



SHIRE OF  
**COCOS**  
KEELING  
**ISLANDS**

MAJU PULU KITA | ADVANCE OUR ISLANDS

*SHIRE OF COCOS  
(KEELING) ISLANDS  
ANNUAL REPORT  
2022 - 2023*



# CONTENTS

|   |    |
|---|----|
| <b>Purpose of Annual Report</b> .....                         | 3  |
| <b>Vision</b> .....   | 3  |
| <b>Mission</b> .....  | 3  |
| <b>Our Values</b> .....                                       | 4  |
| <b>Shire President's Report</b> .....                         | 5  |
| <b>Chief Executive Officer's Report</b> .....                 | 6  |
| <b>Councillors</b> .....                                      | 7  |
| <b>Economic Objective</b> .....                               | 8  |
| <b>Social Objective</b> .....                                 | 9  |
| Our Community.....  | 10 |
| Cultural Heritage, Tourism and Natural Environment.....       | 13 |
| <b>Environment Objective</b> .....                            | 14 |
| <b>Civic Leadership Objective</b> .....                       | 16 |
| <b>Legislation Requirements</b> .....                         | 17 |
| <b>Councilor Meeting Attendance</b> .....                     | 18 |
| <b>Council Background</b> .....                               | 18 |
| <b>Financial Report For The Year Ended 30 June 2023</b> ..... | 19 |
| <b>Statutory Reporting</b> .....                              | 61 |
| Disability Access and Inclusion Plan.....                     | 61 |
| Register of Complaints.....                                   | 62 |
| Local Government Act 1995 (WA)(CKI).....                      | 62 |

## PURPOSE OF AN ANNUAL REPORT

This Annual Report is a legislated document that contains the audited financial reports and other information as described under the *West Australian Local Government Act 1995 (CKI)* and the *Local Government (Administration) Regulations 1996 (CKI)* as amended from time to time.

## VISION

The Shires view into the future with hope and a positive outlook. To build on the future sustainability of the Cocos (Keeling) Islands through the provision of core services to the community and to further develop tourism as a major industry to ensure the economic future of the islands are guaranteed.

## MISSION

The Shires reason for being and how we intend to serve the community of Cocos (Keeling) Islands

We will realise the Shires Vision and Mission by:

- Providing leadership
- Promoting interest in Local Government
- Working in partnership with Government, business, clubs, and community groups.
- Maintaining a strong liaison with political leader
- Maintaining our community minded approach



# 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.

# SHIRE PRESIDENT'S REPORT



It gives me great pleasure to deliver the Annual Report for the financial year 1 July 2022 to 30 June 2023. My role as the Shire President can be as challenging as it is rewarding and I would like to acknowledge my former Deputy Shire President, Seriwati Iku and fellow Councillors for all their ongoing and tireless dedication to the Cocos community. Their time and efforts continue to assist us in reaching the goals we set out to achieve for Cocos, now and well into the future.

Despite the challenges facing a Local Government in such a remote location as ours, we have a very dedicated team of staff, led by our Chief Executive Officer, Frank Mills that are striving forward to reach organisational and community goals and aspirations.

In setting the budget for this financial year, Council continued to consider the balance of providing new and upgraded infrastructure, with the need to maintain our existing infrastructure and to improve our environmental sustainability.

The retail centre upgrade and expansion on Home Island and the continual search for opportunities for local jobs, training and other development opportunities have been a focus for the Shire. Nearing completion, the retail centre will provide a much-needed boost to our local economy and will set the path for future economic development in the Shire.

The Shire continues to invest in projects that enhance social, cultural, environmental, and economic sustainability of the Cocos (Keeling) Islands. We have invested time and resources further capturing our history and sharing our culture - with each other, and with generations yet to come.

We continue to strengthen our corporate governance and have met all auditory and compliance requirements required of us.

Finally, I thank the Shire staff for their professionalism and dedication because without every one of them we would not be able to achieve the standards and results we do.

Aindil Minkom  
Shire President

# CHIEF EXECUTIVE OFFICER'S REPORT



After a full year in the role the Chief Executive Officer of the Shire of Cocos (Keeling) Islands, I am beginning to fully appreciate the uniqueness of the relationship a Shire in an Australian Territory has. Sharing a vision of the road ahead with the elected Council, I am pleased to deliver this annual report as the results are a steppingstone for the future.

2023 – 2024 marks a new era for the Shire, one that will recognise and celebrate the past as well as challenging the norms and setting new benchmarks for achievements in the future. We will continue to build on our integrated planning model and strategy with further review of our Strategic Community Plan, Corporate Business Plan, Annual Work Plan, Workforce Plan, and Long Term Financial Plan. We will introduce our Business and Information Technology Continuity Plans as well as a host of newly developed policies to provide greater governance of the Shire operations.

The long-awaited draft Coastal Hazard Risk Management and Adaptation Plan (CHARMAP) is due for completion in early 2024 and once approved, will be the blueprint for the future of the Cocos (Keeling) Islands. Development of the Shires Local Planning Strategy and a review of the Local Planning Scheme will complement the CHATMAP once finalised.

2023 – 2024 will see the finalisation of the Shire and Indian Ocean Territories Waste Management Strategies that include full fee for service waste management for the first time. The Commonwealth Government and Department of Defence Runway Upgrade Project will commence in full swing in 2024 bringing unprecedented opportunity for the Shire and residents to leverage economic, training and development, and employment outcomes from various components of the project.

This annual report will focus on the following objectives for us:

- Economic Objective
- Social Objective
- Environment Objective
- Civic Leadership Objective

Frank Mills  
Chief Executive Officer



**President**

**Cr Aindil Minkom**

Elected: 2021

Expiry of Term: 2025



**Cr Tony Lacy**

Elected: 2021

Expiry of Term: 2025



**Deputy President**

**Cr Seriwati Iku**

Elected: 2019

Expiry of Term: 2023

# COUNCILLORS

Councillors as at July 2022 - June 2023



**Cr Mazlan Hamiril**

Elected: 2019

Expiry of Term: 2023



**Cr Signa Knight**

Elected: 2022

Expiry of Term: 2025



**Cr Ayesha Young**

Elected: 2021

Expiry of Term: 2025



**Cr Helen Liu**

Elected: 2021

Expiry of Term: 2023

## ECONOMIC OBJECTIVE

Economic Development – The Shire is an integral partner for community economic development activities and programs, and as such we:

Support incorporated not-for-profit organisations/associations located within the Shire by providing grants up to \$2000 to assist with the delivery of projects that address identified community needs, that aim to benefit the Cocos community and align with the Shire’s strategic plan goals, and;

Support local businesses initiatives through the Business Improvement Grant process. Eligible local businesses can apply for funding up to \$3,000 for improvement projects. There are two funding rounds for the financial year.

Have made significant financial contributions to the re-development and upgrade of the retail centre on Home Island that will see both retail and hospitality businesses operated by local people.

Introduction of a waste management rebate for resident owned and operated local small businesses.





# SOCIAL OBJECTIVE



## OUR COMMUNITY

To align with Shire objectives, we maintain our commitment to providing a vibrant and inclusive Community Development by:

### **Sports and Leisure Facilities:**

- Implementation of shade structures over playgrounds, including Trannies Beach.
- Roof replacements for the gazebo and club shelter at the Home Island tennis courts.

### **Inclusive Outdoor Spaces:**

- Establishment of inclusive parks and paths to encourage outdoor activities.
- Promotion of activities such as walking, cycling, and other recreational pursuits for both local residents and visitors.

### **Water-Based Activities:**

- Active support for two sailing clubs and various water-based activities.
- Encouragement of businesses focusing on the coastal lifestyle and world-class beaches.

### **Diverse Facilities:**

- Provision of a wide range of facilities catering to both transient and local populations.
- Accommodation and support for visiting annual sports coaches.

### **Community Parks and Recreation Areas:**

- Support for 5 parks, 4 playgrounds, 2 sports grounds, 2 tennis courts, 1 bird hide, and trails on 3 islands.

The Shire supports both financially and develops and implements strategies, partnerships, and programs to improve and promote health, wellbeing, inclusion, and access in the Cocos Keeling Islands community. The Shire's initiatives include:

### **Health and Wellbeing:**

- Financial support and strategic development for community health programs.
- Implementation of strategies to enhance the overall wellbeing of residents.

### **Inclusion and Disability Plans:**

- Active promotion and support for inclusion through Disability Plans.
- Regular review of Disability Plans scheduled for 2024.

### **Community Grants:**

- Provision of various community grants in the following categories:
  - Adopt a Spot
  - Community Funding Program
  - Business Improvement Grant
  - Student Education Grant

**Volunteering and Child Safety:**

- Promotion and support for volunteering initiatives within the community.
- Maintenance of high organizational standards in Child Safe practices.

**Children's Programs:**

- Delivery of a wide and varied program of activities for children:
- After School Program
- School Holiday Program

**Community Engagement and Library Services:**

- Continuous efforts to increase community participation.
- Regular turnover of the library collection, supported by the State Library of WA.
- Ongoing initiatives to build and maintain connections with active library borrowers in the municipality.

**Youth Services:**

- Continuous improvement of dynamic youth services.
- Active partnership with young people for enhanced wellbeing, resilience, and connection.
- Advocacy for youth empowerment through workshops with the Office of Multicultural Interest and Youth Advisory Council of WA.
- Provision of social events and activities for all age groups, including school holiday programs and cultural/recreational participation.

**Positive Ageing Initiatives:**

- Development of a Positive Ageing Plan to address challenges faced by the ageing community.
- Strategic direction for meaningful community participation and building social capital.
- Support for older individuals, people with disabilities, carers, and those experiencing vulnerability at home.
- Provision of information, assessment, care management, and assistance in independent living and home maintenance.
- Facilitation of social activities like RU Ok Day and Seniors Week.

**Seniors Group Engagement:**

- Regular meetings with the Seniors Group on Home Island.
- Provision of moral support, advocacy for group projects, and introduction to consultants for strategic planning.
- Financial support through ongoing Adopt a Spot Grant and approval of two Community Funding Grants.

## Community Engagement and Cultural Initiatives:

### **Sports and Recreation Support:**

- Close collaboration with sports and recreation organizations.
- Provision of spaces, sporting facilities, and public facilities to promote active, healthy, and inclusive communities.

### **Community Celebrations and Festivals:**

- Facilitation of major community celebrations and festivals.
- Consultation with key community groups and stakeholders to ensure inclusive and stimulating events.
- Events designed to foster community spirit and stimulate the local economy.

### **Artistic and Cultural Experiences:**

- Provision of inspiring, creative, and artistic experiences.
- Education and connection initiatives to bring the community together for lifelong fulfilment and inspiration.

