Shire of Cocos (Keeling) Islands

AGENDA

Audit, Risk and Improvements Committee Meeting

Monday, 27 July 2026

I hereby give notice that an Audit, Risk and Improvements Committee Meeting will be held on

Date:	**Monday, 27 July 2026**
Time:	**4:00pm**
Location:	**Council Chambers**
	Shire Administration
	Building Lot 256 Jalan Bunga Melati
	Home Island

Matthew Scott

Chief Executive Officer

Disclaimer

Members of the public should note that in any discussion regarding any planning or other application that any statement or intimation of approval made by any member or officer of the Shire during the course of any meeting is not intended to be and is not to be taken as notice of approval from the Shire. No action should be taken on any item discussed at a Council meeting prior to written advice on the resolution of the Council being received. Any plans or documents contained in this document may be subject to copyright law provisions (Copyright Act 1968, as amended) and the express permission of the copyright owner(s) should be sought prior to the reproduction.

OUR VALUES

Service

Provide the best service we can.

We serve the community and each other.

Accountability

We take responsibility for our own actions.

We do what we say we will do.

Mistakes are an opportunity to learn.

Support

We support our team and our community.

Look for opportunities to help each other.

Respect

We respect and value others.

Our interactions are always respectful towards others.

Integrity

We will be honest and transparent with all our dealings.

Maintain confidentiality.

Trust each other.

Achievement

Being proactive and enabling the outcomes.

Be creative and think outside the square.

Order Of Business

1 OPENING/ANNOUNCEMENTS OF VISITORS

2 ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE

3 DECLARATIONS OF INTERESTS

Councillors are to complete a Disclosure of Interest Form for each item they are required to disclose an interest in. The Form should be given to the Presiding Member before the meeting commences. After the meeting, the Form is to be provided to the Governance and Risk Coordinator for inclusion in the Disclosures Register.

4 CONFIRMATION OF MINUTES OF PREVIOUS MEETING

5 PRESENTATIONS

6 OFFICER'S REPORT

6.1 AUDIT MANAGEMENT LETTER- JUNE 2025

FILE NUMBER:

AUTHOR: David Tombs, Manager Finance and Corporate Services

AUTHORISER: Matthew Scott, Chief Executive Officer

DISCLOSURE(S) OF INTEREST: Author - Nil

Authoriser - Nil

ISLAND: Shire Wide

ATTACHMENTS: 6.1.1 - Management Letter - June 2025 ⇩

AUTHORITY/DISCRETION

Definition

☐	Advocacy	*When Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.*
☒	Executive	*The substantial direction setting and oversight role of the Council. E.g., adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.*
☐	Legislative	*Includes adopting local laws, town planning schemes and policies. Review when Council reviews decisions made by officers.*
☐	Quasi-Judicial	*When Council determines an application / matter that directly affects a person's right and interest. The judicial character arises from the obligations to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning*

		applications, building licenses, applications for other permits / licenses.
☐	Information	*Includes items provides to Council for information purposes only that do not require a decision of Council (i.e. – for noting).*

REPORT PURPOSE

The purpose of this report is to present the Auditor's Management Letter arising from the audit of the Shire's June 2025 Annual Financial Statements for consideration by the Audit, Risk and Improvements Committee.

BACKGROUND

Auditors provide a Management Letter at the conclusion of each annual financial audit. The attached Management Letter relates to the recently completed audit of the Shire's June 2025 Annual Financial Statements.

The finalisation of the June 2025 financial statements was delayed due to amendments required to comparative figures included within the financial statements.

The Management Letter identified the following matters:

Finding Classification	Number of Findings
Significant matter (relating to prior year)	1
Moderate matters	3
Total findings	**4**

Importantly, none of the identified findings were assessed as having a potential impact on the audit opinion.

AUDIT FINDINGS AND MANAGEMENT RESPONSE

1. Significant Matter – IT Service Delivery Contract Procurement

The significant finding related to an IT Service Delivery contract being awarded without following the Shire's competitive tendering requirements.

No current Shire employees were directly involved in the procurement process. Management believes the circumstances contributing to this matter included:

- Limited notice being provided by the previous service provider regarding withdrawal of services.
- The critical nature of maintaining uninterrupted IT services.

Following the procurement process, the circumstances were reported to Council and subsequently endorsed.

No further breaches of the Procurement Policy have been identified, and this matter is considered an isolated incident.

2. Moderate Matters

a) Financial Reconciliations and Accounting Procedures

During the July to December 2025 period, staff shortages resulted in some reconciliations and accounting procedures falling behind schedule.

Management has advised that additional resourcing arrangements have been implemented and similar delays are not anticipated during the current financial year.

b) Independent Review of General Journals

The audit identified that some general journals were not independently reviewed prior to posting.

This finding does not indicate that journals were inaccurate or incorrect. Rather, the finding relates to the absence of an additional review control.

Larger finance teams generally have sufficient staffing capacity to provide independent review processes. Due to the size of the Shire's Finance team, this additional control is more difficult to implement.

Management will continue to review available processes to strengthen internal controls where practicable.

c) Removal of Former Employee Banking Access

The audit identified a delay of approximately 10 days in disabling a former employee's access to online banking records.

This access was limited to read-only functions and did not allow transaction approval or processing due to the Shire's multi-person approval controls for banking transactions.

Management will review offboarding procedures to ensure access removal occurs as promptly as practicable.

POLICY AND LEGISLATION IMPLICATIONS

Nil of significance.

FINANCIAL IMPLICATIONS

Nil of significance.

STRATEGIC IMPLICATIONS

Theme

L Leadership

Goal

L2 To ensure that Shire resources are utilised in a manner that represents the best interest of the whole community

Strategy

L2.1 Responsible financial management utilizing resources to meet legislative requirements and community expectations

RISK IMPLICATIONS

RISK CATEGORY	DESCRIPTION	RATING (CONSEQUENCE X LIKELIHOOD)	MITIGATION ACTION
Financial	The management letter identifies internal control risks associated with financial processes and procedures.	High	Maintain appropriate financial systems, controls and procedures.
Reputation	Potential reputational impact arising from governance or control weaknesses.	Medium	Continue transparent reporting and implementation of audit recommendations.
Compliance	Potential non-compliance with procurement and financial management requirements.	Medium	Review procedures and strengthen internal controls.
Fraud	Potential exposure where segregation of duties and review processes are limited.	Low/medium	Maintain approval controls and monitor financial processes.

Risk Matrix

Consequence / Likelihood	Insignificant (1)	Minor (2)	Medium (3)	Major (4)	Extreme (5)
Almost Certain (5)	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely (4)	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
Possible (3)	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
Unlikely (2)	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
Rare (1)	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

VOTING REQUIREMENT

Simple Majority

CONCLUSION

The Audit, Risk and Improvements Committee is requested to receive the Auditor's Management Letter arising from the audit of the June 2025 Annual Financial Statements.

OFFICER RECOMMENDATION – ITEM NO 6.1

THAT THE AUDIT, RISK AND IMPROVEMENTS COMMITTEE, BY SIMPLE MAJORITY,RECOMMENDS THAT COUNCIL RECEIVES THE AUDIT MANAGEMENT LETTER ARISING FROM THE AUDIT OF THE JUNE 2025 ANNUAL FINANCIAL STATEMENTS.

SHIRE OF COCOS (KEELING) ISLAND

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	**Moderate**	**Minor**	
1. Material contract not subject to a tender process	No	✓			✓
2. Quality of information not adequate	No		✓		
3. General journals not independently reviewed	No		✓		
4. Bank Signatories not timely updated	No		✓		

KEY TO RATINGS

The Ratings in this management letter are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

Significant - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed. However, even if the issue is not likely to impact the audit report, it should be addressed promptly.

Moderate - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.

Minor - Those findings that are not of primary concern but still warrant action being taken.

SHIRE OF COCOS (KEELING) ISLAND

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

1. Material contract not subject to a tender process

Finding
In June 2025, the Shire entered into a contract in June 2025 for the provision of internet services with Cocos Communications and IT Pty Ltd (trading as Pulu Connect). The contract which had a value of $826,564 did not go through a procurement tender process as required under the Shire's procurement requirements.

Management advised that the Shire's previous internet service provider gave short notice that it was no longer able to continue providing the services. As a result, the Shire had to secure a replacement provider within a limited timeframe. Due to the urgency of maintaining continuity of critical services, a formal tender process was not undertaken.

Rating: Significant

Implication
By not following established tender protocols, the Shire is exposed to an increased risk of non-compliance with procurement requirements. In addition, the absence of a competitive tender process limits assurance that the contract achieved value for money, as more favourable pricing or service arrangements may have been available through the market.

