Shire of Derby / West Kimberley

AGENDA

Special Audit, Risk and Improvement Committee Meeting

Thursday 26 November 2026

I hereby give notice that a Special Audit, Risk and Improvement Committee Meeting will be held on:

Date: **Thursday 26 November 2026**

Time: **10.00am**

Location: **Council Chambers, 31 Clarendon Street, Derby**

Tamara Clarkson **Chief Executive Officer**

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1 DECLARATION OF OPENING

2 ACKNOWLEDGMENT OF COUNTRY

In the spirit of Reconciliation, the Shire of Derby/West Kimberley acknowledges the traditional custodians of country throughout the Shire and the continued connection to the land, waters and community.

The Shire would like to pay our respects to the people, the cultures and the Elders past and present and the continuation of cultural, spiritual and educational practices of Aboriginal people.

3 ATTENDANCE/APOLOGIES

4 ATTENDANCE VIA ELECTRONIC MEANS

A COUNCIL MEMBER MAY ATTEND COUNCIL OR COMMITTEE MEETINGS BY ELECTRONIC MEANS IF THE MEMBER IS AUTHORISED TO DO SO BY THE PRESIDENT OR THE COUNCIL. ELECTRONIC MEANS ATTENDANCE CAN ONLY BE AUTHORISED FOR UP TO HALF OF THE SHIRE'S IN-PERSON MEETINGS THEY HAVE ATTENDED IN TOTAL, IN A 12 MONTH PERIOD. AUTHORISATION CAN ONLY BE PROVIDED IF THE LOCATION AND THE EQUIPMENT TO BE USED BY THE MEMBER ARE SUITABLE TO ENABLE EFFECTIVE, AND WHERE NECESSARY CONFIDENTIAL, ENGAGEMENT IN THE MEETING'S DELIBERATIONS AND COMMUNICATIONS.

5 DISCLOSURE OF INTERESTS

Division 6: Sub-Division 1 of the *Local Government Act 1995*. Care should be taken by Committee Members to ensure that a financial/impartiality/proximity interests are declared and that they refrain from voting on any matter, which is considered to come within the ambit of the Act.

5.1 Declaration of Financial Interests

At the Audit, Risk and Improvement Committee Meeting held at 4.30pm Thursday 20 August 2026 in the Council Chambers, Derby, Danielle Cornish declared a financial interest as the Audit, Risk and Improvement Committee as the Independent Presiding Member, noting that she receives remuneration for her role and her spouse Cr Adam Cornish is currently serving as a Shire of Derby/West Kimberley Council Member.

5.2 Declaration of Proximity Interests

5.3 Declaration of Impartiality Interests

6 REPORTS

6.1 ANNUAL FINANCIAL REPORT 2025/26

File Number: **4105**

Author: **Jill Brazil, Director Corporate Services**

Responsible Officer: **Tamara Clarkson, Chief Executive Officer**

Authority/Discretion: **Legislative**

SUMMARY

To consider and accept the audited Annual Financial Report and the Office of the Auditor General's (OAG) Independent Audit Report of the Shire of Derby/West Kimberley for the financial year ended the 30 June 2026.

DISCLOSURE OF ANY INTEREST

Nil by Author and Nil by Responsible Officer.

BACKGROUND

Each year, the Shire is required to produce its Annual Financial Report and send the report to the Shire's auditor by 30 September (Section 6.4 (3) of the *Local Government Act 1995*. The Office of Auditor General appointed RSM as the Shire's contract auditors to undertake the audit. RSM has now completed the audit and have provided their Independent Auditor Report and Management Report to the OAG.

Shire officers together with consultants, Moore Australia worked in collaboration to prepare the Annual Financial Report for the year ended 30 June 2026 that was provided to the Shire auditors.

STATUTORY ENVIRONMENT

The *Local Government Act 1995* sets out the requirements for the preparation of the annual financial report as follows:

Section 6.4 (1) and (2) requires the Shire to prepare an annual financial report for the preceding financial year which is to be presented in the manner and form prescribed.

Section 6.4 (3) requires the Shire to submit to its auditor the accounts balanced up to the last day of the preceding financial year and to submit the annual financial report by 30 September.