### **Sculptures by the Sea Initiative:**

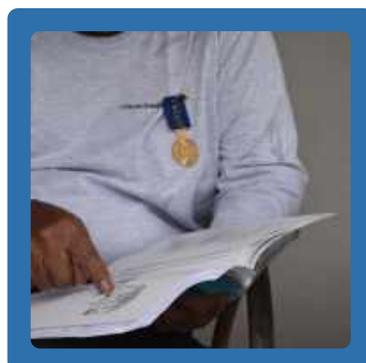
- Introduction of the first Sculptures by the Sea project.
- Exploration of the creative side of the community, involving students from Cocos Islands District High School and other talented community members.
- Enhancement of open spaces, foreshores, and built environments for sustainability and enjoyment by current and future generations.



## CULTURE HERITAGE, TOURISM AND NATURAL ENVIRONMENT

The Shire acknowledges the importance of fostering relationships with community, stakeholders, and visitors to our built and oral heritage through:

- The Shire and Cocos (Keeling) Islands Tourism Association CKITA have an annual Service Agreement to man the Home Island Museum to increase the visitation and experience of Home Island. The Tourism Officer collects valuable data on visitor numbers and provides a tour of the historical artefacts,
- Our Oral History Curators have collected oral histories which are being digitised and will be made available via the Home Island Museum in May 2023. The interactive display will be showcased during the 40 Years Act of Self Determination Day celebrations. The Shire will lead this program and with other key stakeholders (internal and external) to enhance the diverse cultural background that makes the Cocos Keeling Islands unique.
- The main goal for the Jukong Restoration Project is the transfer of skills from the two remaining master boat builders on Home Island. In their seventies, they began their 'apprenticeships' at around 14 years old. One is currently building a jukong (perhaps his last), the other is restoring a 1935 small fishing jukong. A widely held concern is that once these gentlemen have gone their boat building knowledge and skills will be lost. The intention is that these men will oversee the restorations of our Jukongs each specific in it's purpose, function, and size held in the museum collection. The Shire will be working collaboratively with the Cocos Islands Youth Council and the Suka Duka Seniors Group.





# **ENVIRONMENT OBJECTIVE**

## NATURAL ENVIRONMENT

The community have strong values associated with the natural habitat, especially the islands, ocean, foreshores, and swimming beaches. The Shire has a pivotal role in engaging with the Commonwealth to highlight the growing concerns and reality of rising sea levels, coastal erosion, tidal inundation, and flooding of the Kampong on Home Island.

## WASTE MANAGEMENT

Continued development and redefining of the waste management strategy to find cost effective solutions to managing waste is a priority goal of the Shire.

With the introduction of fee for service for waste management in 2023 – 2024, the challenge for the Shire is to deal with decades of legacy waste that has accumulated on both Home and West Island. Opportunities for information sharing, education and school programs will assist in a better understanding and appreciation of the impacts of waste on the environment and provide an insight into possible sustainable practices.

## RECYCLING

The Shire must continue and build on its very succesful recycling program to reduce waste and remove recyclables from Cocos (Keeling) Islands. Opportunities such as the “West Australian containers for change/cash for cans” program must be explored along with separation of waste to extract metal cans and paper products for recycling.



# CIVIC LEADERSHIP OBJECTIVE

## **TO PROVIDE LEADERSHIP TO THE COMMUNITY**

Elected members of Council must show community leadership and promote the attainment of the Shire's goals and vision.

Shire's leadership team must demonstrate an understanding of the cultural specifics of the Cocos Malay and ex-pat communities. Led by the Chief Executive Officer, there must be empathy, ability to inspire, stronger communication and pride in our community always displayed. Today's effective leaders are the role models for the future, who involve all members of their teams. Inspiring the community to work together toward a common goal they must focus on building effectiveness and the ability to get things done.

## **CONTINUE TO IMPROVE ORGANISATIONAL PLANNING**

Past planning has been the excuse for loss of productivity, project and budget over runs, staff dissatisfaction and lack of morale. Building a more informed and inclusive workforce is the panacea for mitigating past issues and moving forward in a positive direction. The Shire's integrated and workforce planning is a key step in the ladder of reform. Underpinned by greater communication, understanding of roles and responsibilities, and providing opportunities for training, development and advancement are some of the keys to change. A challenge in moving forward is balancing what is right for the Shire and community and doing what will make our employees happiest is not always mutually exclusive. We must however strive to be the employer of choice on the Cocos (Keeling) Islands and this can only be achieved by showing we value our staff and our staff value the Shire.

# LEGISLATION REQUIREMENTS

## EMPLOYEE SALARY

In accordance with the Local Government Regulation 19B (2)(a), the Shire of Cocos Keeling Islands is required to disclose in bands of \$10,000 the number of employees entitled to an annual salary of \$130,000 or more.

| Total Annual Salary   |           |               |
|---|-----------|---------------|
| From  | To        | No. Employees |
| \$130,000   | \$140,000 | 0             |
| \$140,000   | \$150,000 | 1             |
| \$150,000   | \$160,000 | 1             |
| Total No. employees entitled to an annual salary of \$130,000 or more |           | 2             |

## REGISTER OF COMPLAINTS

During the period 1 July 2022 to 30 June 2023 no amount ordered under section 5.110(6)(b)(iv) to be paid by a person against whom complaint was made under section 5.107(1), 5.109(1) or 5.114 (1) to the local government during the financial year as there was no breach or complaint.

## CHIEF EXECUTIVE OFFICER REMUNERATION

In accordance with the Local Government Regulations 1996, Regulation 19B(2)(e) the remuneration provided to the CEO during the financial year was \$275,078.

## COUNCILLOR MEETING ATTENDANCE

Council is the decision-making body of the Shire and meets on the last Wednesday of every month at 4pm.

The number of Council Meetings held during the financial year June 2022 - July 2023 and the numbers of those meeting attended by each Elected Member is as follows:

| Councillors   | Ordinary Council Meetings (11) | Apologies | Leave of Absence | Special Council Meetings (1) | Apologies | Leave of Absence |
|---|--------------------------------|-----------|------------------|------------------------------|-----------|------------------|
| Cr Aindil Minkom, President<br>(President to October 2025)              | 10                             |           | 1                | 1                            |           |                  |
| Cr Seriwati Iku, Deputy President<br>(Deputy President to October 2023) | 11                             |           |                  | 1                            |           |                  |
| Cr Mazlan Hamiril<br>(Term ended October 2022)                          | 1                              |           | 2                |                              |           |                  |
| Cr Tony Lacy  | 11                             |           |                  | 1                            |           |                  |
| Cr Helen Liu<br>(Term ended March 2023)                                 | 6                              | 1         |                  |                              | 1         |                  |
| Cr Signa Knight   | 4                              |           | 1                | 1                            |           |                  |
| Cr Ayesha Young   | 11                             |           |                  | 1                            |           |                  |

## COUNCIL BACKGROUND

Below figures details the Elected Member background.

| Councillors       | Linguistic Background | Gender | Country of Birth | Aboriginal or Torres Strait Islander |
|-------------------|-----------------------|--------|------------------|--------------------------------------|
| Cr Aindil Minkom  | Cocos Malay           | Male   | Cocos Islands    | NO                                   |
| Cr Seriwati Iku   | Cocos Malay           | Female | Cocos Islands    | NO                                   |
| Cr Mazlan Hamiril | Cocos Malay           | Male   | Cocos Islands    | NO                                   |
| Cr Tony Lacy      | English               | Male   | Australia        | NO                                   |
| Cr Helen Liu      | Chinese/Mandarin      | Female | China            | NO                                   |
| Cr Signa Knight   | Cocos Malay           | Male   | Cocos Islands    | NO                                   |
| Cr Ayesha Young   | English               | Female | Australia        | NO                                   |

| Age Group                     | Council Members |
|-------------------------------|-----------------|
| Between 18 years and 24 years |                 |
| Between 25 years and 34 years |                 |
| Between 35 years and 44 years | 3               |
| Between 45 years and 54 years | 1               |
| Between 55 years and 64 years | 1               |
| Over the age of 64 years      | 2               |

# FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

## Table of contents

|  |    |
|--|----|
| Statement by Chief Executive Officer.....                | 20 |
| Statement be Comprehensive Income by Nature or Type..... | 21 |
| Statement of Financial Position.....                     | 22 |
| Statement of Changes in Equity.....                      | 23 |
| Statement of Cash Flows.....                             | 24 |
| Rate Setting Statement.....                              | 52 |
| Independent Auditor's Report.....                        | 58 |



**SHIRE OF COCOS (KEELING) ISLANDS  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

*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 2023 and the financial position as at 30 June 2023.

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

Signed on the 7 day of December 2023



---

Acting Chief Executive Officer

Ibrahim Macrae

---

Name of Acting Chief Executive Officer



**SHIRE OF COCOS (KEELING) ISLANDS  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2023**

|   | NOTE              | 2023<br>Actual   | 2023<br>Budget   | 2022<br>Actual   |
|---|-------------------|------------------|------------------|------------------|
|   |                   | \$               | \$               | \$               |
| <b>Revenue</b>  |                   |                  |                  |                  |
| Rates   | 2(a), 23          | 433,655          | 442,694          | 430,999          |
| Grants, subsidies and contributions                                       | 2(a)              | 5,047,049        | 4,909,182        | 4,677,341        |
| Fees and charges  | 2(a)              | 1,455,653        | 480,731          | 560,999          |
| Interest revenue  | 2(a)              | 126,553          | 11,288           | 8,713            |
| Other revenue   | 2(a)              | 142,930          | 60,400           | 241,980          |
|   |                   | 7,205,840        | 5,904,295        | 5,920,032        |
| <b>Expenses</b>   |                   |                  |                  |                  |
| Employee costs  | 2(b)              | (3,562,125)      | (3,439,581)      | (3,031,680)      |
| Materials and contracts   |                   | (1,302,568)      | (1,459,710)      | (1,378,074)      |
| Utility charges   |                   | (54,163)         | (48,540)         | (64,038)         |
| Depreciation  | 7(a), 8(a), 10(a) | (1,368,269)      | (1,168,037)      | (1,145,961)      |
| Finance costs   | 2(b)              | (1,086)          | 0                | (954)            |
| Insurance   |                   | (170,029)        | (171,410)        | (134,448)        |
| Other expenditure   | 2(b)              | (346,838)        | (235,722)        | (55,914)         |
|   |                   | (6,805,078)      | (6,523,000)      | (5,811,069)      |
|   |                   | 400,762          | (618,705)        | 108,963          |
| Capital grants, subsidies and contributions                               | 2(a)              | 1,104,399        | 2,132,684        | 974,877          |
| Profit on asset disposals   |                   | 8,684            | 21,225           | 18,570           |
| Loss on asset disposals   |                   | (14,430)         | (13,928)         | 0                |
|   |                   | 1,098,653        | 2,139,981        | 993,447          |
| <b>Net result for the period</b>  |                   | <b>1,499,415</b> | <b>1,521,276</b> | <b>1,102,410</b> |
| <b>Other comprehensive income for the period</b>                          |                   |                  |                  |                  |
| <i>Items that will not be reclassified subsequently to profit or loss</i> |                   |                  |                  |                  |
| Changes in asset revaluation surplus                                      | 15                | 121,062          | 0                | 1,349,961        |
| <b>Total other comprehensive income for the period</b>                    | 15                | <b>121,062</b>   | <b>0</b>         | <b>1,349,961</b> |
| <b>Total comprehensive income for the period</b>                          |                   | <b>1,620,477</b> | <b>1,521,276</b> | <b>2,452,371</b> |