Recommendation
We recommend that management ensures material contracts are executed through a competitive tender process to achieve best value for money for the Shire. Where a contract has to be entered into without a formal tender process due to exceptional or urgent circumstances, management should ensure that this decision is appropriately justified, documented, and approved in accordance with the Shire's procurement policies and legislative requirements.

Management comment
Management acknowledges that the procurement process adopted for this contract did not involve a formal public tender process.

At the time, the Shire was required to secure a replacement telecommunications provider within a very limited timeframe following notification that the existing service arrangements would cease. Continuity of telecommunications services was considered critical to the operation of the Islands, the Shire and the broader community.

Management notes that the Local Government Act 1995 and Local Government (Functions and General) Regulations 1996 provide circumstances in which a public tender process is not required, including where there is an emergency or where there is a demonstrated sole supplier situation. Management considers that the circumstances surrounding this procurement were relevant to those considerations, particularly given the urgency of maintaining essential telecommunications services and the limited availability of alternative providers within the Cocos (Keeling) Islands.

As the procurement was undertaken under the direction of the former Chief Executive Officer, who has subsequently left the organisation and is unavailable for comment, current management is unable to fully comment on the considerations and documentation relied upon at the time. However, it is recognised that the unique circumstances of the Islands, together with the urgency of maintaining continuity of telecommunications services and the limited availability of alternative providers, were likely significant factors influencing the procurement approach adopted.

OFFICIAL Sensitive

SHIRE OF COCOS (KEELING) ISLAND

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

Management acknowledges that the documentation supporting the procurement process and application of any relevant exemption provisions may not have been completed to the standard expected under the legislation, regulations and the Shire's procurement framework.
The circumstances for the procurement were subsequently reported to, and subsequent contract was endorsed by, Council at the May 2025 Ordinary Council Meeting.
Management recognises the importance of ensuring that future procurements undertaken under urgent or exceptional circumstances are fully documented and supported by appropriate approvals, records and reporting in accordance with legislative and policy requirements.

Responsible person: CEO and Executive Team

Completion date: Ongoing

SHIRE OF COCOS (KEELING) ISLAND

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

2. Quality of information not adequate

Finding
During the audit, we noted that the quality of information provided to the audit team was not adequate in a number of instances. This was largely due to the absence of robust processes during the year-end process, which resulted in numerous adjustments. Significant time had to be spent by the audit team to resolve these issues with management. While these items were not material individually, they were material in aggregate and led to a large number of audit adjustments to correct.

Rating: Moderate

Implication
Lack of robust year-end processes may result in a risk of material misstatement in the financial report leading to delays and additional audit cost.

Recommendation
We recommend that management implement a more rigorous year end process to ensure year end balances are materially correct.

Management comment
Management acknowledges the matters identified by the auditors. The issues identified were largely associated with the preparation and finalisation of the 30 June 2025 financial statements, during which a number of accounting adjustments and reconciliations were completed as part of the audit process.

Management does not expect these circumstances to recur during the preparation of the 30 June 2026 financial statements. Appropriate year-end processes will be reinforced in preparation for the draft financial statements, and management expects the financial records presented for audit at 30 June 2026 to be of a significantly improved standard. Accordingly, management does not expect the issues identified in this finding to arise during the 30 June 2026 audit.

Responsible person: CFO

Completion date: Ongoing

OFFICIAL Sensitive

SHIRE OF COCOS (KEELING) ISLAND

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

3. General journals not independently reviewed

Finding
During our review of general journals, we noted that journals prepared and posted by the Senior Finance Officer or Finance Manager with no evidence of review or approval.

Rating: **Moderate**

Implication
General journals can represent significant adjustments to previously approved accounting transactions and should therefore be appropriately reviewed and approved. If general journals are not independently reviewed and approved, there is an increased risk of unauthorised journals that could result in material errors or accounting in the financial statements going undetected.

Recommendation
All general journals should be reviewed and approved by a senior officer independent of the preparer, with evidence of the review retained.

Management comment
Management acknowledges the benefits of independent review of journal entries and the role such reviews play in strengthening internal financial controls.

As a small and remote local government, the Shire has limited opportunities to achieve full segregation of duties within the finance function. During the relevant reporting period, the Chief Financial Officer was the only member of the finance team holding formal accounting qualifications.

Management recognises the practical limitations associated with implementing an independent review process in these circumstances. Notwithstanding this, management will consider alternative review mechanisms where practical and appropriate, including periodic review by the Chief Executive Officer or other suitably qualified officers, and the use of external accounting support where required.

Management will continue to review its financial control framework to identify opportunities to strengthen oversight of journal processing while recognising the resource constraints associated with operating in a remote location.

Responsible person: CEO and CFO

Completion date: Ongoing

OFFICIAL Sensitive

SHIRE OF COCOS (KEELING) ISLAND

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

4. Bank signatories not timely updated

Finding
During our review of the bank confirmation, we noted that a former employee remained listed as a bank signatory on the Shires' Commonwealth bank accounts for a prolonged period after their exit from the Shire.

Management subsequently contacted the bank and effected the removal of this signatory following this matter being raised as part of our audit procedures.

Rating: Moderate

Implication
There is a risk of inappropriate authorisation of payments if former employees remain as bank signatories.

Recommendation
We recommend that management should promptly remove former employee from being bank signatories upon their departure from the Shire.

Management comment
Management notes that the former Chief Executive Officer's electronic banking access was disabled shortly after his departure (resigned 30/6/25, Banking Portal access suspended on 10 July 2025). This occurred before the audit commenced and not, as stated above, as part of the audit procedures.

Management advise that the risk posed by this 10-day delay is minimal as we use multi-person approval for transactions.

The Shire subsequently completed the formal removal of the former employee as an authorised bank signatory.

Management will review employee separation procedures to ensure banking authorities and signatory arrangements are updated in a timely manner following staff departures.

Responsible person: Executive Team

Completion date: Ongoing

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6.2 ANNUAL FINANCIAL STATEMENTS JUNE 2025

FILE NUMBER:

AUTHOR: David Tombs, Manager Finance and Corporate Services

AUTHORISER: Matthew Scott, Chief Executive Officer

DISCLOSURE(S) OF INTEREST: Author - Nil

Authoriser - Nil

ISLAND: Shire Wide

ATTACHMENTS: 6.2.1 - Annual Financial Statements June 2025 ⇩
6.2.2 - Audit Report ⇩

AUTHORITY/DISCRETION

Definition

☐	Advocacy	*When Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.*
☒	Executive	*The substantial direction setting and oversight role of the Council. E.g., adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.*
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☐	Quasi-Judicial	*When Council determines an application / matter that directly affects a person's right and interest. The judicial character arises from the obligations to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning applications, building licenses, applications for other permits / licenses.*
☐	Information	*Includes items provides to Council for information purposes only that do not require a decision of Council (i.e. – for noting).*

REPORT PURPOSE

The purpose of this report is to provide the Audit, Risk and Improvements Committee with a copy of the Shire's audited Annual Financial Statements for the year ended 30 June 2025.

BACKGROUND

The audit report for the Shire's Annual Financial Statements for the year ended 30 June 2025 was signed on 10 June 2026.

The finalisation of the audit was delayed due to the Auditor requiring adjustments to comparative financial information relating to the 2023/24 financial year. These adjustments related primarily to the recognition and treatment of various IT infrastructure assets.

Further details regarding these amendments are provided in Note 29 – Prior Period Adjustments of the Annual Financial Statements.

As a result of these adjustments, the Audit Report includes an Emphasis of Matter paragraph. The Auditor has confirmed that:

- the matter does not impact the audit opinion; and
- an unmodified audit opinion (commonly referred to as a "clean audit opinion") has been issued.

POLICY AND LEGISLATION IMPLICATIONS

The audited Annual Financial Statements have been incorporated into the Shire's Annual Report 2025, which is scheduled to be presented to Council at the Ordinary Council Meeting on 29 July 2026.