Section 5.53(2)(f) and 5.53(2)(h) requires the Shire to prepare an annual report that includes the financial report and auditor's report for the financial year.

Section 5.54 requires the Shire to accept the annual report for a financial year by no later than 31 December after that financial year; unless the auditor's report is not available in time, then it is to be accepted no later than two months after the auditor's report becomes available.

Regulation 10(1) of the *Local Government (Audit) Regulations 1996* requires the auditors to submit an audit report to the persons specified in section 7.9(1) of the LGA within 30 days of completing the audit.

Regulation 10(2) and 10(3) of the *Local Government (Audit) Regulations 1996* provides the details of what is required in the auditor's report. The report is to include the financial position of the

local government, the results of the operations of the local government and a report on the conduct of the audit.

Regulation 10(4) of the *Local Government (Audit) Regulations 199*6 considers where appropriate, the auditor is to prepare a management report to accompany the auditor's report and to forward a copy of the management report to the persons specified in section 7.9(1) of the *Local Government Act 1995* with the auditor's report.

All statutory requirements related to the Annual Financial Report 2025/26 have been met.

POLICY IMPLICATIONS

The financial report of the Shire of Derby/West Kimberley comprises of general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations to the extent that they are not inconsistent with the Act, and the Australian Accounting Standards.

FINANCIAL IMPLICATIONS

The Annual Financial Report sets out the financial position of the Shire and the results of the operations of the Shire.

STRATEGIC IMPLICATIONS

OUTCOME	OBJECTIVE	WE WILL
10. Effective governance and partnerships	10.1 Maintain a high standard of leadership, advocacy, governance and asset management	1.2.2 Provide strong governance

RISK MANAGEMENT CONSIDERATIONS

RISK	LIKELIHOOD	CONSEQUENCE	RISK ANALYSIS	MITIGATION
Financial: Failure to prepare and adopt the Annual Financial Report would result in non-compliance with its statutory responsibilities under the *Local Government Act 1995*	Rare	Moderate	Low	Accept Officer recommendation

CONSULTATION

Office of the Auditor General

RSM, contracted by OAG to conduct audit

Moore WA, the Shire's financial services provider

COMMENT

The independent audit report issued by OAG is an unqualified report.

RSM has completed their audit of the Shire's financial affairs for the financial year ended 30 June 2026. The primary financial statements which have been prepared as part of the Annual Financial Report are:

Statement of Comprehensive Income

The Statement of Comprehensive Income reflects a net result of -$12,427,534 with non-cash items of depreciation of $8,323,581 and loss on sale of assets of 21,595,308 which relates to the transfers at lease termination of Derby Port to Kimberley Ports Authority and Curtin Airport to Department of Defence . Total Comprehensive Income totals $18,185,806.

Statement of Financial Position

The Statement of Financial Position reflects a net asset position of $347,063,853.

Statement of Cash Flows

The Statement of Cash Flows of the Financial Statement reflects a net increase in cash of $5,763,294 with cash and cash equivalents of $14,212,442 at the 30 June 2026.

Statement of Financial Activity

The Statement of Financial Activity of the Financial Statement show a total surplus to be carried forward at 30 June 2026 of $10,835,745 which includes $7,835,230 Financial Assistance Grants for 26/27 received in advance, $1,127,177.93 adjustment to landfill provision, plus reduction in borrowing repayments due to loan restructure.

The Audit, Risk and Improvement Committee is to examine the report of the auditor and determine if any matters raised by the report require action to be taken and ensure appropriate action is taken in the future.

VOTING REQUIREMENT

Simple majority

ATTACHMENTS

1. **Audited Annual Financial Report for year ended 30 June 2026**
2. **Auditor's Closing Report for year ended 30 June 2026 - Confidential**
3. **Auditor's Management Report for year ended 30 June 2026 - Confidential**

RECOMMENDATION

That the Audit, Risk and Improvement Committee recommends that Council:

1. **ACCEPTS the Audited Annual Financial Report for the year ended 30 June 2026;**
2. **ACCEPTS the Auditor's Closing Report for year ended 30 June 2026 as attached; and**
3. **RECEIVES the Auditor's Management Report for year ended 30 June 2026 as attached.**

SHIRE OF DERBY-WEST KIMBERLEY

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2026

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The Shire of Derby-West Kimberley conducts the operations of a local government with the following community vision:

A place where people want to live, invest, visit and return to.