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



**William Buck Audit (WA) Pty Ltd**

WBL

**SHIRE OF COCOS (KEELING) ISLANDS  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2023**

|                                      | NOTE  | 2023<br>\$        | 2022<br>\$        |
|--------------------------------------|-------|-------------------|-------------------|
| <b>CURRENT ASSETS</b>                |       |                   |                   |
| Cash and cash equivalents            | 3     | 4,531,332         | 4,874,042         |
| Trade and other receivables          | 4     | 291,197           | 424,047           |
| Inventories                          | 5     | 37,054            | 32,751            |
| Other assets                         | 6     | 73,291            | 26,997            |
| <b>TOTAL CURRENT ASSETS</b>          |       | <b>4,932,874</b>  | <b>5,357,837</b>  |
| <b>NON-CURRENT ASSETS</b>            |       |                   |                   |
| Property, plant and equipment        | 7     | 14,462,324        | 12,646,353        |
| Infrastructure                       | 8     | 10,045,687        | 10,198,963        |
| Right-of-use assets                  | 10(a) | 41,419            | 50,030            |
| Intangible assets                    | 11    | 5,000             | 0                 |
| <b>TOTAL NON-CURRENT ASSETS</b>      |       | <b>24,554,430</b> | <b>22,895,346</b> |
| <b>TOTAL ASSETS</b>                  |       | <b>29,487,304</b> | <b>28,253,183</b> |
| <b>CURRENT LIABILITIES</b>           |       |                   |                   |
| Trade and other payables             | 12    | 424,668           | 378,496           |
| Other liabilities                    | 13    | 192,631           | 736,109           |
| Lease liabilities                    | 10(b) | 11,902            | 10,914            |
| Employee related provisions          | 14    | 518,768           | 413,148           |
| <b>TOTAL CURRENT LIABILITIES</b>     |       | <b>1,147,969</b>  | <b>1,538,667</b>  |
| <b>NON-CURRENT LIABILITIES</b>       |       |                   |                   |
| Lease liabilities                    | 10(b) | 29,897            | 39,326            |
| Employee related provisions          | 14    | 61,037            | 47,266            |
| <b>TOTAL NON-CURRENT LIABILITIES</b> |       | <b>90,934</b>     | <b>86,592</b>     |
| <b>TOTAL LIABILITIES</b>             |       | <b>1,238,903</b>  | <b>1,625,259</b>  |
| <b>NET ASSETS</b>                    |       | <b>28,248,401</b> | <b>26,627,924</b> |
| <b>EQUITY</b>                        |       |                   |                   |
| Retained surplus                     |       | 15,317,394        | 13,529,534        |
| Reserve accounts                     | 26    | 3,390,613         | 3,679,058         |
| Revaluation surplus                  | 15    | 9,540,394         | 9,419,332         |
| <b>TOTAL EQUITY</b>                  |       | <b>28,248,401</b> | <b>26,627,924</b> |

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

**William Buck Audit (WA) Pty Ltd**



**SHIRE OF COCOS (KEELING) ISLANDS  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2023**

|   | NOTE | RETAINED<br>SURPLUS<br>\$ | RESERVE<br>ACCOUNTS<br>\$ | REVALUATION<br>SURPLUS<br>\$ | TOTAL<br>EQUITY<br>\$ |
|---|------|---------------------------|---------------------------|------------------------------|-----------------------|
| <b>Balance as at 1 July 2021</b>          |      | <b>13,085,581</b>         | <b>3,020,601</b>          | <b>8,069,371</b>             | <b>24,175,553</b>     |
| Comprehensive income for the period       |      |                           |                           |                              |                       |
| Net result for the period                 |      | 1,102,410                 | 0                         | 0                            | 1,102,410             |
| Other comprehensive income for the period | 15   | 0                         | 0                         | 1,349,961                    | 1,349,961             |
| Total comprehensive income for the period |      | 1,102,410                 | 0                         | 1,349,961                    | 2,452,371             |
| Transfers from reserve accounts           | 26   | 500,000                   | (500,000)                 | 0                            | 0                     |
| Transfers to reserve accounts             | 26   | (1,158,457)               | 1,158,457                 | 0                            | 0                     |
| <b>Balance as at 30 June 2022</b>         |      | <b>13,529,534</b>         | <b>3,679,058</b>          | <b>9,419,332</b>             | <b>26,627,924</b>     |
| Comprehensive income for the period       |      |                           |                           |                              |                       |
| Net result for the period                 |      | 1,499,415                 | 0                         | 0                            | 1,499,415             |
| Other comprehensive income for the period | 15   | 0                         | 0                         | 121,062                      | 121,062               |
| Total comprehensive income for the period |      | 1,499,415                 | 0                         | 121,062                      | 1,620,477             |
| Transfers from reserve accounts           | 26   | 707,512                   | (707,512)                 | 0                            | 0                     |
| Transfers to reserve accounts             | 26   | (419,067)                 | 419,067                   | 0                            | 0                     |
| <b>Balance as at 30 June 2023</b>         |      | <b>15,317,394</b>         | <b>3,390,613</b>          | <b>9,540,394</b>             | <b>28,248,401</b>     |

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

**William Buck Audit (WA) Pty Ltd**

15/23



**SHIRE OF COCOS (KEELING) ISLANDS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2023**

|   | NOTE | 2023<br>Actual<br>\$ | 2022<br>Actual<br>\$ |
|---|------|----------------------|----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>             |      |                      |                      |
| <b>Receipts</b>   |      |                      |                      |
| Rates   |      | 420,948              | 451,608              |
| Grants, subsidies and contributions                     |      | 5,352,398            | 4,689,447            |
| Fees and charges  |      | 1,455,653            | 560,440              |
| Interest revenue  |      | 126,553              | 8,713                |
| Other revenue   |      | 142,930              | 241,980              |
|   |      | 7,498,482            | 5,952,188            |
| <b>Payments</b>   |      |                      |                      |
| Employee costs  |      | (3,361,313)          | (3,051,834)          |
| Materials and contracts                                 |      | (1,387,806)          | (1,272,609)          |
| Utility charges   |      | (54,163)             | (64,038)             |
| Finance costs   |      | (1,086)              | (954)                |
| Insurance paid  |      | (170,029)            | (134,448)            |
| Other expenditure                                       |      | (346,838)            | (55,914)             |
|   |      | (5,321,235)          | (4,579,797)          |
| <b>Net cash provided by operating activities</b>        |      | 2,177,247            | 1,372,391            |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>             |      |                      |                      |
| Payments for purchase of property, plant & equipment    | 7(a) | (2,397,831)          | (1,239,435)          |
| Payments for construction of infrastructure             | 8(a) | (516,811)            | (468,741)            |
| Payments for intangible assets                          | 11   | (5,000)              | 0                    |
| Capital grants, subsidies and contributions             |      | 400,521              | 1,642,616            |
| Proceeds from sale of property, plant & equipment       |      | 10,500               | 18,500               |
| <b>Net cash used in investing activities</b>            |      | (2,508,621)          | (47,060)             |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>             |      |                      |                      |
| Payments for principal portion of lease liabilities     | 25   | (11,336)             | (6,360)              |
| <b>Net cash used in financing activities</b>            |      | (11,336)             | (6,360)              |
| <b>Net (decrease) / increase in cash held</b>           |      | (342,710)            | 1,318,971            |
| Cash at beginning of year                               |      | 4,874,042            | 3,555,071            |
| <b>Cash and cash equivalents at the end of the year</b> | 3    | 4,531,332            | 4,874,042            |

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

**William Buck Audit (WA) Pty Ltd**



**SHIRE OF COCOS (KEELING) ISLANDS  
STATEMENT OF FINANCIAL ACTIVITY  
FOR THE YEAR ENDED 30 JUNE 2023**

|  | NOTE  | 2023<br>Actual<br>\$ | 2023<br>Budget<br>\$ | 2022<br>Actual<br>\$ |
|--|-------|----------------------|----------------------|----------------------|
| <b>OPERATING ACTIVITIES</b>                                  |       |                      |                      |                      |
| <b>Revenue from operating activities</b>                     |       |                      |                      |                      |
| General rates  | 23    | 433,655              | 442,654              | 430,999              |
| Grants, subsidies and contributions                          |       | 5,047,049            | 4,909,182            | 4,677,341            |
| Fees and charges   |       | 1,455,653            | 480,731              | 560,999              |
| Interest revenue   |       | 126,553              | 11,288               | 8,713                |
| Other revenue  |       | 142,930              | 60,400               | 241,980              |
| Profit on asset disposals                                    |       | 6,684                | 21,225               | 18,570               |
|  |       | <u>7,214,524</u>     | <u>5,925,520</u>     | <u>5,938,602</u>     |
| <b>Expenditure from operating activities</b>                 |       |                      |                      |                      |
| Employee costs   |       | (3,562,125)          | (3,439,581)          | (3,031,680)          |
| Materials and contracts                                      |       | (1,302,568)          | (1,459,710)          | (1,378,074)          |
| Utility charges  |       | (54,163)             | (48,540)             | (64,038)             |
| Depreciation   |       | (1,368,269)          | (1,168,037)          | (1,145,961)          |
| Finance costs  |       | (1,086)              | 0                    | (954)                |
| Insurance  |       | (170,029)            | (171,410)            | (134,448)            |
| Other expenditure  |       | (346,838)            | (235,722)            | (55,914)             |
| Loss on asset disposals                                      |       | (14,430)             | (13,928)             | 0                    |
|  |       | <u>(6,819,508)</u>   | <u>(6,536,928)</u>   | <u>(5,811,069)</u>   |
| Non-cash amounts excluded from operating activities          | 24(a) | 1,319,261            | 1,180,740            | 1,112,444            |
| <b>Amount attributable to operating activities</b>           |       | <u>1,714,277</u>     | <u>549,332</u>       | <u>1,239,977</u>     |
| <b>INVESTING ACTIVITIES</b>                                  |       |                      |                      |                      |
| <b>Inflows from investing activities</b>                     |       |                      |                      |                      |
| Capital grants, subsidies and contributions                  |       | 1,104,399            | 2,132,684            | 974,877              |
| Proceeds from disposal of assets                             |       | 10,500               | 27,592               | 18,500               |
|  |       | <u>1,114,899</u>     | <u>2,160,276</u>     | <u>993,377</u>       |
| <b>Outflows from investing activities</b>                    |       |                      |                      |                      |
| Purchase of property, plant and equipment                    | 7(a)  | (2,397,831)          | (3,721,763)          | (1,239,435)          |
| Purchase and construction of infrastructure                  | 8(a)  | (516,811)            | (270,276)            | (468,741)            |
| Payments for intangible assets                               | 11    | (5,000)              | 0                    | 0                    |
|  |       | <u>(2,919,642)</u>   | <u>(3,992,039)</u>   | <u>(1,708,176)</u>   |
| <b>Amount attributable to investing activities</b>           |       | <u>(1,804,743)</u>   | <u>(1,831,763)</u>   | <u>(714,799)</u>     |
| <b>FINANCING ACTIVITIES</b>                                  |       |                      |                      |                      |
| <b>Inflows from financing activities</b>                     |       |                      |                      |                      |
| Transfers from reserve accounts                              | 26    | 707,512              | 823,204              | 500,000              |
|  |       | <u>707,512</u>       | <u>823,204</u>       | <u>500,000</u>       |
| <b>Outflows from financing activities</b>                    |       |                      |                      |                      |
| Payments for principal portion of lease liabilities          | 25    | (11,336)             | 0                    | (6,360)              |
| Transfers to reserve accounts                                | 26    | (419,067)            | (7,788)              | (1,158,457)          |
|  |       | <u>(430,403)</u>     | <u>(7,788)</u>       | <u>(1,164,817)</u>   |
| <b>Amount attributable to financing activities</b>           |       | <u>277,109</u>       | <u>815,416</u>       | <u>(664,817)</u>     |
| <b>MOVEMENT IN SURPLUS OR DEFICIT</b>                        |       |                      |                      |                      |
| <b>Surplus or deficit at the start of the financial year</b> | 24(b) | 564,174              | 487,015              | 703,813              |
| Amount attributable to operating activities                  |       | 1,714,277            | 549,332              | 1,239,977            |
| Amount attributable to investing activities                  |       | (1,804,743)          | (1,831,763)          | (714,799)            |
| Amount attributable to financing activities                  |       | 277,109              | 815,416              | (664,817)            |
| <b>Surplus or deficit after imposition of general rates</b>  | 24(b) | <u>750,817</u>       | <u>0</u>             | <u>564,174</u>       |