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

Theme

L Leadership

Goal

L2 To ensure that Shire resources are utilised in a manner that represents the best interest of the whole community

Strategy

L2.1 Responsible financial management utilizing resources to meet legislative requirements and community expectations

RISK IMPLICATIONS

RISK CATEGORY	DESCRIPTION	RATING (CONSEQUENCE X LIKELIHOOD)	MITIGATION ACTION
Financial	A qualified audit opinion may have significant implications for the Shire depending on the nature and extent of the qualification.	High	Maintain appropriate financial management systems, internal controls and reporting processes.
Reputation	Delays or adverse audit findings may impact community confidence in the Shire's financial governance.	Medium	Ensure transparent reporting and timely completion of audit requirements.
Compliance	Failure to meet legislative financial reporting requirements may result in non-compliance.	Medium	Continue to comply with relevant financial management and reporting obligations.
Fraud	Not applicable.	Low/medium	Existing financial controls and approval processes remain in place

Risk Matrix

Consequence / Likelihood	Insignificant (1)	Minor (2)	Medium (3)	Major (4)	Extreme (5)
Almost Certain (5)	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely (4)	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
Possible (3)	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
Unlikely (2)	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
Rare (1)	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

VOTING REQUIREMENT

Simple Majority

CONCLUSION

The Audit, Risk and Improvements Committee is requested to receive the Shire's audited Annual Financial Statements for the year ended 30 June 2025 and note the reason for the delay in finalising the audit process.

OFFICER RECOMMENDATION – ITEM NO 6.2

THAT THE AUDIT, RISK AND IMPROVEMENTS COMMITTEE, BY SIMPLE MAJORITY, RECOMMENDS THAT COUNCIL RECEIVES THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 AND NOTES THE REASON FOR THE DELAY IN THE FINALISATION OF THE AUDIT OF THE FINANCIAL STATEMENTS.

SHIRE OF COCOS (KEELING) ISLANDS

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2025

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 Jelan Melati
Home Island
Cocos (Keeling) Islands WA 6799

SHIRE OF COCOS (KEELING) ISLANDS
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

Local Government Act 1995
Local Government (Financial Management) Regulations 1996

Statement by CEO

The accompanying financial report of the Shire of Cocos (Keeling) Islands has been prepared in compliance with the provisions of the *Local Government Act 1995* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2025 and the financial position as at 30 June 2025.

At the date of signing this statement the particulars included in the financial report are not misleading or inaccurate.

Signed on the 3 day of June 2026

CEO

Matthew Scott
Name of CEO

William Buck Audit (WA) Pty Ltd

SHIRE OF COCOS (KEELING) ISLANDS
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025 Actual	2025 Budget	Restated* 2024 Actual
		$	$	$
Revenue				
Rates	2(a),24	526,205	524,569	500,459
Grants, subsidies and contributions	2(a)	4,996,175	5,661,002	6,186,279
Fees and charges	2(a)	1,232,257	1,064,788	1,178,348
Interest revenue	2(a)	324,157	288,650	274,717
Other revenue	2(a)	4,400,453	4,034,610	19,119,924
		11,479,247	11,573,619	27,259,727
Expenses				
Employee costs	2(b)	(4,242,005)	(4,126,807)	(4,033,270)
Materials and contracts		(2,693,107)	(2,559,959)	(1,597,933)
Utility charges		(54,470)	(67,370)	(40,087)
Depreciation		(1,638,392)	(1,504,592)	(1,497,814)
Finance costs		(584)	(822)	(868)
Insurance		(173,206)	(183,004)	(173,869)
Other expenditure	2(b)	(651,663)	(1,210,252)	(750,259)
		(9,453,427)	(9,652,806)	(8,094,100)
		2,025,820	1,920,813	19,165,627
Capital grants, subsidies and contributions	2(a)	52,169	257,654	1,525,211
Profit on asset disposals		68,430	20,500	0
Loss on asset disposals		0	(44,660)	(61,068)
		120,599	233,494	1,464,143
Net result for the period		**2,146,419**	**2,154,307**	**20,629,770**
Total comprehensive income for the period		**2,146,419**	**2,154,307**	**20,629,770**

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

* Restated - Refer to Note 29

William Buck Audit (WA) Pty Ltd

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SHIRE OF COCOS (KEELING) ISLANDS
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025

	Note	2025	Restated* 2024
		$	$
CURRENT ASSETS			
Cash and cash equivalents	3	10,029,758	6,262,832
Trade and other receivables	4	4,751,521	3,649,412
Inventories	5	19,791	8,751
Other assets	6	44,595	145,998
TOTAL CURRENT ASSETS		14,845,665	10,066,993
NON-CURRENT ASSETS			
Trade and other receivables	4	11,903,050	14,024,262
Property, plant and equipment	7	15,383,394	15,244,460
Infrastructure	8	10,298,039	10,644,032
Right-of-use assets	10(a)	19,728	31,730
Intangible assets	11	3,000	4,000
TOTAL NON-CURRENT ASSETS		37,607,211	39,948,484
TOTAL ASSETS		52,452,876	50,015,477
CURRENT LIABILITIES			
Trade and other payables	12	665,592	454,690
Contract liabilities	13	117,991	102,511
Lease liabilities	10(b)	13,229	12,908
Employee related provisions	14	512,351	498,621
Other provisions	15	50,000	0
TOTAL CURRENT LIABILITIES		1,359,163	1,068,730
NON-CURRENT LIABILITIES			
Lease liabilities	10(b)	5,271	18,764
Employee related provisions	14	63,852	49,812
TOTAL NON-CURRENT LIABILITIES		69,123	68,576
TOTAL LIABILITIES		1,428,286	1,137,306
NET ASSETS		51,024,590	48,878,171
EQUITY			
Retained surplus		30,425,521	32,851,833
Reserve accounts	27	11,058,675	6,485,944
Revaluation surplus	16	9,540,394	9,540,394
TOTAL EQUITY		51,024,590	48,878,171

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

* Restated - Refer to Note 29

William Buck Audit (WA) Pty Ltd

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SHIRE OF COCOS (KEELING) ISLANDS
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2025

	Note	Retained surplus	Reserve accounts	Revaluation surplus	Total equity
		$	$	$	$
Balance as at 1 July 2023		**15,317,394**	**3,390,613**	**9,540,394**	**28,248,401**
Comprehensive income for the period					
Net result for the period		20,629,770	0	0	20,629,770
Total comprehensive income for the period		20,629,770	0	0	20,629,770
Transfers from reserve accounts	27	1,649,167	(1,649,167)	0	0
Transfers to reserve accounts	27	(4,744,498)	4,744,498	0	0
Restated Balance as at 30 June 2024 *		**32,851,833**	**6,485,944**	**9,540,394**	**48,878,171**
Comprehensive income for the period					
Net result for the period		2,146,419	0	0	2,146,419
Total comprehensive income for the period		2,146,419	0	0	2,146,419
Transfers from reserve accounts	27	3,524,109	(3,524,109)	0	0
Transfers to reserve accounts	27	(8,096,840)	8,096,840	0	0
Balance as at 30 June 2025		**30,425,521**	**11,058,675**	**9,540,394**	**51,024,590**

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

* Restated - Refer to Note 29

William Buck Audit (WA) Pty Ltd

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SHIRE OF COCOS (KEELING) ISLANDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025 Actual	2024 Actual
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates		428,500	373,194
Grants, subsidies and contributions		5,516,629	5,815,118
Fees and charges		1,428,257	644,445
Interest revenue		324,157	274,717
Goods and services tax received		(3,640)	(5,073)
Other revenue		4,400,453	2,188,927
		12,094,356	9,291,328
Payments			
Employee costs		(4,198,769)	(4,215,803)
Materials and contracts		(2,352,601)	(1,467,024)
Utility charges		(54,470)	(40,087)
Finance costs		(584)	(868)
Insurance paid		(173,206)	(173,869)
Other expenditure		(236,896)	(220,695)
		(7,016,526)	(6,118,346)
Net cash provided by operating activities		5,077,830	3,172,982
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant & equipment	7(a)	(1,138,211)	(1,531,143)
Payments for construction of infrastructure	8(a)	(280,120)	(394,559)
Capital grants, subsidies and contributions		52,169	493,279
Proceeds from sale of property, plant & equipment		68,430	1,068
Net cash (used in) investing activities		(1,297,732)	(1,431,355)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for principal portion of lease liabilities	26(a)	(13,172)	(10,127)
Net cash (used in) financing activities		(13,172)	(10,127)
Net increase in cash held		3,766,926	1,731,500
Cash at beginning of year		6,262,832	4,531,332
Cash and cash equivalents at the end of the year		10,029,758	6,262,832