Principal place of business:
30 Loch Street
Derby WA 6728

SHIRE OF DERBY-WEST KIMBERLEY
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026

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

Statement by CEO

The accompanying financial report of the Shire of Derby-West Kimberley 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 financial year ended 30 June 2026 and the financial position as at 30 June 2026.

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

Signed on the day of 2026

CEO

Tamara Clarkson
Name of CEO

SHIRE OF DERBY-WEST KIMBERLEY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2026

	Note	2026 Actual	2026 Budget	Restated* 2025 Actual
		$	$	$
Revenue				
Rates	2(a),25	10,047,092	10,125,245	9,516,217
Grants, subsidies and contributions	2(a)	15,230,065	11,186,046	16,284,004
Fees and charges	2(a)	5,944,083	4,355,293	6,353,836
Interest revenue	2(a)	451,998	165,240	248,419
Other revenue	2(a)	3,756,993	2,636,240	5,973,943
		35,430,231	28,468,064	38,376,419
Expenses				
Employee costs	2(b)	(10,445,312)	(10,885,727)	(14,825,578)
Materials and contracts		(13,928,476)	(12,604,545)	(17,766,546)
Utility charges		(959,636)	(883,650)	(879,495)
Depreciation		(8,323,581)	(8,029,276)	(8,120,107)
Finance costs	2(b)	(916,839)	(331,226)	(577,227)
Insurance		(859,660)	(856,069)	(1,241,010)
Other expenditure	2(b)	613,748	(743,405)	(3,526,312)
		(34,819,756)	(34,333,898)	(46,936,275)
		610,475	(5,865,834)	(8,559,856)
Capital grants, subsidies and contributions	2(a)	8,625,239	14,858,333	5,455,824
Profit on asset disposals		60,570	24,055	195,944
Loss on asset disposals	8(a),9(a)	(21,595,308)	0	0
Loss on revaluation of other infrastructure - landfill assets	9(a)	(128,510)	0	0
		(13,038,009)	14,882,388	5,651,768
Net result for the period	24(b)	**(12,427,534)**	**9,016,554**	**(2,908,088)**
Other comprehensive income for the period				
Items that will not be reclassified subsequently to profit or loss				
Changes in asset revaluation surplus	16	30,613,340	0	(176,944)
Changes in asset revaluation surplus arising from a change in liabilities	15	0	0	0
Total other comprehensive income for the period	16	**30,613,340**	**0**	**(176,944)**
Total comprehensive income for the period		**18,185,806**	**9,016,554**	**(3,085,032)**

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

* See Note 30 for details regarding the restatement as a result of a prior period error.

SHIRE OF DERBY-WEST KIMBERLEY
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2026

	Note	2026	Restated* 2025	Restated* 1 July 2024
		$	$	$
CURRENT ASSETS				
Cash and cash equivalents	3	14,212,442	8,449,148	7,895,069
Other financial assets	4(a)	1,229,017	975,801	975,801
Trade and other receivables	5	2,559,297	2,424,836	3,585,642
Inventories	6	49,093	24,789	26,222
Other assets	7	712,291	135,982	57,207
TOTAL CURRENT ASSETS		18,762,140	12,010,556	12,539,941
NON-CURRENT ASSETS				
Trade and other receivables	5	124,654	130,611	124,147
Property, plant and equipment	8	60,854,863	45,872,687	45,434,169
Infrastructure	9	294,811,035	299,214,491	298,304,114
TOTAL NON-CURRENT ASSETS		355,790,552	345,217,789	343,862,430
TOTAL ASSETS		374,552,692	357,228,345	356,402,371
CURRENT LIABILITIES				
Trade and other payables	11	4,665,325	4,563,106	5,740,736
Contract liabilities	12	756,919	106,218	166,370
Capital grant/contributions liabilities	12	695,222	1,187,743	780,693
Borrowings	13	797,353	5,394,024	5,539,077
Employee related provisions	14	952,243	1,215,816	955,938
Other provisions	15	0	0	56,144
TOTAL CURRENT LIABILITIES		7,867,062	12,466,907	13,238,958
NON-CURRENT LIABILITIES				
Borrowings	13	5,717,000	1,514,354	1,908,378
Employee related provisions	14	196,342	214,776	129,936
Other provisions	15	13,708,435	14,154,261	9,162,020
TOTAL NON-CURRENT LIABILITIES		19,621,777	15,883,391	11,200,334
TOTAL LIABILITIES		27,488,839	28,350,298	24,439,292
NET ASSETS		347,063,853	328,878,047	331,963,079
EQUITY				
Retained surplus		53,628,439	48,633,300	51,541,388
Reserve accounts	28	1,259,127	975,801	975,801
Revaluation surplus	16	292,176,287	279,268,946	279,445,890
TOTAL EQUITY		347,063,853	328,878,047	331,963,079