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



**William Buck Audit (WA) Pty Ltd**

**SHIRE OF COCOS (KEELING) ISLANDS  
FOR THE YEAR ENDED 30 JUNE 2023  
INDEX OF NOTES TO THE FINANCIAL REPORT**

|         |   |    |
|---------|---|----|
| Note 1  | Basis of Preparation.....   | 27 |
| Note 2  | Revenue and Expenses.....   | 28 |
| Note 3  | Cash and Cash Equivalents.....                                    | 30 |
| Note 4  | Trade and Other Receivables.....                                  | 31 |
| Note 5  | Inventories.....  | 32 |
| Note 6  | Other Assets.....   | 33 |
| Note 7  | Property, Plant and Equipment.....                                | 34 |
| Note 8  | Infrastructure.....   | 36 |
| Note 9  | Fixed Assets.....   | 38 |
| Note 10 | Leases.....   | 39 |
| Note 11 | Intangible Assets.....  | 41 |
| Note 12 | Trade and Other Payables.....                                     | 42 |
| Note 13 | Other Liabilities.....  | 43 |
| Note 14 | Employee Related Provisions.....                                  | 44 |
| Note 15 | Revaluation Surplus.....  | 45 |
| Note 16 | Restrictions Over Financial Assets.....                           | 46 |
| Note 17 | Undrawn Borrowing Facilities and Credit Standby Arrangements..... | 46 |
| Note 18 | Contingent Liabilities.....                                       | 47 |
| Note 19 | Capital Commitments.....  | 47 |
| Note 20 | Related Party Transactions.....                                   | 48 |
| Note 21 | Events Occurring After the End of the Reporting Period.....       | 50 |
| Note 22 | Other Significant Accounting Policies.....                        | 51 |

**Information required by legislation**

|         |  |    |
|---------|--|----|
| Note 23 | Rating Information.....                  | 52 |
| Note 24 | Determination of Surplus or Deficit..... | 53 |
| Note 25 | Lease Liability.....                     | 54 |
| Note 26 | Reserve accounts.....                    | 55 |
| Note 27 | Trust Funds.....                         | 56 |



**SHIRE OF COCOS (KEELING) ISLANDS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**1. BASIS OF PREPARATION**

The financial report of the Shire of Cocos (Keeling) Islands (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 except for disclosure requirements of:

- AASB 7 Financial Instruments Disclosures
- AASB 16 Leases paragraph 58
- AASB 101 Presentation of Financial Statements paragraph 61
- AASB 107 Statement of Cash Flows paragraphs 43 and 45
- AASB 116 Property, Plant and Equipment paragraph 70
- AASB 137 Provisions, Contingent Liabilities and Contingent Assets paragraph 85
- AASB 140 Investment Property paragraph 75(f)
- AASB 1052 Disaggregated Disclosures paragraph 11
- AASB 1054 Australian Additional Disclosures paragraph 16

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

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

**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 27 of the financial report.

**Judgements and estimates**

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

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

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

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings, and infrastructure
- estimation uncertainties made in relation to lease accounting
- estimation of long service leave provisions

**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 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2020-6 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current - Deferral of Effective Date
- AASB 2021-7a Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [general editorials]
- AASB 2021-7b Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [AASB 17 editorials]
- AASB 2022-3 Amendments to Australian Accounting Standards - Illustrative Examples for Not-for-Profit Entities accompanying AASB 15

These amendments have no material impact on the current annual financial report.

**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 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates  
This standard will result in a terminology change for significant accounting policies
- AASB 2021-7c Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]
- 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 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards
- AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities

The amendment may result in changes to the fair value of non-financial assets. The impact is yet to be quantified. Except as described above 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 2023

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

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

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

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



SHIRE OF COCOS (KEELING) ISLANDS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

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 2023

| Nature                                      | Contracts with customers | Capital grant/contributions | Statutory Requirements | Other          | Total            |
|---|--------------------------|-----------------------------|------------------------|----------------|------------------|
|   | \$                       | \$                          | \$                     | \$             | \$               |
| Rates                                       | 0                        | 0                           | 433,655                | 0              | 433,655          |
| Grants, subsidies and contributions         | 5,047,049                | 0                           | 0                      | 0              | 5,047,049        |
| Fees and charges                            | 1,444,450                | 0                           | 6,204                  | 4,999          | 1,455,653        |
| Interest revenue                            | 0                        | 0                           | 3,807                  | 122,746        | 126,553          |
| Other revenue                               | 700                      | 0                           | 0                      | 142,230        | 142,930          |
| Capital grants, subsidies and contributions | 0                        | 1,104,399                   | 0                      | 0              | 1,104,399        |
| <b>Total</b>                                | <b>6,492,199</b>         | <b>1,104,399</b>            | <b>443,666</b>         | <b>269,975</b> | <b>8,310,239</b> |

For the year ended 30 June 2022

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

| Note   | 2023 Actual | 2022 Actual |
|--|-------------|-------------|
|  | \$          | \$          |
| <b>Interest revenue</b>  |             |             |
| Interest on reserve account funds  | 99,514      | 4,457       |
| Trade and other receivables overdue interest   | 3,807       | 4,256       |
| Other interest revenue   | 23,232      | 0           |
|  | 126,553     | 8,713       |
| The 2023 original budget estimate in relation to:<br>Trade and other receivables overdue interest was \$3,000. |             |             |
| <b>Fees and charges relating to rates receivable</b>   |             |             |
| Charges on instalment plan   | 315         | 315         |
| The 2023 original budget estimate in relation to:<br>Charges on instalment plan was \$500.                     |             |             |
| <b>(b) Expenses</b>  |             |             |
| <b>Auditors remuneration</b>   |             |             |
| - Audit of the Annual Financial Report   | 77,000      | 69,300      |
| - Other services – grant acquittals  | 5,000       | 0           |
|  | 82,000      | 69,300      |
| <b>Employee Costs</b>  |             |             |
| Employee benefit costs   | 3,312,514   | 2,692,131   |
| Other employee costs   | 249,611     | 339,549     |
|  | 3,562,125   | 3,031,680   |
| <b>Finance costs</b>   |             |             |
| Other interest expense   | 0           | 314         |
| Lease liabilities  | 1,086       | 640         |
|  | 1,086       | 954         |
| <b>Other expenditure</b>   |             |             |
| Net Land Trust Contributions   | 273,096     | 0           |
| Sundry expenses  | 73,742      | 55,914      |
|  | 346,838     | 55,914      |



SHIRE OF COCOS (KEELING) ISLANDS  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30 JUNE 2023

3. CASH AND CASH EQUIVALENTS

| Note                                     | 2023             | 2022             |
|--|------------------|------------------|
|  | \$               | \$               |
| Cash at bank and on hand                 | 972,812          | 1,548,964        |
| Term deposits                            | 3,558,520        | 3,025,058        |
| Bank overdraft                           | 0                | 0                |
| <b>Total cash and cash equivalents</b>   | <b>4,531,332</b> | <b>4,874,042</b> |
| Held as                                  |                  |                  |
| - Unrestricted cash and cash equivalents | 948,088          | 458,875          |
| - Restricted cash and cash equivalents   | 16 3,583,244     | 4,415,167        |
|  | <b>4,531,332</b> | <b>4,874,042</b> |

**SIGNIFICANT ACCOUNTING POLICIES**

**Cash and cash equivalents**

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

The Shire does not currently have any Bank overdraft facility.

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 and for which no liability has been recognised.



**SHIRE OF COCOS (KEELING) ISLANDS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**4. TRADE AND OTHER RECEIVABLES**

| Note   | 2023           | 2022     |
|--|----------------|----------|
|  | \$             | \$       |
| <b>Current</b>                                   |                |          |
| Rates and statutory receivables                  | 21,423         | 9,324    |
| Trade receivables                                | 277,881        | 431,573  |
| GST receivable                                   | 8,943          | 0        |
| Allowance for credit losses of trade receivables | 20(b) (16,850) | (16,850) |
|  | 291,197        | 424,047  |

**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 2023 Actual | 30 June 2022 Actual | 1 July 2021 Actual |
|---|---------------------|---------------------|--------------------|
|   | \$                  | \$                  | \$                 |
| Trade and other receivables from contracts with customers       | 277,881             | 431,573             | 443,679            |
| Allowance for credit losses of trade receivables                | 4 (16,850)          | (16,850)            | (17,409)           |
| Total trade and other receivables from contracts with customers | 260,031             | 414,723             | 420,270            |

**SIGNIFICANT 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 other statutory charges.

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 as part of the ordinary course of business.

**Other receivables**

Other receivables are amounts receivable from contractual arrangements with third parties other than contracts with customers including grants for the construction of recognisable non-financial assets.

**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.



**SHIRE OF COCOS (KEELING) ISLANDS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**5. INVENTORIES**

| Note   | 2023      | 2022      |
|--|-----------|-----------|
| <b>Current</b>   | <b>\$</b> | <b>\$</b> |
| Fuel and materials   | 4,303     | 0         |
| Bricks   | 32,751    | 32,751    |
|  | 37,054    | 32,751    |
| The following movements in inventories occurred during the year: |           |           |
| <b>Balance at beginning of year</b>                              | 32,751    | 32,751    |
| Inventories expensed during the year                             | (116,291) | 0         |
| Additions to inventory   | 120,594   | 0         |
| <b>Balance at end of year</b>                                    | 37,054    | 32,751    |

**SIGNIFICANT ACCOUNTING POLICIES**

**General**

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

Net realisable value is the estimated selling price in the ordinary course of business less the estimated 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 2023**

**6. OTHER ASSETS**

|                               | 2023   | 2022   |
|-------------------------------|--------|--------|
|                               | \$     | \$     |
| <b>Other assets - current</b> |        |        |
| Prepayments                   | 1,950  | 2,600  |
| Accrued income                | 71,341 | 24,397 |
|                               | 73,291 | 26,997 |

**Land classified as held for sale**

The Shire does not currently hold any land classified as held for sale.