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

William Buck Audit (WA) Pty Ltd

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SHIRE OF COCOS (KEELING) ISLANDS
STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025 Actual	2025 Budget	Restated* 2024 Actual
		$	$	$
OPERATING ACTIVITIES				
Revenue from operating activities				
General rates	24	526,205	524,569	500,459
Grants, subsidies and contributions		4,996,175	5,661,002	6,186,279
Fees and charges		1,232,257	1,064,788	1,178,348
Interest revenue		324,157	288,650	274,717
Other revenue		4,400,453	4,034,610	19,119,924
Profit on asset disposals		68,430	20,500	0
		11,547,677	11,594,119	27,259,727
Expenditure from operating activities				
Employee costs		(4,242,005)	(4,126,807)	(4,033,270)
Materials and contracts		(2,693,107)	(2,559,959)	(1,597,933)
Utility charges		(54,470)	(67,370)	(40,087)
Depreciation		(1,638,392)	(1,504,592)	(1,497,814)
Finance costs		(584)	(822)	(868)
Insurance		(173,206)	(183,004)	(173,869)
Other expenditure		(651,663)	(1,210,252)	(750,259)
Loss on asset disposals		0	(44,660)	(61,068)
		(9,453,427)	(9,697,466)	(8,155,168)
Non-cash amounts excluded from operating activities	25(a)	3,742,919	1,545,952	1,547,657
Amount attributable to operating activities		5,837,169	3,442,605	20,652,216
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		52,169	257,654	1,525,211
Proceeds from disposal of assets		68,430	(24,160)	1,068
		120,599	233,494	1,526,279
Outflows from investing activities				
Right of use assets received - non cash	10(a)	0	0	(2,202)
Acquisition of property, plant and equipment	7(a)	(1,138,211)	(992,196)	(1,821,143)
Acquisition of infrastructure	8(a)	(280,120)	(281,883)	(1,104,260)
		(1,418,331)	(1,274,079)	(2,927,605)
Non-cash amounts excluded from investing activities	25(b)	0	0	0
Amount attributable to investing activities		(1,297,732)	(1,040,585)	(1,401,326)
FINANCING ACTIVITIES				
Inflows from financing activities				
Transfers from reserve accounts	27	3,524,109	3,331,454	1,649,167
		3,524,109	3,331,454	1,649,167
Outflows from financing activities				
Payments for principal portion of lease liabilities	26(a)	(13,172)	(12,908)	(10,127)
Transfers to reserve accounts	27	(8,096,840)	(5,789,066)	(4,744,498)
		(8,110,012)	(5,801,974)	(4,754,625)
Amount attributable to financing activities		(4,585,903)	(2,470,520)	(3,105,458)
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	25(c)	2,871,987	68,500	750,817
Amount attributable to operating activities		5,837,169	3,442,605	20,652,216
Amount attributable to investing activities		(1,297,732)	(1,040,585)	(1,401,326)
Amount attributable to financing activities		(4,585,903)	(2,470,520)	(3,105,458)
Surplus or deficit after imposition of general rates	25(c)	**2,825,521**	**0**	**16,896,249**

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

* Restated - Refer to Note 29

William Buck Audit (WA) Pty Ltd

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SHIRE OF COCOS (KEELING) ISLANDS
FOR THE YEAR ENDED 30 JUNE 2025
INDEX OF NOTES TO THE FINANCIAL REPORT

SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

1. BASIS OF PREPARATION

The financial report of the Shire of Cocos (Keeling) Islands which is a Class 4 local government 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.

The *Local Government (Financial Management) Regulations 1996* provide that:
- land and buildings classified as property, plant and equipment; or
- infrastructure; or
- vested improvements that the local government controls ;

and measured at reportable value, are only required to be revalued every five years. Revaluing these non-financial assets every five years is a departure from *AASB 116 Property, Plant and Equipment*, which would have required the Shire to assess at each reporting date whether the carrying amount of the above mentioned non-financial assets materially differs from their fair value and, if so, revalue the class of non-financial assets.

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 measurement at fair value of selected non-current assets, financial assets and liabilities.

Critical accounting estimates and judgements
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 amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

As with all estimates, the use of different assumptions could lead to material changes in the amounts reported in the financial report.

The following are estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and further information on their nature and impact can be found in the relevant note:

- Fair value measurement of assets carried at reportable value including:
  - Property, plant and equipment - Note 7
  - Infrastructure - Note 8
- Expected credit losses on financial assets - Note 4
- Estimated useful life of intangible assets - Note 11
- Measurement of employee benefits - Note 14
- Measurement of provisions - Note 15

Fair value heirarchy information can be found in Note 23

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. A separate statement of those monies appears at Note 28 of the financial report.

Initial application of accounting standards
During the current year, the following new or revised Australian Accounting Standards and Interpretations were applied for the first time.
- *AASB 2020-1 Amendments to Australian Accounting Standards*
  - *Classification of Liabilities as Current or Non-current*
- *AASB 2022-5 Amendments to Australian Accounting Standards*
  - *Lease Liability in a Sale and Leaseback*
- *AASB 2022-6 Amendments to Australian Accounting Standards*
  - *Non-current Liabilities with Covenants*
- *AASB 2023-3 Amendments to Australian Accounting Standards*
  - *Disclosure of Non-current Liabilities with Covenants: Tier 2*
- *AASB 2024-1 Amendments to Australian Accounting Standards*
  - *Supplier Finance Arrangements: Tier 2 Disclosures*
- *AASB 2023-1 Amendments to Australian Accounting Standards*
  - *Supplier Finance Arrangements*

These amendments did not have any material impact on the financial report on initial application.
- *AASB 2022-10 Amendments to Australian Accounting Standards*
  - *Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*

These amendment may result in changes to the fair value of certain non-financial assets on revaluation. The standard is applied prospectively therefore the impact will be quantified upon the next revaluation cycle.

New accounting standards for application in future years
The following new accounting standards will have application to local government in future years:
- *AASB 2014-10 Amendments to Australian Accounting Standards*
  - *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- *AASB 2024-4b Amendments to Australian Accounting Standards*
  - *Effective Date of Amendments to AASB 10 and AASB 128 [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]*
- *AASB 2022-9 Amendments to Australian Accounting Standards*
  - *Insurance Contracts in the Public Sector*
- *AASB 2023-5 Amendments to Australian Accounting Standards*
  - *Lack of Exchangeability*
- *AASB 18 (FP) Presentation and Disclosure in Financial Statements*
  - *(Appendix D) [for for-profit entities]*
- *AASB 18 (NFP/super) Presentation and Disclosure in Financial Statements*
  - *(Appendix D) [for not-for-profit and superannuation entities]*
- *AASB 2024-2 Amendments to Australian Accounting Standards*
  - *Classification and Measurement of Financial Instruments*
- *AASB 2024-3 Amendments to Australian Accounting Standards*
  - *Annual Improvements Volume 11*

These amendments are not expected to have any material impact on the financial report on initial application.

SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

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
Grants, subsidies and contributions	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
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management.	Single point in time	Full payment prior to issue	None	On payment of the licence, registration or approval
Fees and charges - waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	On entry to facility
Fees and charges - airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	On landing/departure event
Fees and charges - sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	At point of sale
License of IP Asset	Contract to manage the .cc Top Level Domain and issue domain names	Single point in time	Fixed fee : Quarterly in advance Variable fee : Quarterly in arrears	None	Fixed fee: at date the arrangement was entered into. Variable fee: when earned.

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

Revenue recognition

Rate revenue was recognised from the rate record as soon as practicable after the Shire resolved to impose rates in the financial year as well as when the rate record was amended to ensure the information in the record was current and correct.

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

For the year ended 30 June 2025

Nature	Contracts with customers	Capital grant/contributions	Statutory requirements	Other	Total
	$	$	$	$	$
Rates	0	0	526,205	0	526,205
Grants, subsidies and contributions	4,996,175	0	0	0	4,996,175
Fees and charges	1,232,257	0	0	0	1,232,257
Interest revenue	0	0	0	324,157	324,157
Other revenue	4,400,453	0	0	0	4,400,453
Capital grants, subsidies and contributions	0	52,169	0	0	52,169
Total	10,628,885	52,169	526,205	324,157	11,531,416

For the year ended 30 June 2024

Nature	Contracts with customers	Capital grant/contributions	Statutory requirements	Other	Total
	$	$	$	$	$
Rates	0	0	500,459	0	500,459
Grants, subsidies and contributions	6,186,279	0	0	0	6,186,279
Fees and charges	1,166,464	0	9,884	0	1,178,348
Interest revenue	0	0	12,184	262,533	274,717
Other revenue	19,119,924	0	0	0	19,119,924
Capital grants, subsidies and contributions	0	487,341	0	1,037,870	1,525,211
Total	26,474,667	487,341	522,527	1,300,403	28,784,938

SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)	Note	2025 Actual	2024 Actual
		$	$
Interest revenue			
Interest on reserve account		224,654	189,385
Trade and other receivables overdue interest		11,389	12,184
Other interest revenue		88,114	73,148
		324,157	274,717
The 2025 original budget estimate in relation to: Trade and other receivables overdue interest was $3,450			
Fees and charges relating to rates receivable			
Charges on instalment plan		440	393
The 2025 original budget estimate in relation to: Charges on instalment plan was $350			
(b) Expenses			
Auditors remuneration			
- Audit of the Annual Financial Report		65,000	65,000
- Other services – grant acquittals		11,320	10,700
		76,320	75,700
Employee Costs			
Employee benefit costs		3,495,547	3,510,882
Other employee costs		746,458	522,388
		4,242,005	4,033,270
Finance costs			
Interest and financial charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss		584	868
		584	868
Other expenditure			
Net Land Trust Contributions		414,767	529,564
Sundry expenses		236,896	220,695
		651,663	750,259

SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

3. CASH AND CASH EQUIVALENTS

	Note	2025	2024
		$	$
Cash at bank and on hand		4,245,259	702,833
Term deposits		5,784,499	5,559,999
Total cash and cash equivalents		10,029,758	6,262,832
Held as			
- Unrestricted cash and cash equivalents		(1,146,908)	(325,623)
- Restricted cash and cash equivalents	17	11,176,666	6,588,455
		10,029,758	6,262,832

MATERIAL 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 reserve accounts, 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.

