liabilities

Purpose	Note	Actual							Budget			
		Principal at 1 July 2020	New Leases During 2020-21	Principal Repayments During 2020-21	Principal at 30 June 2021	New Leases During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022	Principal at 1 July 2021	New Leases During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022
Shire Office - West Island		\$ 0	\$ 0	\$ 0	\$ 0	\$ 56,600	\$ (6,360)	\$ 50,240	\$ 0	\$ 0	\$ 0	\$ 0
Total Lease Liabilities	10(b)	0	0	0	0	56,600	(6,360)	50,240	0	0	0	0

Lease Interest Repayments

Purpose	Note	Function and activity	Lease Number	Institution	Interest Rate	Actual for year ending 30 June 2022	Budget for year ending 30 June 2022	Actual for year ending 30 June 2021	Lease Term
						\$	\$	\$	
Shire Office - West Island		Other property and services	B020	JLL	2.40%	\$ (640)	\$ 0	\$ 0	5 years
Total Interest Repayments	2(b)					(640)	0	0	

SHIRE OF COCOS (KEELING) ISLANDS
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2022

26. RESERVE ACCOUNTS

	2022 Actual Opening Balance	2022 Actual Transfer to	2022 Actual Transfer (from)	2022 Actual Closing Balance	2022 Budget Opening Balance	2022 Budget Transfer to	2022 Budget Transfer (from)	2022 Budget Closing Balance	2021 Actual Opening Balance	2021 Actual Transfer to	2021 Actual Transfer (from)	2021 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted by council												
(a) Leave reserve	334,855	494	0	335,349	334,854	1,680	0	336,534	333,923	932	0	334,855
(b) Plant reserve	753,212	575,111	0	1,328,323	753,212	303,770	(124,000)	932,982	510,787	401,425	(159,000)	753,212
(c) Building reserve	772,546	581,140	(200,000)	1,153,686	772,546	3,870	(432,853)	343,563	770,396	2,150	0	772,546
(d) Furniture and equipment reserve	18,259	27	0	18,286	84,131	100	0	84,231	18,208	51	0	18,259
(e) Self insurance reserve	201,294	297	(100,000)	101,591	856,304	1,010	(100,000)	757,314	101,012	100,282	0	201,294
(f) Community reserve	856,304	1,264	(200,000)	657,568	18,259	4,290	(605,102)	(582,553)	853,922	2,382	0	856,304
(g) Climate adaption reserve	84,131	124	0	84,255	201,294	430	0	201,724	83,897	234	0	84,131
	3,020,601	1,158,457	(500,000)	3,679,058	3,020,600	315,150	(1,261,955)	2,073,795	2,672,145	507,456	(159,000)	3,020,601

All reserves are supported by cash and cash equivalents and are restricted within equity as Reserves - cash backed.

In accordance with Council resolutions or adopted budget in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Leave reserve	Ongoing	To be used to fund annual and long service leave requirements.
(b) Plant reserve	Ongoing	To be used for the purchase of major plant.
(c) Building reserve	Ongoing	To be used for the construction of Council Buildings.
(d) Furniture and equipment reserve	Ongoing	To be used for the purchase of furniture and office equipment.
(e) Self insurance reserve	Ongoing	To be used to ensure that Council has sufficient cover on all insurance policies.
(f) Community reserve	Ongoing	To be used for the development of Home Island facilities and infrastructure.
(g) Climate adaption reserve	Ongoing	To be used for the purpose of providing for the needs of Climate Adaptation in the future.

SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

27. TRUST FUNDS

Funds held at balance date which are required to be held in trust and which are not included in the financial statements are as follows:

LAND TRUST 1979
STATEMENT OF COMPREHENSIVE INCOME
NATURE OR TYPE

	2022	2021
	Actual	Actual
	\$	\$
Revenue		
Contributions	0	821,462
Rent revenue	511,872	496,528
Other revenue	118,099	92,046
	629,971	1,410,036
Expenses		
Employee costs	(50,301)	(162,468)
Materials and contracts	(70,684)	(111,964)
Utility charges	(49,880)	(66,938)
Depreciation on non-current assets	(343,377)	(342,010)
Insurance expenses	(252,279)	(225,523)
Other expenditure	(206,827)	0
	(973,348)	(908,903)
	(343,377)	501,133
Other comprehensive income		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Changes in asset revaluation surplus	(6,482,061)	0
Total comprehensive income for the period	(6,825,438)	501,133

LAND TRUST 1979
STATEMENT OF FINANCIAL POSITION

	2022	2021
	Actual	Actual
NON-CURRENT ASSETS		
Property, plant and equipment	26,850,774	33,676,212
TOTAL NON-CURRENT ASSETS	26,850,774	33,676,212
TOTAL ASSETS	26,850,774	33,676,212
EQUITY		
Retained surplus	1,219,961	1,563,338
Revaluation surplus	25,630,813	32,112,874
TOTAL EQUITY	26,850,774	33,676,212

SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

27. TRUST FUNDS (Continued)

LAND TRUST 1984

STATEMENT OF COMPREHENSIVE INCOME

NATURE OR TYPE

	2022 Actual	2021 Actual
Revenue	\$	\$
Contributions	93,178	250,198
Rent revenue	148,699	90,332
	241,877	340,530
Expenses		
Employee costs	(32,234)	(99,044)
Materials and contracts	(83,064)	(69,747)
Utility charges	(17,378)	(18,569)
Depreciation on non-current assets	(55,422)	(54,068)
Insurance expenses	(19,136)	(17,807)
	(207,234)	(259,235)
	34,643	81,295
Other comprehensive income		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Changes in asset revaluation surplus	(956,961)	0
Total comprehensive income for the period	(922,318)	81,295

LAND TRUST 1984

STATEMENT OF FINANCIAL POSITION

NON-CURRENT ASSETS

Property, plant and equipment

TOTAL NON-CURRENT ASSETS

TOTAL ASSETS

EQUITY

Retained surplus

Revaluation surplus

TOTAL EQUITY

	2022 Actual	2021 Actual
	4,134,607	5,056,925
	4,134,607	5,056,925
	4,134,607	5,056,925
	39,570	4,927
	4,095,037	5,051,998
	4,134,607	5,056,925