**SIGNIFICANT ACCOUNTING POLICIES**

**Other current assets**

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





**SHIRE OF COCOS (KEELING) ISLANDS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**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.

|  | Land    | Buildings - non-specialised | Total land and buildings | Furniture and equipment | Plant and equipment | Buildings - work in progress | Total property, plant and equipment |
|--|---------|-----------------------------|--------------------------|-------------------------|---------------------|------------------------------|-------------------------------------|
|  | \$      | \$                          | \$                       | \$                      | \$                  | \$                           | \$                                  |
| <b>Balance at 1 July 2021</b>  | 0       | 10,067,925                  | 10,067,925               | 123,456                 | 1,978,135           | 883,256                      | 13,052,772                          |
| Additions  | 0       | 155,003                     | 155,003                  | 24,999                  | 119,201             | 940,232                      | 1,239,435                           |
| Disposals  | 0       | 70                          | 70                       | 0                       | 0                   | 0                            | 70                                  |
| Revaluation increments / (decrements) transferred to revaluation surplus | 0       | (960,540)                   | (960,540)                | 0                       | 0                   | 0                            | (960,540)                           |
| Depreciation   | 0       | (170,187)                   | (170,187)                | (50,802)                | (464,595)           | 0                            | (685,384)                           |
| Transfers  | 0       | 56,107                      | 56,107                   | 0                       | 0                   | (56,107)                     | 0                                   |
| <b>Balance at 30 June 2022</b>   | 0       | 9,148,378                   | 9,148,378                | 97,653                  | 1,632,741           | 1,767,381                    | 12,646,353                          |
| <b>Comprises:</b>  |         |                             |                          |                         |                     |                              |                                     |
| Gross balance amount at 30 June 2022                                     | 0       | 9,166,523                   | 9,166,523                | 573,800                 | 4,413,521           | 1,767,381                    | 15,921,225                          |
| Accumulated depreciation at 30 June 2022                                 | 0       | (18,145)                    | (18,145)                 | (475,947)               | (2,780,780)         | 0                            | (3,274,872)                         |
| <b>Balance at 30 June 2022</b>   | 0       | 9,148,378                   | 9,148,378                | 97,653                  | 1,632,741           | 1,767,381                    | 12,646,353                          |
| Additions  | 0       | 284,298                     | 284,298                  | 46,899                  | 1,364,762           | 701,871                      | 2,397,831                           |
| Disposals  | 0       | 0                           | 0                        | 0                       | (16,246)            | 0                            | (16,246)                            |
| Revaluation increments / (decrements) transferred to revaluation surplus | 350,000 | 0                           | 350,000                  | 0                       | 0                   | 0                            | 350,000                             |
| Depreciation   | 0       | (446,936)                   | (446,936)                | (37,350)                | (431,298)           | 0                            | (915,614)                           |
| Transfers  | 0       | 1,439,419                   | 1,439,419                | 0                       | 0                   | (1,439,419)                  | 0                                   |
| <b>Balance at 30 June 2023</b>   | 350,000 | 10,425,160                  | 10,775,160               | 107,372                 | 2,549,959           | 1,029,833                    | 14,462,324                          |
| <b>Comprises:</b>  |         |                             |                          |                         |                     |                              |                                     |
| Gross balance amount at 30 June 2023                                     | 350,000 | 10,890,241                  | 11,240,241               | 620,699                 | 5,651,002           | 1,029,833                    | 18,541,775                          |
| Accumulated depreciation at 30 June 2023                                 | 0       | (465,081)                   | (465,081)                | (513,327)               | (3,101,043)         | 0                            | (4,079,451)                         |
| <b>Balance at 30 June 2023</b>   | 350,000 | 10,425,160                  | 10,775,160               | 107,372                 | 2,549,959           | 1,029,833                    | 14,462,324                          |



**SHIRE OF COCOS (KEELING) ISLANDS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**7. PROPERTY, PLANT AND EQUIPMENT (Continued)**

(b) Carrying Value Measurements

| (i) Fair Value              | Asset Class | Fair Value Hierarchy | Valuation Technique                              | Basis of Valuation             | Date of Last Valuation | Inputs Used   |
|-----------------------------|-------------|----------------------|--|--------------------------------|------------------------|---|
| Land and buildings          |             |                      |  |                                |                        |   |
| Land                        |             | 3                    | Income capitalisation approach                   | Independent registered valuers | June 2023              | Reference to market rental value of land  |
| 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). |

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

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

(ii) Cost

|                                     |      |      |               |
|-------------------------------------|------|------|---------------|
| <b>Furniture and equipment</b>      | Cost | Cost | Purchase Cost |
| <b>Plant and equipment</b>          | Cost | Cost | Purchase Cost |
| <b>Buildings - work in progress</b> | Cost | Cost | Purchase Cost |

**SHIRE OF COCOS (KEELING) ISLANDS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**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 -<br>roads | Other<br>Infrastructure | Other<br>Infrastructure -<br>Parks & Ovals | Infrastructure -<br>Work in progress | Total<br>Infrastructure |
|--|---------------------------|-------------------------|--|--------------------------------------|-------------------------|
|  | \$                        | \$                      | \$   | \$                                   | \$                      |
| Balance at 1 July 2021   | 6,201,328                 | 1,570,539               | 60,000                                     | 41,861                               | 7,873,728               |
| Additions  | 334,998                   | 26,423                  | 0  | 107,320                              | 468,741                 |
| Revaluation increments / (decrements) transferred to revaluation surplus | (688,397)                 | 2,998,898               | 0  | 0                                    | 2,310,501               |
| Depreciation   | (189,649)                 | (284,358)               | 0  | 0                                    | (454,007)               |
| Transfers  | 0                         | 30,837                  | 0  | (30,837)                             | 0                       |
| <b>Balance at 30 June 2022</b>   | <b>5,678,280</b>          | <b>4,342,339</b>        | <b>60,000</b>                              | <b>118,344</b>                       | <b>10,198,963</b>       |
| <b>Comprises:</b>  |                           |                         |  |                                      |                         |
| Gross balance at 30 June 2022  | 5,678,280                 | 4,343,509               | 60,000                                     | 118,344                              | 10,200,133              |
| Accumulated depreciation at 30 June 2022                                 | 0                         | (1,170)                 | 0  | 0                                    | (1,170)                 |
| <b>Balance at 30 June 2022</b>   | <b>5,678,280</b>          | <b>4,342,339</b>        | <b>60,000</b>                              | <b>118,344</b>                       | <b>10,198,963</b>       |
| Additions  | 232,228                   | 61,634                  | 0  | 222,949                              | 516,811                 |
| Impairment (losses) / reversals transferred to revaluation surplus       | 0                         | (228,938)               | 0  | 0                                    | (228,938)               |
| Depreciation   | (158,109)                 | (283,040)               | 0  | 0                                    | (441,149)               |
| Transfers  | 0                         | 118,344                 | 0  | (118,344)                            | 0                       |
| <b>Balance at 30 June 2023</b>   | <b>5,752,399</b>          | <b>4,010,339</b>        | <b>60,000</b>                              | <b>222,949</b>                       | <b>10,045,687</b>       |
| <b>Comprises:</b>  |                           |                         |  |                                      |                         |
| Gross balance at 30 June 2023  | 5,910,509                 | 4,278,487               | 60,000                                     | 222,949                              | 10,471,945              |
| Accumulated depreciation at 30 June 2023                                 | (158,110)                 | (268,148)               | 0  | 0                                    | (426,258)               |
| <b>Balance at 30 June 2023</b>   | <b>5,752,399</b>          | <b>4,010,339</b>        | <b>60,000</b>                              | <b>222,949</b>                       | <b>10,045,687</b>       |

Your paragraph text



**SHIRE OF COCOS (KEELING) ISLANDS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**8. INFRASTRUCTURE (Continued)**

(b) Carrying Value Measurements

| (i) Fair Value                       | Asset Class | Fair Value Hierarchy | Valuation Technique   | Basis of Valuation             | Date of Last Valuation | Inputs Used   |
|--------------------------------------|-------------|----------------------|---|--------------------------------|------------------------|---|
| 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 - Parks & Ovals |             | 3                    | Cost approach using depreciated replacement cost (gross revaluation method) | Independent registered valuers | June 2018              | Utilising both observable and unobservable inputs being construction costs based on recent contract prices, current condition (level 2 inputs).   |
| Infrastructure - Work in progress    |             | Cost                 | Cost  | Cost                           | Not applicable         | Purchase Cost   |

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

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

**SHIRE OF COCOS (KEELING) ISLANDS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**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:

| <b>Asset Class</b>                            | <b>Useful life</b> |
|---|--------------------|
| Land - freehold land                          | not depreciated    |
| Buildings - non-specialised                   | 10 to 50 years     |
| Furniture and equipment                       | 4 to 15 years      |
| Plant and equipment                           | 4 to 15 years      |
| Land and buildings subject to operating lease | term of lease      |
| Sealed roads and streets                      |                    |
| subgrade                                      | not depreciated    |
| bitumous 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 2023**

**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.

**Balance at 1 July 2021**

Additions

Depreciation

**Balance at 30 June 2022**

Gross balance amount at 30 June 2022

Accumulated depreciation at 30 June 2022

**Balance at 30 June 2022**

| Note | Right-of-use assets -<br>Buildings<br>\$ | Right-of-use assets<br>Total<br>\$ |
|------|--|------------------------------------|
|      | 0  | 0                                  |
|      | 56,600                                   | 56,600                             |
|      | (6,570)                                  | (6,570)                            |
|      | 50,030                                   | 50,030                             |
|      | 56,600                                   | 56,600                             |
|      | (6,570)                                  | (6,570)                            |
|      | 50,030                                   | 50,030                             |

Additions

Depreciation

**Balance at 30 June 2023**

Gross balance amount at 30 June 2023

Accumulated depreciation at 30 June 2023

**Balance at 30 June 2023**

|  |          |          |
|--|----------|----------|
|  | 2,895    | 2,895    |
|  | (11,506) | (11,506) |
|  | 41,419   | 41,419   |
|  | 59,495   | 59,495   |
|  | (18,076) | (18,076) |
|  | 41,419   | 41,419   |