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SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

4. TRADE AND OTHER RECEIVABLES

	Note	2025	2024
		$	$
Current			
Rates and statutory receivables		247,697	154,559
Trade receivables		4,699,158	3,497,687
GST receivable		17,656	14,016
Allowance for credit losses of trade receivables		(212,850)	(16,850)
		4,751,521	3,649,412
Non-current			
Trade receivables		11,903,050	14,024,262
		11,903,050	14,024,262

Non-current trade receivables relates to the amount of income to be received by the Shire in relation to the Management and Administration of the .cc Top Level Domain.

Disclosure of opening and closing balances related to contracts with customers

Information about receivables from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non-financial assets is:

	Note	30 June 2025 Actual	30 June 2024 Actual	1 July 2023 Actual
		$	$	$
Trade and other receivables from contracts with customers		4,699,158	3,497,687	277,681
Allowance for credit losses of trade receivables		(212,850)	(16,850)	(16,850)
Total trade and other receivables from contracts with customers		4,486,308	3,480,837	260,831

MATERIAL ACCOUNTING POLICIES

Rates and statutory receivables

Rates and statutory receivables are non-contractual receivables arising from statutory requirements and include amounts due from ratepayers for unpaid rates and service charges and other statutory charges or fines.

Rates and statutory receivables are recognised when the taxable event has occurred and can be measured reliably.

Trade receivables

Trade receivables are amounts receivable from contractual arrangements with customers for goods sold, services performed or grants or contributions with sufficiently specific performance obligations or for the construction of recognisable non financial assets as part of the ordinary course of business.

Measurement

Trade and other receivables are recognised initially at the amount of the transaction price, unless they contain a significant financing component, and are to be recognised at fair value.

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.

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SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

5. INVENTORIES

	Note	2025	2024
Current		$	$
Fuel and materials		19,791	8,751
		19,791	8,751
The following movements in inventories occurred during the year:			
Balance at beginning of year		8,751	37,054
Inventories expensed during the year		(31,407)	(196,497)
Additions to inventory		42,447	168,194
Balance at end of year		19,791	8,751

MATERIAL 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 costs 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 2025

6. OTHER ASSETS

	2025	2024
	$	$
Other assets - current		
Prepayments	44,595	54,660
Accrued income	0	91,338
	44,595	145,998

MATERIAL 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.

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SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

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.

	Note	Total property				Plant and equipment				
		Land	Buildings	Buildings - Work in progress	Total property	Furniture and equipment	Plant and equipment	Other property, plant and equipment WIP	Furniture and Equipment - WIP	Total property, plant and equipment
		$	$	$	$	$	$	$	$	$
Balance at 1 July 2023		350,000	10,425,161	1,029,833	11,804,994	107,372	2,549,959	0	0	14,462,325
Additions*		290,000	120,617	788,748	1,199,365	6,428	502,931	103,099	9,320	1,821,143
Depreciation		0	(451,565)	0	(451,565)	(33,425)	(554,018)	0	0	(1,039,008)
Restated Balance at 30 June 2024*		640,000	10,094,213	1,818,581	12,552,794	80,375	2,498,872	103,099	9,320	15,244,460
Comprises:										
Gross balance amount at 30 June 2024		640,000	11,010,859	1,818,581	13,469,440	627,127	5,960,032	103,099	9,320	20,169,018
Accumulated depreciation at 30 June 2024		0	(916,646)	0	(916,646)	(546,752)	(3,461,160)	0	0	(4,924,558)
Restated Balance at 30 June 2024*	7(b)	640,000	10,094,213	1,818,581	12,552,794	80,375	2,498,872	103,099	9,320	15,244,460
Additions		0	195,861	0	195,861	144,719	797,631	0	0	1,138,211
Depreciation		0	(454,080)	0	(454,080)	(27,737)	(517,460)	0	0	(999,277)
Transfers		0	1,818,581	(1,818,581)	0	9,320	103,099	(103,099)	(9,320)	0
Balance at 30 June 2025		640,000	11,654,575	0	12,294,575	206,677	2,882,142	0	0	15,383,394
Comprises:										
Gross balance amount at 30 June 2025		640,000	13,025,301	0	13,665,301	781,166	6,209,775	0	0	20,656,242
Accumulated depreciation at 30 June 2025		0	(1,370,726)	0	(1,370,726)	(574,489)	(3,327,633)	0	0	(5,272,848)
Balance at 30 June 2025	7(b)	640,000	11,654,575	0	12,294,575	206,677	2,882,142	0	0	15,383,394

* Restated - Refer to Note 29

SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying amount measurements

Asset class	Note	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
(i) Fair value - as determined at the last valuation date						
Land and buildings						
Land - market value		3	Income capitalisation approach	Independent registered valuers	June 2023	Reference to market rental value
Land - communications		2	Market approach using recent or estimated observable market data for similar items (Net revaluation method)	Independent registered valuers	May 2024	Price per hectare/market borrowing rate
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)
(ii) Cost						
Furniture and equipment			Cost	Cost		Acquisition Cost
Plant and equipment			Cost	Cost		Acquisition Cost

SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

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.

	Infrastructure - roads	Other infrastructure	Other infrastructure - Parks and Ovals	Other infrastructure - works in progress	Other infrastructure - communications infrastructure	Total infrastructure
	$	$	$	$	$	$
Balance at 1 July 2023	5,752,399	4,010,339	60,000	222,949	0	10,045,687
Additions*	342,548	52,011	0	0	709,701	1,104,260
(Disposals and Write Offs)	0	0	(60,000)	0	0	(60,000)
Depreciation	(158,884)	(271,536)	0	0	(15,495)	(445,915)
Restated Balance at 30 June 2024*	5,936,063	3,790,814	0	222,949	694,206	10,644,032
Comprises:						
Gross balance at 30 June 2024	6,253,056	4,330,498	0	222,949	709,701	11,516,204
Accumulated depreciation at 30 June 2024	(316,993)	(539,684)	0	0	(15,495)	(872,172)
Restated Balance at 30 June 2024*	5,936,063	3,790,814	0	222,949	694,206	10,644,032
Additions	280,120	0	0	0	0	280,120
Depreciation	(161,348)	(275,722)	0	0	(189,043)	(626,113)
Transfers	222,949	0	0	(222,949)	0	0
Balance at 30 June 2025	6,277,784	3,515,092	0	0	505,163	10,298,039
Comprises:						
Gross balance at 30 June 2025	6,756,125	4,330,498	0	0	709,701	11,796,324
Accumulated depreciation at 30 June 2025	(478,341)	(815,406)	0	0	(204,538)	(1,498,285)
Balance at 30 June 2025	6,277,784	3,515,092	0	0	505,163	10,298,039

* Restated - Refer to Note 29

SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

8. INFRASTRUCTURE (Continued)

(b) Carrying amount measurements

Asset class	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
(i) Fair value - as determined at the last valuation date					
Infrastructure - roads	3	Cost approach using depreciated replacement cost (gross revaluation method)	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)
Other infrastructure	3	Cost approach using depreciated replacement cost (gross revaluation method)	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)
Other infrastructure - communications	3	Cost approach using depreciated replacement cost (gross revaluation method)	Independent registered valuers	May 2024	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)

SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

9. FIXED ASSETS

(a) Depreciation

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
Land - freehold	not depreciated
Buildings - non specialised	10 to 50 years
Land and buildings subject to operating lease	term of lease
Furniture and equipment	4 to 15 years
Plant and equipment	4 to 15 years
Sealed roads and streets	
subgrade	not depreciated
bitumen seals	20 to 80 years
paved roads	50 years
Unsealed roads	
subgrade	not depreciated
formation	30 years
Other Infrastructure	10 to 50 years
Other Infrastructure - Parks & Ovals	not depreciated

SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

9. FIXED ASSETS (Continued)

MATERIAL ACCOUNTING POLICIES

Initial recognition

An item of property, plant and equipment or infrastructure that qualifies for recognition as an asset is measured at its cost.