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

* See Note 30 for details regarding the restatement as a result of a prior period error.

SHIRE OF DERBY-WEST KIMBERLEY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2026

	Note	Retained surplus	Reserve accounts	Revaluation surplus	Total equity
		$	$	$	$
Balance as at 1 July 2024		**63,410,169**	**975,801**	**279,445,890**	**343,831,860**
Correction of prior period error	30	(11,868,781)	0	0	(11,868,781)
Restated* balance as at 1 July 2024		**51,541,388**	**975,801**	**279,445,890**	**331,963,079**
Comprehensive income for the period					
Net result for the period - restated		(2,908,088)	0	0	(2,908,088)
Other comprehensive income for the period	16	0	0	(176,944)	(176,944)
Total comprehensive income for the period - restated		(2,908,088)	0	(176,944)	(3,085,032)
Balance as at 30 June 2025		**48,633,300**	**975,801**	**279,268,946**	**328,878,047**
Comprehensive income for the period					
Net result for the period		(12,427,534)	0	0	(12,427,534)
Other comprehensive income for the period	16	0	0	30,613,340	30,613,340
Total comprehensive income for the period		(12,427,534)	0	30,613,340	18,185,806
Transfer from revaluation surplus	16	17,705,999	0	(17,705,999)	0
Transfers from reserve accounts	28	787,380	(787,380)	0	0
Transfers to reserve accounts	28	(1,070,706)	1,070,706	0	0
Balance as at 30 June 2026		**53,628,439**	**1,259,127**	**292,176,287**	**347,063,853**

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

* See Note 30 for details regarding the restatement as a result of a prior period error.

SHIRE OF DERBY-WEST KIMBERLEY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2026

	Note	2026 Actual	2025 Actual
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates		10,177,818	9,315,456
Grants, subsidies and contributions		15,967,678	16,351,164
Fees and charges		5,640,494	7,077,730
Interest revenue		451,998	248,419
Goods and services tax received		3,370,818	3,102,662
Other revenue		3,756,993	5,723,943
		39,365,799	41,819,374
Payments			
Employee costs		(10,827,878)	(14,577,951)
Materials and contracts		(14,546,439)	(18,839,910)
Utility charges		(959,636)	(879,495)
Finance costs		(235,487)	(232,587)
Insurance paid		(859,660)	(1,241,010)
Goods and services tax paid		(3,193,243)	(3,353,238)
Other expenditure		(513,430)	(541,010)
		(31,135,773)	(39,665,201)
Net cash provided by operating activities	17(b)	8,230,026	2,154,173
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for financial assets at amortised cost - term deposits		(253,216)	0
Payments for purchase of property, plant & equipment		(1,117,220)	(1,831,710)
Payments for construction of infrastructure		(9,082,032)	(5,329,734)
Proceeds from capital grants, subsidies and contributions		8,132,718	5,862,874
Proceeds from sale of property, plant & equipment		117,043	237,553
Proceeds from sale of infrastructure		130,000	0
Net cash (used in) investing activities		(2,072,707)	(1,061,017)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	27(a)	(8,394,025)	(12,539,077)
Proceeds from new borrowings	27(a)	8,000,000	12,000,000
Net cash (used in) financing activities		(394,025)	(539,077)
Net increase in cash held		5,763,294	554,079
Cash at beginning of year		8,449,148	7,895,069
Cash and cash equivalents at the end of the year	17(a)	14,212,442	8,449,148

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

SHIRE OF DERBY-WEST KIMBERLEY
STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2026