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

Depreciation on right-of-use assets

Finance charge on lease liabilities

Short-term lease payments recognised as expense

**Total amount recognised in the statement of comprehensive income**

Total cash outflow from leases

|  | 2023<br>Actual<br>\$ | 2022<br>Actual<br>\$ |
|--|----------------------|----------------------|
|  | (11,506)             | (6,570)              |
|  | (1,086)              | (840)                |
|  | (55,824)             | (50,324)             |
|  | (68,416)             | (57,534)             |
|  | (12,422)             | (7,000)              |
|  | 11,902               | 10,914               |
|  | 29,897               | 29,326               |
|  | 41,799               | 50,240               |

**(b) Lease Liabilities**

Current

Non-current

**Secured liabilities and assets pledged as security**

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

**SIGNIFICANT ACCOUNTING POLICIES**

**Leases**

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

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

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

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

**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 significant accounting policies applying to vested improvements.

**Right-of-use assets - depreciation**

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



**SHIRE OF COCOS (KEELING) ISLANDS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**10. LEASES (Continued)**

**(c) Lessor - Property, Plant and Equipment Subject to Lease**

The table below represents a maturity analysis of the undiscounted

Less than 1 year  
1 to 2 years  
2 to 3 years  
3 to 4 years  
4 to 5 years  
> 5 years

| 2023   |         | 2022   |        |
|--------|---------|--------|--------|
| \$     |         | \$     |        |
|        | 48,817  |        |        |
|        | 24,449  |        |        |
|        | 22,311  |        |        |
|        | 11,204  |        |        |
|        | 0       |        |        |
|        | 0       |        |        |
|        | 107,781 |        |        |
| 2023   |         | 2022   |        |
| Actual |         | Actual |        |
| \$     |         | \$     |        |
|        | 99,756  |        | 82,907 |

**Amounts recognised in profit or loss for Property, Plant and Equipment Subject to Lease**

Rental income

**SIGNIFICANT ACCOUNTING POLICIES**

**The Shire as Lessor**

Upon entering into each contract as a lessor, the Shire assesses if the lease is a finance or operating lease.

The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases. Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (eg legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

When a contract is determined to include lease and non-lease components, the Shire applies AASB 16 to allocate the consideration under the contract to each component.



**SHIRE OF COCOS (KEELING) ISLANDS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**11. INTANGIBLE ASSETS**

|  | 2023<br>Actual | 2022<br>Actual |
|--|----------------|----------------|
|  | \$             | \$             |
| <b>Intangible assets</b>   |                |                |
| <b>Non-current</b>   |                |                |
| Computer software development  | 5,000          | 0              |
| Less: Accumulated amortisation   | 0              | 0              |
|  | 5,000          | 0              |
| <br>Movements in balances of computer software during the financial year are shown as follows: |                |                |
| <b>Opening balance</b>   | 0              | 0              |
| Recognition of computer software   | 5,000          | 0              |
| Amortisation   | 0              | 0              |
| <b>Closing balance</b>   | 5,000          | 0              |
| <br><b>TOTAL INTANGIBLE ASSETS</b>   | 5,000          | 0              |

**SIGNIFICANT ACCOUNTING POLICIES**

**Computer software**

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

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

**Computer software (continued)**

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

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

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

Information on useful life, amortisation rates and amortisation methods can be found in Note 9.



**SHIRE OF COCOS (KEELING) ISLANDS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**12. TRADE AND OTHER PAYABLES**

**Current**

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

|                             | 2023    | 2022    |
|-----------------------------|---------|---------|
|                             | \$      | \$      |
| Sundry creditors            | 203,605 | 252,126 |
| Prepaid rates               | 8,650   | 9,258   |
| Accrued payroll liabilities | 151,162 | 69,741  |
| Bonds and deposits held     | 35,239  | 35,371  |
| Accrued other expenses      | 26,012  | 12,000  |
|                             | 424,668 | 378,496 |

**SIGNIFICANT ACCOUNTING POLICIES**

**Financial liabilities**

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

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

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

**Trade and other payables**

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

**Prepaid rates**

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the Shire recognises 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 2023**

**13. OTHER LIABILITIES**

**Current**

Contract liabilities  
Capital grant/contributions liabilities

**Reconciliation of changes in contract liabilities**

Opening balance  
Additions  
Revenue from contracts with customers included as a contract liability at the start of the year

The Shire expects to satisfy the performance obligations, from contracts with customers unsatisfied at the end of the reporting period, within the next 12 months.

**Reconciliation of changes in capital grant/contribution liabilities**

Opening balance  
Additions  
Revenue from capital grant/contributions held as a liability at the start of the year

**Expected satisfaction of capital grant/contribution liabilities**

Less than 1 year

|   | 2023           | 2022           |
|---|----------------|----------------|
|   | \$             | \$             |
| Contract liabilities  | 160,400        | 0              |
| Capital grant/contributions liabilities   | 32,231         | 736,109        |
|   | <u>192,631</u> | <u>736,109</u> |
| Opening balance   | 0              | 0              |
| Additions   | 160,400        | 0              |
| Revenue from contracts with customers included as a contract liability at the start of the year | 0              | 0              |
|   | <u>160,400</u> | <u>0</u>       |
| Opening balance   | 736,109        | 68,370         |
| Additions   | 32,231         | 736,109        |
| Revenue from capital grant/contributions held as a liability at the start of the year           | (736,109)      | (68,370)       |
|   | <u>32,231</u>  | <u>736,109</u> |
| Less than 1 year  | 32,231         | 736,109        |
|   | <u>32,231</u>  | <u>736,109</u> |

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

**SIGNIFICANT ACCOUNTING POLICIES**

**Contract liabilities**

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

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

**Capital grant/contribution liabilities**

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

Fair values for non-current capital grant/contribution liabilities, not expected to be extinguished within 12 months, are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 22(i)) due to the unobservable inputs, including own credit risk.



**SHIRE OF COCOS (KEELING) ISLANDS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**14. EMPLOYEE RELATED PROVISIONS**

**Employee Related Provisions**

|  | 2023    | 2022    |
|--|---------|---------|
|  | \$      | \$      |
| <b>Current provisions</b>                            |         |         |
| <b>Employee benefit provisions</b>                   |         |         |
| Annual leave   | 212,361 | 132,525 |
| Long service leave                                   | 244,484 | 244,411 |
|  | 456,845 | 376,936 |
| <b>Employee related other provisions</b>             |         |         |
| Employment on-costs                                  | 61,923  | 36,212  |
|  | 61,923  | 36,212  |
| <b>Total current employee related provisions</b>     | 518,768 | 413,148 |
| <b>Non-current provisions</b>                        |         |         |
| <b>Employee benefit provisions</b>                   |         |         |
| Long service leave                                   | 54,563  | 42,877  |
|  | 54,563  | 42,877  |
| <b>Employee related other provisions</b>             |         |         |
| Employment on-costs                                  | 6,474   | 4,389   |
|  | 6,474   | 4,389   |
| <b>Total non-current employee related provisions</b> | 61,037  | 47,266  |
| <b>Total employee related provisions</b>             | 579,805 | 460,414 |

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.

**SIGNIFICANT ACCOUNTING POLICIES**

**Employee benefits**

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

**Short-term employee benefits**

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

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

**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 2023**

**15. REVALUATION SURPLUS**

|   | 2023<br>Opening<br>Balance | Total<br>Movement on<br>Revaluation | 2023<br>Closing<br>Balance | 2022<br>Opening<br>Balance | Total<br>Movement on<br>Revaluation | 2022<br>Closing<br>Balance |
|---|----------------------------|-------------------------------------|----------------------------|----------------------------|-------------------------------------|----------------------------|
|   | \$                         | \$                                  | \$                         | \$                         | \$                                  | \$                         |
| Revaluation surplus - Land - freehold land        | 0                          | 350,000                             | 350,000                    | 0                          | 0                                   | 0                          |
| Revaluation surplus - Buildings - non-specialised | 6,142,253                  | 0                                   | 6,142,253                  | 7,102,793                  | (960,540)                           | 6,142,253                  |
| Revaluation surplus - Infrastructure - roads      | 278,181                    | 0                                   | 278,181                    | 966,578                    | (688,397)                           | 278,181                    |
| Revaluation surplus - Other infrastructure        | 2,998,898                  | (228,938)                           | 2,769,960                  | 0                          | 2,998,898                           | 2,998,898                  |
|   | 9,419,332                  | 121,062                             | 9,540,394                  | 8,069,371                  | 1,349,961                           | 9,419,332                  |

**SHIRE OF COCOS (KEELING) ISLANDS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**16. RESTRICTIONS OVER FINANCIAL ASSETS**

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

| Note | 2023<br>Actual<br>\$ | 2022<br>Actual<br>\$ |
|------|----------------------|----------------------|
| 3    | 3,583,244            | 4,415,167            |
|      | 3,583,244            | 4,415,167            |

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

Restricted reserve accounts

Contract liabilities

Capital grant liabilities

**Total restricted financial assets**

|    |           |           |
|----|-----------|-----------|
| 26 | 3,390,613 | 3,679,058 |
| 13 | 160,400   | 0         |
| 13 | 32,231    | 736,109   |
|    | 3,583,244 | 4,415,167 |

**17. UNDRAWN BORROWING FACILITIES AND CREDIT  
STANDBY ARRANGEMENTS**

Bank overdraft limit

Credit card limit

Credit card balance at balance date

**Total amount of credit unused**

|         |         |
|---------|---------|
| 0       | 0       |
| 40,000  | 40,000  |
| (5,277) | (4,534) |
| 34,723  | 35,466  |



**SHIRE OF COCOS (KEELING) ISLANDS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**18. CONTINGENT LIABILITIES**

The Shire is not aware of any contingent liabilities as at 30 June 2023.

**19. CAPITAL COMMITMENTS**

|                                | <b>2023</b>    | <b>2022</b>    |
|--------------------------------|----------------|----------------|
|                                | <b>\$</b>      | <b>\$</b>      |
| Contracted for:                |                |                |
| - capital expenditure projects | 144,623        | 139,496        |
| - plant & equipment purchases  | 94,336         | 770,336        |
|                                | <b>238,959</b> | <b>909,832</b> |
| Payable:                       |                |                |
| - not later than one year      | 238,959        | 909,832        |



**SHIRE OF COCOS (KEELING) ISLANDS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**20. RELATED PARTY TRANSACTIONS**

**(a) Elected Member Remuneration**

Fees, expenses and allowances to be paid or reimbursed to elected council members.

| Note   | 2023<br>Actual<br>\$ | 2023<br>Budget<br>\$ | 2022<br>Actual<br>\$ |
|--|----------------------|----------------------|----------------------|
| President's annual allowance                                 | 5,500                | 5,500                | 5,500                |
| President's meeting attendance fees                          | 5,500                | 5,500                | 5,500                |
| President's training and conference expenses                 | 1,751                | 2,500                | 5,255                |
| President's travel and accommodation expenses                | 9,895                | 2,500                | 2,196                |
|  | <u>22,646</u>        | <u>16,000</u>        | <u>18,451</u>        |
| Deputy President's meeting attendance fees                   | 5,500                | 5,500                | 5,500                |
| Deputy President's training and conference expenses          | 1,091                | 2,500                | 4,354                |
| Deputy President's travel and accommodation expenses         | 4,093                | 2,500                | 3,212                |
|  | <u>10,684</u>        | <u>10,500</u>        | <u>13,066</u>        |
| All other council member's meeting attendance fees           | 19,250               | 22,000               | 24,750               |
| All other council member's training and conference expenses  | 1,631                | 10,000               | 16,773               |
| All other council member's ICT expenses                      | 108                  | 0                    | 4,620                |
| All other council member's travel and accommodation expenses | 6,106                | 10,000               | 4,172                |
|  | <u>27,095</u>        | <u>42,000</u>        | <u>50,315</u>        |
| 20(b)  | <u>60,425</u>        | <u>68,500</u>        | <u>81,832</u>        |

**(b) Key Management Personnel (KMP) Compensation**

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

| Note                                | 2023<br>Actual<br>\$ | 2022<br>Actual<br>\$ |
|-------------------------------------|----------------------|----------------------|
| Short-term employee benefits        | 712,316              | 623,858              |
| Post-employment benefits            | 84,369               | 58,161               |
| Employee - other long-term benefits | 9,253                | 3,978                |
| Council member costs                | 60,425               | 81,832               |
|                                     | <u>866,363</u>       | <u>767,829</u>       |

*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.