Upon initial recognition, cost is determined as the amount paid (or other consideration given) to acquire the assets, plus costs incidental to the 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. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition.

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 *Local Government (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.

Individual assets that are land, buildings and infrastructure acquired between scheduled revaluation dates of the asset class in accordance with the Shire's revaluation policy, are recognised at cost and disclosed as being at reportable value.

Measurement after recognition

Plant and equipment including furniture and equipment and right-of-use assets (other than vested improvements) are measured using the cost model as required under *Local Government (Financial Management) Regulation 17A(2)*. Assets held under the cost model are carried at cost less accumulated depreciation and any impairment losses being their reportable value.

Reportable value

In accordance with *Local Government (Financial Management) Regulation 17A(2)*, the carrying amount of non-financial assets that are land and buildings classified as property, plant and equipment, investment properties, infrastructure or vested improvements that the local government controls.

Reportable value is for the purpose of *Local Government (Financial Management) Regulation 17A(4)* is the fair value of the asset at its last valuation date minus (to the extent applicable) the accumulated depreciation and any accumulated impairment losses in respect of the non-financial asset subsequent to its last valuation date.

Revaluation

Land and buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls and measured at reportable value, are only required to be revalued 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 land vested in the Shire.

Whilst the regulatory framework only requires a revaluation to occur every five years, it also provides for the Shire to revalue earlier if it chooses to do so.

Revaluation (cont'd)

For land, buildings and infrastructure, increases in the carrying amount arising on revaluation of asset classes 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.

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; or
(ii) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Impairment

In accordance with *Local Government (Financial Management) Regulations 17A(4C)*, the Shire is not required to comply with *AASB 136 Impairment of Assets* to determine the recoverable amount of its non-financial assets that are land or buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls in circumstances where there has been an impairment indication of a general decrease in asset values.

In other circumstances where it has been assessed that one or more of these non-financial assets are impaired, the 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 or losses on disposal

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.

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SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

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	Total right-of-use assets
		$	$
Balance at 1 July 2023		41,419	41,419
Additions		2,202	2,202
Depreciation		(11,891)	(11,891)
Balance at 30 June 2024		31,730	31,730
Gross balance amount at 30 June 2024		61,697	61,697
Accumulated depreciation at 30 June 2024		(29,967)	(29,967)
Balance at 30 June 2024		31,730	31,730
Depreciation		(12,002)	(12,002)
Balance at 30 June 2025		19,728	19,728
Gross balance amount at 30 June 2025		61,697	61,697
Accumulated depreciation at 30 June 2025		(41,969)	(41,969)
Balance at 30 June 2025		19,728	19,728

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the Shire is the lessee:	Note	2025 Actual	2024 Actual
		$	$
Depreciation on right-of-use assets		(12,002)	(11,891)
Finance charge on lease liabilities	26(a)	(584)	(868)
Short-term lease payments recognised as expense		(51,860)	(60,476)
Total amount recognised in the statement of comprehensive income		**(64,446)**	**(73,235)**

(b) Lease liabilities

	Note	2025	2024
Current		13,229	12,908
Non-current		5,271	18,764
	26(a)	18,500	31,672

MATERIAL 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 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 26(a).

Right-of-use assets - measurement
Right-of-use assets are measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not recognised 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 material 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 depreciated over the useful life of the underlying asset.

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SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

11. INTANGIBLE ASSETS

	2025 Actual	2024 Actual
Intangible assets	$	$
Non-current		
Computer software development	5,000	5,000
Less: Accumulated amortisation	(2,000)	(1,000)
	3,000	4,000
Movements in balances of computer software during the financial year are shown as follows:		
Balance at 1 July 2024	4,000	5,000
Amortisation	(1,000)	(1,000)
Balance at 30 June 2025	3,000	4,000
TOTAL INTANGIBLE ASSETS	3,000	4,000

Amortisation
The estimated useful life of intangible assets is 5 years for the current and prior years.

MATERIAL 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;
- 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.

Computer software (continued)
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.

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.

SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

12. TRADE AND OTHER PAYABLES

	2025	2024
	$	$
Current		
Sundry creditors	507,175	403,321
Prepaid rates	9,814	14,521
Statutory liabilities	15,466	0
Bonds and deposits held	42,697	36,848
Accrued expenses	90,440	0
	665,592	454,690

MATERIAL 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 any consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Statutory liabilities
Statutory liabilities, are amounts owed to regulatory authorities due to statutory obligations such as FBT and PAYG. GST payable is offset against GST receivable and any net GST payable is included as a statutory liability.

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 income 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 2025

13. OTHER LIABILITIES

	2025	2024
	$	$
Current		
Contract liabilities	117,991	102,511
	117,991	102,511
Reconciliation of changes in contract liabilities		
Opening balance	102,511	160,400
Additions	117,991	102,511
Revenue from contracts with customers included as a contract liability at the start of the period	(102,511)	(160,400)
	117,991	102,511

MATERIAL 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.

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SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

14. EMPLOYEE RELATED PROVISIONS

Employee related provisions

	2025	2024
Current provisions	$	$
Employee benefit provisions		
Annual leave	220,802	209,240
Long service leave	215,634	230,529
	436,436	439,769
Employee related other provisions		
Employment on-costs	75,915	58,852
	75,915	58,852
Total current employee related provisions	512,351	498,621
Non-current provisions		
Employee benefit provisions		
Long service leave	57,537	44,111
	57,537	44,111
Employee related other provisions		
Employment on-costs	6,315	5,701
	6,315	5,701
Total non-current employee related provisions	63,852	49,812
Total employee related provisions	576,203	548,433

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.

MATERIAL 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 2025

15. OTHER PROVISIONS

	2025 Provision for relocation expenses	2025 Total	2024 Total
	$	$	$
Opening balance at 1 July 2024	0	0	0
Additional provision	50,000	50,000	0
Balance at 30 June 2025	50,000	50,000	0
Comprises			
Current	50,000	50,000	0
	50,000	50,000	0

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

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

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SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

16. REVALUATION SURPLUS

	2025 Opening balance	2025 Closing balance	2024 Opening balance	2024 Closing balance
	$	$	$	$
Revaluation surplus - Land	350,000	350,000	350,000	350,000
Revaluation surplus - Buildings	6,142,253	6,142,253	6,142,253	6,142,253
Revaluation surplus - Infrastructure - roads	278,181	278,181	278,181	278,181
Revaluation surplus - Other infrastructure	2,769,960	2,769,960	2,769,960	2,769,960
	9,540,394	9,540,394	9,540,394	9,540,394

SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

17. RESTRICTIONS OVER FINANCIAL ASSETS

	Note	2025 Actual	2024 Actual
		$	$
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	11,176,666	6,588,455
		11,176,666	6,588,455
The restricted financial assets are a result of the following specific purposes to which the assets may be used:			
Restricted reserve accounts	27	11,058,675	6,485,944
Contract liabilities	13	117,991	102,511
Total restricted financial assets		11,176,666	6,588,455

18. UNDRAWN BORROWING FACILITIES AND CREDIT STANDBY ARRANGEMENTS

	Note	2025 Actual	2024 Actual
Credit standby arrangements			
Credit card limit		40,000	40,000
Credit card balance at balance date		(20,217)	(17,376)
Total amount of credit unused		19,783	22,624

SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

19. CONTINGENT LIABILITIES

The Shire is not aware of any contingent liabilities as at 30 June 2025 (30 June 2024: nil).