**SHIRE OF COCOS (KEELING) ISLANDS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**20. 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:

|   | 2023<br>Actual<br>\$ | 2022<br>Actual<br>\$ |
|---|----------------------|----------------------|
| Sale of goods and services                            | 135,552              | 136,442              |
| Purchase of goods and services                        | 49,872               | 93,910               |
| Short term employee benefits - other related parties  | 736,840              | 761,272              |
| Payment of council member costs (Refer to Note 20(a)) | 60,425               | 81,832               |
| <b>Amounts outstanding from related parties:</b>      |                      |                      |
| Trade and other receivables                           | 8,765                | 12,983               |
| <b>Amounts payable to related parties:</b>            |                      |                      |
| Trade and other payables                              | 990                  | 767                  |

**(d) Related Parties**

The Shire's main related parties are as follows:

**i. Key management personnel**

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any council member, are considered key management personnel and are detailed in Notes 20(a) and 20(b)

**ii. Other Related Parties**

Short-term employee benefits relate to associated persons of Key Management Personnel who are employed by the Shire under normal employment terms and conditions.

Outside of normal leasing or citizen type transactions with the Shire, there were no other related party transactions involving key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

**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 2023**

**21. 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 2023**

**22. OTHER SIGNIFICANT ACCOUNTING POLICIES**

**a) Goods and services tax (GST)**

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

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

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

**b) Current and non-current classification**

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

**c) Rounding off figures**

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

**d) Comparative figures**

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

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

**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.

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



**SHIRE OF COCOS (KEELING) ISLANDS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**23. RATING INFORMATION**

(a) General Rates

| RATE TYPE<br>Rate Description                   | Basis of valuation     | Rate in \$ | Number of Properties | 2022/23                |             | 2022/23              |                      | 2022/23     |                     | 2022/23              |                      | 2021/22 |  |
|---|------------------------|------------|----------------------|------------------------|-------------|----------------------|----------------------|-------------|---------------------|----------------------|----------------------|---------|--|
|   |                        |            |                      | Actual Rateable Value* | Actual Rate | Actual Interim Rates | Actual Total Revenue | Budget Rate | Budget Interim Rate | Budget Total Revenue | Actual Total Revenue |         |  |
| General Developed                               | Gross rental valuation | 0.1161     | 130                  | 2,220,920              | 257,849     | 4.871                | 262,720              | 260,083     | 1,872               | 261,955              | 252,646              |         |  |
| Vacant Land                                     | Gross rental valuation | 0.2318     | 10                   | 44,400                 | 10,292      | 0                    | 10,292               | 10,292      | 0                   | 10,292               | 9,946                |         |  |
| Business  | Gross rental valuation | 0.1225     | 42                   | 1,155,095              | 141,376     | (5,251)              | 136,125              | 139,142     | 0                   | 139,142              | 97,504               |         |  |
| Holiday Accommodation                           | Gross rental valuation | 0          | 0                    | 0                      | 0           | 0                    | 0                    | 0           | 0                   | 0                    | 48,007               |         |  |
| <b>Total general rates</b>                      |                        |            | 182                  | 3,420,415              | 409,517     | (380)                | 409,137              | 409,517     | 1,872               | 411,389              | 408,103              |         |  |
| <b>Minimum payment</b>                          |                        |            |                      |                        |             |                      |                      |             |                     |                      |                      |         |  |
| General Developed                               | Gross rental valuation | 751        | 4                    | 22,760                 | 3,004       | 0                    | 3,004                | 3,755       | 0                   | 3,755                | 2,175                |         |  |
| Vacant Land                                     | Gross rental valuation | 854        | 5                    | 22,120                 | 4,270       | 0                    | 4,270                | 4,270       | 0                   | 4,270                | 4,125                |         |  |
| Business  | Gross rental valuation | 751        | 23                   | 68,694                 | 17,273      | 0                    | 17,273               | 17,272      | 6,008               | 23,280               | 16,675               |         |  |
| <b>Total minimum payments</b>                   |                        |            | 32                   | 113,584                | 24,547      | 0                    | 24,547               | 25,297      | 6,008               | 31,305               | 22,975               |         |  |
| <b>Total general rates and minimum payments</b> |                        |            | 214                  | 3,533,999              | 434,064     | (380)                | 433,684              | 434,814     | 7,880               | 442,694              | 431,078              |         |  |
| Discounts                                       |                        |            |                      |                        |             |                      |                      |             |                     |                      |                      |         |  |
| <b>Total Rates</b>                              |                        |            |                      |                        |             |                      |                      |             |                     |                      |                      | (79)    |  |
|   |                        |            |                      |                        |             |                      |                      |             |                     |                      |                      | 430,999 |  |
| Rate instalment interest                        |                        |            |                      |                        |             |                      |                      |             |                     |                      |                      | 962     |  |
| Rate overdue interest                           |                        |            |                      |                        |             |                      |                      |             |                     |                      |                      | 2,846   |  |
|   |                        |            |                      |                        |             |                      |                      |             |                     |                      |                      | 500     |  |
|   |                        |            |                      |                        |             |                      |                      |             |                     |                      |                      | 3,000   |  |
|   |                        |            |                      |                        |             |                      |                      |             |                     |                      |                      | 742     |  |
|   |                        |            |                      |                        |             |                      |                      |             |                     |                      |                      | 3,514   |  |

The 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.

\*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 2023**

**24. DETERMINATION OF SURPLUS OR DEFICIT**

|   | 2022/23<br>(30 June 2023<br>Carried<br>Forward) | 2022/23<br>Budget<br>(30 June 2023<br>Carried<br>Forward) | 2022/23<br>(1 July 2022<br>Brought<br>Forward) |
|---|---|---|--|
| Note  | \$  | \$  | \$   |
| <b>(a) Non-cash amounts excluded from operating activities</b>  |   |   |  |
| 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 <i>Financial Management Regulation 32</i> .   |   |   |  |
| <b>Adjustments to operating activities</b>  |   |   |  |
| Less: Profit on asset disposals   | (8,684)   | (21,225)  | (18,570)                                       |
| Less: Movement in liabilities associated with restricted cash   | (68,525)  | 0   | 15,244   |
| Add: Loss on disposal of assets   | 14,430  | 13,928  | 0  |
| Add: Depreciation   | 1,368,269                                       | 1,168,037   | 1,145,961                                      |
| 9(a)  |   |   |  |
| Non-cash movements in non-current assets and liabilities:   |   |   |  |
| Employee benefit provisions   | 13,771  | 0   | (30,191)                                       |
| <b>Non-cash amounts excluded from operating activities</b>  | <b>1,319,261</b>                                | <b>1,160,740</b>  | <b>1,112,444</b>                               |
| <b>(b) Surplus or deficit after imposition of general rates</b>   |   |   |  |
| The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates. |   |   |  |
| <b>Adjustments to net current assets</b>  |   |   |  |
| Less: Reserve accounts  | (3,390,613)                                     | (2,863,641)   | (3,679,058)                                    |
| 26  |   |   |  |
| Add: Current liabilities not expected to be cleared at end of year  |   |   |  |
| - Current portion of lease liabilities  | 11,902  | 0   | 10,914   |
| 10(b)   |   |   |  |
| - Employee benefit provisions held in Reserve   | 344,623   | 397,904   | 413,148  |
| <b>Total adjustments to net current assets</b>  | <b>(3,034,088)</b>                              | <b>(2,465,737)</b>  | <b>(3,254,996)</b>                             |
| <b>Net current assets used in the Statement of Financial Activity</b>   |   |   |  |
| Total current assets  | 4,932,874                                       | 2,973,199   | 5,357,837                                      |
| Less: Total current liabilities   | (1,147,969)                                     | (507,463)   | (1,538,667)                                    |
| Less: Total adjustments to net current assets   | (3,034,088)                                     | (2,465,737)   | (3,254,996)                                    |
| <b>Surplus or deficit after imposition of general rates</b>   | <b>750,817</b>                                  | <b>0</b>  | <b>564,174</b>                                 |





SHIRE OF COCOS (KEELING) ISLANDS  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30 JUNE 2023

25. LEASE LIABILITIES

| Purpose                        | Note  | Actual                   |                           |                                     |                           | Budget                 |                                     |                           |                          |                                     |                           |
|--------------------------------|-------|--------------------------|---------------------------|-------------------------------------|---------------------------|------------------------|-------------------------------------|---------------------------|--------------------------|-------------------------------------|---------------------------|
|                                |       | Principal at 1 July 2021 | New Leases During 2021-22 | Principal Repayments During 2021-22 | Principal at 30 June 2022 | CPI Adjustment 2022-23 | Principal Repayments During 2022-23 | New Leases During 2022-23 | Principal at 1 July 2022 | Principal Repayments During 2022-23 | Principal at 30 June 2023 |
| Shire Office – West Island     | 10(b) | \$ 0                     | \$ 56,600                 | \$ (6,360)                          | \$ 50,240                 | \$ 2,895               | \$ (11,336)                         | \$ 41,799                 | \$ 0                     | \$ 0                                | \$ 0                      |
| <b>Total Lease Liabilities</b> |       | <b>0</b>                 | <b>56,600</b>             | <b>(6,360)</b>                      | <b>50,240</b>             | <b>2,895</b>           | <b>(11,336)</b>                     | <b>41,799</b>             | <b>0</b>                 | <b>0</b>                            | <b>0</b>                  |

| Purpose                            | Lease Number | Note | Institution | Interest Rate | Date final payment is due | Lease Term | Actual for year ending 30 June 2022 |                                     | Budget for year ending 30 June 2023 |                                     |
|------------------------------------|--------------|------|-------------|---------------|---------------------------|------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
|                                    |              |      |             |               |                           |            | Actual for year ending 30 June 2022 | Actual for year ending 30 June 2022 | Budget for year ending 30 June 2023 | Budget for year ending 30 June 2023 |
| Shire Office – West Island         | B020         |      | JLL         | 2.40%         | Nov-26                    | 5 years    | \$ (640)                            | \$ (640)                            | \$ (1,086)                          | \$ 0                                |
| <b>Total Finance Cost Payments</b> |              |      |             |               |                           |            | <b>(640)</b>                        | <b>(640)</b>                        | <b>(1,086)</b>                      | <b>0</b>                            |

**SHIRE OF COCOS (KEELING) ISLANDS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**26. RESERVE ACCOUNTS**

|                                       | 2023<br>Actual<br>Opening<br>Balance | 2023<br>Actual<br>Transfer to | 2023<br>Actual<br>Transfer (from) | 2023<br>Budget<br>Closing<br>Balance | 2023<br>Actual<br>Opening<br>Balance | 2023<br>Actual<br>Transfer to | 2023<br>Actual<br>Transfer (from) | 2023<br>Actual<br>Closing<br>Balance |
|---------------------------------------|--------------------------------------|-------------------------------|-----------------------------------|--------------------------------------|--------------------------------------|-------------------------------|-----------------------------------|--------------------------------------|
| <b>Restricted by council</b>          |                                      |                               |                                   |                                      |                                      |                               |                                   |                                      |
| (a) Leave reserve                     | 335,349                              | 9,274                         | 0                                 | 344,623                              | 335,349                              | 870                           | 0                                 | 336,219                              |
| (b) Plant reserve                     | 1,328,323                            | 52,003                        | (612,993)                         | 977,331                              | 1,328,323                            | 1,920                         | (400,089)                         | 930,164                              |
| (c) Building reserve                  | 1,153,686                            | 213,459                       | (80,717)                          | 1,286,428                            | 1,153,686                            | 1,980                         | (235,352)                         | 920,314                              |
| (d) Furniture and equipment reserve   | 18,286                               | 506                           | 0                                 | 18,792                               | 18,286                               | 43                            | 0                                 | 18,334                               |
| (e) Self insurance reserve            | 101,521                              | 2,330                         | 0                                 | 103,851                              | 101,521                              | 540                           | 0                                 | 102,131                              |
| (f) Community reserve                 | 657,568                              | 18,185                        | (183,809)                         | 491,953                              | 657,568                              | 2,190                         | (187,763)                         | 471,995                              |
| (g) Climate adaption reserve          | 84,255                               | 2,810                         | 0                                 | 87,065                               | 84,255                               | 240                           | 0                                 | 84,495                               |
| (h) Land Trust Administration Reserve | 0                                    | 80,500                        | 0                                 | 80,500                               | 0                                    | 0                             | 0                                 | 0                                    |
|                                       | 3,679,058                            | 419,067                       | (707,512)                         | 3,390,613                            | 3,679,057                            | 7,785                         | (823,204)                         | 2,863,641                            |
|                                       | 3,679,058                            | 419,067                       | (707,512)                         | 3,390,613                            | 3,679,057                            | 7,785                         | (823,204)                         | 2,863,641                            |

All reserves are supported by cash and cash equivalents or 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  |
|---------------------------------------|---|
| <b>Restricted by council</b>          |   |
| (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 1978 and 1984 Land Trusts |

**SHIRE OF COCOS (KEELING) ISLANDS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**27 TRUST FUNDS**

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

**LAND TRUST 1979  
STATEMENT OF COMPREHENSIVE INCOME  
NATURE OR TYPE**

|   | <b>2023<br/>Actual</b> | <b>2022<br/>Actual</b> |
|---|------------------------|------------------------|
| <b>Revenue</b>  | <b>\$</b>              | <b>\$</b>              |
| Contributions   | 149,180                | 0                      |
| Rent revenue  | 470,338                | 511,872                |
| Other revenue   | 102,456                | 118,099                |
|   | <u>721,974</u>         | <u>629,971</u>         |
| <b>Expenses</b>   |                        |                        |
| Employee costs  | (45,384)               | (50,301)               |
| Materials and contracts   | (216,936)              | (70,684)               |
| Utility charges   | (49,926)               | (49,880)               |
| Depreciation on non-current assets  | (1,684,089)            | (343,377)              |
| Insurance expenses  | (298,057)              | (252,279)              |
| Other expenditure   | 0                      | (206,827)              |
|   | <u>(2,294,392)</u>     | <u>(973,348)</u>       |
|   | (1,572,418)            | (343,377)              |
| <b>Other comprehensive income</b>   |                        |                        |
| <i>Items that will not be reclassified subsequently to profit or loss</i> |                        |                        |
| Changes in asset revaluation surplus                                      | 22,742,000             | (6,482,061)            |
| <b>Total comprehensive income for the period</b>                          | <u>21,169,582</u>      | <u>(6,825,438)</u>     |

**LAND TRUST 1979  
STATEMENT OF FINANCIAL POSITION**

|                                 | <b>2023<br/>Actual</b> | <b>2022<br/>Actual</b> |
|---------------------------------|------------------------|------------------------|
| <b>NON-CURRENT ASSETS</b>       |                        |                        |
| Property, plant and equipment   | 48,020,357             | 26,850,774             |
| <b>TOTAL NON-CURRENT ASSETS</b> | <u>48,020,357</u>      | <u>26,850,774</u>      |
| <b>TOTAL ASSETS</b>             | <u>48,020,357</u>      | <u>26,850,774</u>      |
| <b>EQUITY</b>                   |                        |                        |
| Retained surplus                | (352,457)              | 1,219,961              |
| Revaluation surplus             | 48,372,813             | 25,630,813             |
| <b>TOTAL EQUITY</b>             | <u>48,020,356</u>      | <u>26,850,774</u>      |



**SHIRE OF COCOS (KEELING) ISLANDS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**27 TRUST FUNDS (Continued)**

**LAND TRUST 1984  
STATEMENT OF COMPREHENSIVE INCOME  
NATURE OR TYPE**

|   | <b>2023<br/>Actual</b>  | <b>2022<br/>Actual</b>  |
|---|-------------------------|-------------------------|
| <b>Revenue</b>  | <b>\$</b>               | <b>\$</b>               |
| Contributions   | 123,916                 | 93,178                  |
| Rent revenue  | 118,163                 | 148,699                 |
|   | <u>242,079</u>          | <u>241,877</u>          |
| <b>Expenses</b>   |                         |                         |
| Employee costs  | (9,241)                 | (32,234)                |
| Materials and contracts   | (174,313)               | (83,064)                |
| Utility charges   | (5,429)                 | (17,378)                |
| Depreciation on non-current assets  | (258,081)               | (55,422)                |
| Insurance expenses  | (44,318)                | (19,136)                |
|   | <u>(491,382)</u>        | <u>(207,234)</u>        |
|   | (249,303)               | 34,643                  |
| <b>Other comprehensive income</b>   |                         |                         |
| <i>Items that will not be reclassified subsequently to profit or loss</i> |                         |                         |
| Changes in asset revaluation surplus                                      | 4,360,000               | (956,961)               |
| <b>Total comprehensive income for the period</b>                          | <u><u>4,110,697</u></u> | <u><u>(922,318)</u></u> |

**LAND TRUST 1984  
STATEMENT OF FINANCIAL POSITION**

|                                 | <b>2023<br/>Actual</b>  | <b>2022<br/>Actual</b>  |
|---------------------------------|-------------------------|-------------------------|
| <b>NON-CURRENT ASSETS</b>       |                         |                         |
| Property, plant and equipment   | 8,245,303               | 4,134,607               |
| <b>TOTAL NON-CURRENT ASSETS</b> | <u>8,245,303</u>        | <u>4,134,607</u>        |
| <b>TOTAL ASSETS</b>             | <u>8,245,303</u>        | <u>4,134,607</u>        |
| <b>EQUITY</b>                   |                         |                         |
| Retained surplus                | (209,733)               | 39,570                  |
| Revaluation surplus             | 8,455,037               | 4,095,037               |
| <b>TOTAL EQUITY</b>             | <u><u>8,245,304</u></u> | <u><u>4,134,607</u></u> |



# Auditor General

## INDEPENDENT AUDITOR'S REPORT 2023 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 2023, and 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 significant 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 2023 and its financial position as at the end of that period
- in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, the 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.

### 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 2023, 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.

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 and, to the extent that they are not inconsistent with the Act, the 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.

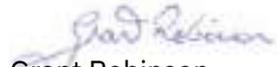
A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at [https://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf).

## 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 2023 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.



Grant Robinson

Assistant Auditor General Financial Audit  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
8 December 2023

# STATUTORY REPORTING

## DISABILITY ACCESS AND INCLUSION PLAN

Amendments made to the *Disabilities Services Act in 1999* requires all Public Authorities to include in their Annual Report, a statement on that organisation's efforts to implement the contents of its adopted Disability Services Plan. The Shire of Cocos (Keeling) Islands is committed to ensuring that the community is an accessible community for people with disabilities, their families and carers. The Shire believes that people with disabilities, their families and carers who live in an area such as the Cocos (Keeling) Islands should be given support to remain in the community of their choice. In 2020, the Shire adopted its Disability Access and Inclusion Plan which sets out to achieve the following outcomes:

**Outcome 1:** People with disability have the same opportunities as other people to access the services of, and any events organised by, the Shire of Cocos (Keeling) Islands.

**Outcome 2:** People with disability have the same opportunities as other people to access the buildings and other facilities of the Shire of Cocos (Keeling) Islands.

**Outcome 3:** People with disability receive information from the Shire of Cocos (Keeling) Islands in a format that will enable them to access the information as readily as other people are able to access it.

**Outcome 4:** People with disability receive the same level and quality of service from the staff at Shire of Cocos (Keeling) Islands staff as other people receive.

**Outcome 5:** People with disability have the same opportunities as other people to make complaints to the Shire of Cocos (Keeling) Islands.

**Outcome 6:** People with disability have the same opportunities as other people to participate in any public consultation by the Shire of Cocos (Keeling) Islands.

**Outcome 7:** People with disability have the same opportunities as other people to obtain and maintain employment with the Shire of Cocos (Keeling) Islands.

In 2022 the Shire hosted an event to support people with disabilities aligned with the International Day of People with Disability IDPWD and employed a very vibrant disabled lady into the organisation. An accessible and inclusive community is one in which people with disability are afforded equal opportunities, rights and responsibilities as other people in the community.

## REGISTER OF COMPLAINTS

During the period of 1 July 2021 to 30 June 2022 no breach or complaint was registered under Part 5, Division 9 of the *Local Government Act 1995*.

## LOCAL GOVERNMENT ACT 1995 (WA)(CKI)

This Annual Report complies with the requirements of section 5.53(1) of the *Local Government Act 1995 (WA) (CKI)* to prepare an annual report for each financial year.





SHIRE OF COCOS (KEELING) ISLANDS  
LOTS 256 JALAN MELATI HOME ISLAND  
COCOS (KEELING) ISLANDS  
INDIAN OCEAN 6799

TEL: (08) 9162 6649  
EMAIL: [info@cocos.wa.gov.au](mailto:info@cocos.wa.gov.au)