20. CAPITAL COMMITMENTS

	2025	2024
	$	$
Contracted for:		
- capital expenditure projects	0	15,172
- plant & equipment purchases	0	2,242
	0	17,414
Payable:		
- not later than one year	0	17,414

SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

21. RELATED PARTY TRANSACTIONS

(a) Council member remuneration

Fees, expenses and allowances to be paid or reimbursed to council members.	Note	2025 Actual	2025 Budget	2024 Actual
		$	$	$
President's annual allowance		7,375	7,000	5,500
President's meeting attendance fees		7,375	7,000	5,500
President's conferences and training		0	1,500	0
President's travel and accommodation expenses		10,862	13,000	3,252
		25,612	28,500	14,252
Deputy President's annual allowance		7,375	7,000	5,500
Deputy President's conferences and training		0	1,000	0
Deputy President's travel and accommodation expenses		5,095	7,000	3,252
		12,470	15,000	8,752
All other council member's meeting attendance fees		36,875	35,000	27,500
All other council member's ICT expenses		0	0	4,539
All other council member's training and conference expenses		0	5,000	220
All other council member's travel and accommodation expenses		25,875	35,000	39,693
		62,750	75,000	71,952
	21(b)	100,832	118,500	94,956

(b) Key management personnel (KMP) compensation

The total of compensation paid to KMP of the Shire during the year are as follows:	Note	2025 Actual	2024 Actual
Short-term employee benefits		707,099	827,065
Post-employment benefits		82,313	105,483
Employee - other long-term benefits		6,000	13,304
Council member costs	21(a)	100,832	94,956
		896,244	1,040,808

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 annual leave and long service leave entitlements accruing during the year.

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

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SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

21. RELATED PARTY TRANSACTIONS (Continued)

(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:	2025 Actual $	2024 Actual $
Sale of goods and services	250,020	120,125
Purchase of goods and services	0	870
Short term employee benefits - other related parties	348,106	551,921
Payment of council member costs - Refer to Note 23(a)	100,832	94,956
Amounts outstanding from related parties:		
Trade and other receivables	13,959	17,227

(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 Shire, directly or indirectly, including any council member, are considered key management personnel.

ii. Other Related Parties
There were no such parties requiring disclosure during the current or previous year.

iii. Entities subject to significant influence by the Shire
There were no such entities requiring disclosure during the current or previous year

SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

22. 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.

SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

23. OTHER MATERIAL 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 report 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 revenue
Interest revenue 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 Fair Value Measurement 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 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 except for non-financial assets that are:
- land and buildings classified as property, plant and equipment;
- infrastructure; or
- vested improvements that the local government controls, in circumstances where there has been an impairment indication of a general decrease in asset values.

These non-financial assets are assessed in accordance with the regulatory framework detailed in Note 9.

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 *Property, Plant and Equipment*) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

24. RATING INFORMATION

(a) General rates

RATE TYPE Rate description	Basis of valuation	Rate in $	Number of properties	2024/25 Actual rateable value*	2024/25 Actual rate revenue	2024/25 Actual interim rates	2024/25 Actual total revenue	2024/25 Budget rate revenue	2024/25 Budget interim rate	2024/25 Budget total revenue	2023/24 Actual total revenue
				$	$	$	$	$	$	$	$
GRV - General Developed	Gross rental valuation	0.1244	163	2,720,380	338,415	0	338,415	338,415	0	338,415	329,271
GRV - Vacant Land	Gross rental valuation	0.2483	15	44,400	11,025	0	11,025	11,025	0	11,025	10,652
GRV - Business	Gross rental valuation	0.1312	68	1,151,975	151,139	1,636	152,775	151,139	0	151,139	141,290
Total general rates			246	3,916,755	500,579	1,636	502,215	500,579	0	500,579	481,213
		Minimum payment $									
Minimum payment											
GRV - General Developed	Gross rental valuation	810	4	3,540	3,240	0	3,240	3,240	0	3,240	3,120
GRV - Vacant Land	Gross rental valuation	910	5	16,120	4,550	0	4,550	4,550	0	4,550	4,400
GRV - Business	Gross rental valuation	810	30	72,604	16,200	0	16,200	16,200	0	16,200	14,820
Total minimum payments			29	92,264	23,990	0	23,990	23 990	0	23,990	22,340
Total general rates and minimum payments			275	4,009,019	524,569	1,636	526,205	524,569	0	524,569	503,553
Concessions							0			0	(3,094)
Total rates							526,205			524,569	500,459

(b) **Rates related information**

	2024/25 Actual	2024/25 Budget	2023/24 Actual
Rates instalment interest	1,380	1,000	1,343
Rates overdue interest	10,008	2,450	10,841

*Rateable Value at time of raising of rate.

SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

25. DETERMINATION OF SURPLUS OR DEFICIT

	Note	2024/25 (30 June 2025 carried forward)	2024/25 Budget (30 June 2025 carried forward)	2024/25 (1 July 2024 carried forward)	2023/24 (30 June 2024 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 Statement of Financial Activity in accordance with *Financial Management Regulation 32*.					
Adjustments to operating activities					
Less: Profit on asset disposals		(68,430)	(20,500)	0	0
Less: Movement in liabilities associated with restricted cash		37,705	0	0	0
Add: Loss on disposal of assets		0	44,660	61,068	61,068
Add: Depreciation	9(a)	1,638,392	1,504,592	1,497,814	1,497,814
Non-cash movements in assets and liabilities:					
Non- Current Debtors	4	2,121,212	0	0	0
Employee benefit provisions	14	14,040	17,200	(11,225)	(11,225)
Non-cash amounts excluded from operating activities		3,742,919	1,545,952	1,547,657	1,547,657
(b) Non-cash amounts excluded from investing activities					
The following non-cash revenue or expenditure has been excluded from amounts attributable to investing activities within the Statement of Financial Activity in accordance with *Financial Management Regulation 32*.					
Adjustments to investing activities					
Property, plant and equipment received for substantially less than fair value	7(a)	0	0	0	290,000
Infrastructure received for substantially less than fair value	8(a)	0	0	0	709,701
Non cash capital grants, subsidies and contributions					(999,701)
Non-cash amounts excluded from investing activities		0	0	0	0
(c) Surplus or deficit after imposition of general rates					
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with *Financial Management Regulation 32* to agree to the surplus/(deficit) after imposition of general rates.					
Adjustments to net current assets					
Less: Reserve accounts	27	(11,058,675)	(8,021,799)	(6,485,944)	(6,485,944)
Add: Current liabilities not expected to be cleared at end of year					
- Current portion of lease liabilities	10(b)	13,229	13,185	12,908	12,908
- Employee benefit provisions in Reserve		384,465	379,784	346,761	346,761
- Other provisions		0	0		0
Total adjustments to net current assets		(10,660,981)	(7,628,830)	(6,126,275)	(6,126,275)
Net current assets used in the Statement of financial activity					
Total current assets		14,845,665	8,313,793	10,066,992	10,066,992
Trade receivables (non current)		0	0	0	14,024,262
Less: Total current liabilities		(1,359,163)	(684,963)	(1,068,730)	(1.068,730)
Less: Total adjustments to net current assets		(10,660,981)	(7,628,830)	(6,126,275)	(6,126,275)
Surplus or deficit after imposition of general rates		2,825,521	0	2,671,987	16,896,249

SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

26. LEASE LIABILITIES

(a) Lease Liabilities

		Actual							Budget			
Purpose	Note	Principal at 1 July 2023	New leases during 2023-24	Principal repayments during 2023-24	Principal at 30 June 2024	New leases during 2024-25	Principal repayments during 2024-25	Principal at 30 June 2025	Principal at 1 July 2024	New leases during 2024-25	Principal repayments during 2024-25	Principal at 30 June 2025
		$	$	$	$	$	$	$	$	$	$	$
Shire Office - West Island		41,799	0	(10,127)	31,672	0	(13,172)	18,500	31,671	0	(12,908)	18,763
Total		41,799	0	(10,127)	31,672	0	(13,172)	18,500	31,671	0	(12,908)	18,763

Borrowing finance cost payments

Purpose	Loan number	Institution	Interest rate	Date final payment is due	Actual for year ending 30 June 2025	Budget for year ending 30 June 2025	Actual for year ending 30 June 2024
					$	$	$
Shire Office - West Island	B020	JLL	2.40%	1/11/2026	584	822	868
Total					584	822	868
Total finance cost payments					584	822	868

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SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

27. RESERVE ACCOUNTS

	2025 Actual opening balance	2025 Actual transfer to	2025 Actual transfer (from)	2025 Actual closing balance	2025 Budget opening balance	2025 Budget transfer to	2025 Budget transfer (from)	2025 Budget closing balance	2024 Actual opening balance	2024 Actual transfer to	2024 Actual transfer (from)	2024 Actual closing balance
	$	$	$	$	$	$	$	$	$	$	$	$
Restricted by council												
(a) Leave reserve	362,584	21,881	0	384,465	362,584	17,200	0	379,784	344,623	17,961	0	362,584
(b) Plant Reserve	986,465	780,844	(754,612)	1,012,697	986,465	545,558	(520,000)	1,012,023	977,331	512,064	(502,930)	986,465
(c) Building Reserve	1,610,354	375,756	(198,830)	1,787,280	1,610,354	330,632	(280,421)	1,660,565	1,286,428	338,926	(15,000)	1,610,354
(d) Furniture and Equipment Reserve	41,961	13,328	0	55,289	41,961	19,396	(17,957)	43,400	18,792	23,169	0	41,961
(e) Self Insurance Reserve	109,838	6,628	0	116,466	109,838	4,000	0	113,838	104,401	5,437	0	109,838
(f) Community Reserve	517,796	31,248	0	549,044	517,796	24,000	0	541,796	491,953	25,843	0	517,796
(g) Climate Adaption Reserve	91,101	5,498	0	96,599	91,101	3,200	0	94,301	86,585	4,516	0	91,101
(h) Land Trust Administration Reserve	84,083	0	0	84,083	84,083	100,800	0	184,883	80,500	3,583	0	84,083
(i) Waste Management Reserve	0	1,042,753	(1,042,753)	0	0	491,080	(491,080)	0	0	702,056	(702,056)	0
(j) IT & Communication Reserve	2,448,262	5,698,904	(1,527,914)	6,619,252	1,526,505	4,130,000	(2,021,996)	3,634,509	0	2,877,443	(429,181)	2,448,262
(k) Infrastructure Reserve	233,500	120,000	0	353,500	233,500	123,200	0	356,700	0	233,500	0	233,500
	6,485,944	8,098,840	(3,524,109)	11,058,675	5,564,187	5,789,066	(3,331,454)	8,021,799	3,390,613	4,744,498	(1,649,167)	6,485,944

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserve accounts.

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 account	Purpose of the reserve account
Restricted by council	
(a) Leave reserve	- to be used to fund annual and long service leave requirements.
(b) Plant Reserve	- to be used for the purchase of major plant.
(c) Building Reserve	- to be used for the construction of Council buildings.
(d) Furniture and Equipment Reserve	- to be used for the purchase of furniture and office equipment.
(e) Self Insurance Reserve	- to be used to ensure that Council has sufficient cover on all insurance policies.
(f) Community Reserve	- to be used for the development of Home Island facilities and infrastructure.
(g) Climate Adaption Reserve	- to be used for the purpose of providing for the needs of Climate Adaptation in the future.
(h) Land Trust Administration Reserve	- to be used to provide funds for the future administration and winding-up of the 1979 and 1984 Land Trusts.
(i) Waste Management Reserve	- to be used for bin collection and transfer station gate fees to be used to fund waste management operating and capital costs.
(j) IT & Communication Reserve	- to be used for Contracted ICT income and costs, communication/connectivity improvement initiatives and other island wide initiatives.
(k) Infrastructure Reserve	- to be used for future Shire infrastructure projects.

SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

28. TRUST FUNDS

Transactions related to, and 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:

STATEMENT OF COMPREHENSIVE INCOME	LAND TRUST 1979		LAND TRUST 1984	
for years ended:	30 June 2025	30 June 2024	30 June 2025	30 June 2024
Revenue				
Contributions	358,914	402,255	29,351	127,309
Rent revenue	675,719	498,233	0	0
Fees and Charges	0	0	146,399	156,126
Other revenue	102,252	102,456	0	0
Total	1,136,885	1,002,944	175,750	283,435
Expenses				
Employee, Materials and Contract related	(756,511)	(627,241)	(122,400)	(56,755)
Utility charges	(67,797)	(59,621)	(6,803)	(5,728)
Depreciation on non-current assets	(1,690,411)	(1,690,412)	(267,219)	(259,961)
Insurance expenses	(312,577)	(316,081)	(46,547)	(46,547)
Total	(2,827,296)	(2,693,355)	(442,969)	(368,991)
Total comprehensive income for the period	(1,690,411)	(1,690,411)	(267,219)	(85,556)

STATEMENT OF FINANCIAL POSITION	30 June 2025	30 June 2024	30 June 2025	30 June 2024
NON-CURRENT ASSETS				
Property, plant and equipment	44,639,536	46,329,947	7,892,529	8,159,748
TOTAL NON-CURRENT ASSETS	44,639,536	46,329,947	7,892,529	8,159,748
TOTAL ASSETS	44,639,536	46,329,947	7,892,529	8,159,748
EQUITY				
Retained surplus	(3,733,277)	(2,042,868)	(562,508)	(295,289)
Revaluation surplus	48,372,813	48,372,815	8,455,037	8,455,037
TOTAL EQUITY	44,639,536	46,329,947	7,892,529	8,159,748

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SHIRE OF COCOS (KEELING) ISLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

29. CORRECTION OF ERROR

During the financial year ended 30 June 2024, the Shire executed an asset transfer deed with a third party pursuant to which certain assets, being IT infrastructure assets and a property (the Assets), were transferred to the Shire. This asset transfer was incorrectly not recognised in the Shire's financial statements for the year ended 30 June 2024.

As a consequence of the above, the Shire has determined that:
(a) As at 30 June 2024:
- Infrastructure assets were understated by $694,206.
- Property, plant and equipment were understated by $290,000.
- Retained surplus was understated by $984,206.

(b) For the year ended 30 June 2024:
-Depreciation expense was understated by $15,495.
-Capital grants, subsidies and contributions were understated by $999,701

The financial impact of the correction of the above error is presented below:

Statement of Comprehensive Income	2024 Reported	Restatement	2024 Restated
(Extract)	$	$	$
Depreciation	(1,482,319)	(15,495)	(1,497,814)
Capital grants, subsidies and contributions	525,510	999,701	1,525,211
Net result for the period	19,645,564	984,206	20,629,770
Total comprehensive income for the period	19,645,564	984,206	20,629,770

Statement of Financial Position (Extract)	2024 Reported	Restatement	2024 Restated
Infrastructure	9,949,826	694,206	10,644,032
Property, plant and equipment	14,954,460	290,000	15,244,460
Total non-current assets	**38,964,278**	**984,206**	**39,948,484**
Total assets	**49,031,271**	**984,206**	**50,015,477**
Net assets	**47,893,965**	**984,206**	**48,878,171**
Retained surplus	31,867,627	984,206	32,851,833
Total equity	**47,893,965**	**984,206**	**48,878,171**

Statement of Financial Activity (Extract)	2024 Reported	Restatement	2024 Restated
Depreciation	(1,482,319)	(15,495)	(1,497,814)
Non-cash amounts excluded from operating activities	1,532,162	15,495	1,547,657
Amount attributable to operating activities	**20,652,216**	-	**20,652,216**
Capital grants, subsidies and contributions	525,510	999,701	1,525,211
Acquisition of property, plant and equipment	(1,531,143)	(290,000)	(1,821,143)
Acquisition of infrastructure	(394,559)	(709,701)	(1,104,260)
Amount attributable to investing activities	**(1,401,326)**	-	**(1,401,326)**

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OFFICIAL

Auditor General

INDEPENDENT AUDITOR'S REPORT
2025
Shire of Cocos (Keeling) Islands

To the Council of the Shire of Cocos (Keeling) Islands

Opinion

I have audited the financial report of the Shire of Cocos (Keeling) Islands (Shire) which comprises:

- the statement of financial position as at 30 June 2025, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of financial activity for the year then ended
- notes comprising a summary of material accounting policies and other explanatory information.

In my opinion, the financial report :

- is based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2025 and its financial position at the end of that period
- is in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section below.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter – Restatement of comparative figures

I draw attention to Note 29 to the financial report which states that the amounts reported in the previously issued 30 June 2024 financial report have been restated and disclosed as comparatives in this financial report. My opinion is not modified in respect of this matter.

Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2025, but not the financial report and my auditor's report.

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

7th Floor Albert Facey House 469 Wellington Street Perth MAIL TO: Perth BC PO Box 8489 Perth WA 6849 TEL: 08 6557 7500

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

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to the CEO and Council and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

Responsibilities of the Chief Executive Officer and Council for the financial report

The Chief Executive Officer (CEO) of the Shire is responsible for:

- keeping proper accounts and records
- preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for:

- assessing the Shire's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Shire.

The Council is responsible for overseeing the Shire's financial reporting process.

Auditor's responsibilities for the audit of the financial report

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

My independence and quality management relating to the report on the financial report

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, the Office of the

Auditor General maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of Cocos (Keeling) Islands for the year ended 30 June 2025 included in the annual report on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the Shire to confirm the information contained in the website version.

Tim Sanya
Senior Director Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
10 June 2026

7 CLOSURE