	Note	2026 Actual	2026 Budget	2025 Actual
		$	$	$
OPERATING ACTIVITIES				
Revenue from operating activities				
General rates	25	9,638,664	9,631,535	9,023,756
Rates excluding general rates	25	408,428	493,710	492,461
Grants, subsidies and contributions		15,230,065	11,186,046	16,284,004
Fees and charges		5,944,083	4,355,293	6,353,836
Interest revenue		451,998	165,240	248,419
Other revenue		3,756,993	2,636,240	5,973,943
Profit on asset disposals		60,570	24,055	195,944
		35,490,801	28,492,119	38,572,363
Expenditure from operating activities				
Employee costs		(10,445,312)	(10,885,727)	(14,825,578)
Materials and contracts		(13,928,476)	(12,604,545)	(17,766,546)
Utility charges		(959,636)	(883,650)	(879,495)
Depreciation		(8,323,581)	(8,029,276)	(8,120,107)
Finance costs		(916,839)	(331,226)	(577,227)
Insurance		(859,660)	(856,069)	(1,241,010)
Other expenditure		613,748	(743,405)	(3,526,312)
Loss on asset disposals		(21,595,308)	0	0
Loss on revaluation of non-current assets	9(a)	(128,510)	0	0
		(56,543,574)	(34,333,898)	(46,936,275)
Total amounts excluded from operating activities	26(a)	29,528,526	8,005,221	10,468,669
Amount attributable to operating activities		8,475,753	2,163,442	2,104,757
INVESTING ACTIVITIES				
Inflows from investing activities				
Proceeds from capital grants, subsidies and contributions		8,625,239	14,858,333	5,455,824
Proceeds from disposal of property, plant and equipment	8(a)	117,043	53,000	237,553
Proceeds from disposal of infrastructure	9(a)	130,000	0	0
		8,872,282	14,911,333	5,693,377
Outflows from investing activities				
Acquisition of property, plant and equipment	8(a)	(1,117,220)	(2,138,674)	(1,831,710)
Acquisition of infrastructure	9(a)	(9,082,032)	(15,348,334)	(5,329,734)
Payments for financial assets at amortised cost - term deposits		(253,216)	0	0
		(10,452,468)	(17,487,008)	(7,161,444)
Total amounts excluded from investing activities	26(b)	253,216	0	0
Amount attributable to investing activities		(1,326,970)	(2,575,675)	(1,468,067)
FINANCING ACTIVITIES				
Inflows from financing activities				
Proceeds from borrowings	27(a)	8,000,000	0	12,000,000
Transfers from reserve accounts	28	787,380	1,221,336	0
		8,787,380	1,221,336	12,000,000
Outflows from financing activities				
Repayment of borrowings	27(a)	(8,394,025)	(1,987,273)	(12,539,077)
Transfers to reserve accounts	28	(1,070,706)	(867,380)	0
		(9,464,731)	(2,854,653)	(12,539,077)
Amount attributable to financing activities		(677,351)	(1,633,317)	(539,077)
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	26(c)	4,364,313	2,045,550	4,266,700
Amount attributable to operating activities		8,475,753	2,163,442	2,104,757
Amount attributable to investing activities		(1,326,970)	(2,575,675)	(1,468,067)
Amount attributable to financing activities		(677,351)	(1,633,317)	(539,077)
Surplus or deficit after imposition of general rates	26(c)	**10,835,745**	**0**	**4,364,313**

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

SHIRE OF DERBY-WEST KIMBERLEY
FOR THE YEAR ENDED 30 JUNE 2026
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SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026

. BASIS OF PREPARATION

The financial report of the Shire of Derby-West Kimberley which is a Class 2 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 with exception to the following:

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 Leases which would have required the Shire to measure any vested improvements at zero cost.

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

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

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

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 29 of the financial report.

Initial application of accounting standards
During the current year, no new or revised Australian Accounting Standards and Interpretations were applied for the first time which are expected to have a material impact.

New accounting standards for application in future years
The following new accounting standards will have application to local government in future years:
- AASB 2014-10 *Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- AASB 2024-4b *Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]*
- AASB 2022-9 *Amendments to Australian Accounting Standards - Insurance Contracts in the Public Sector*
- AASB 2024-2 *Amendments to Australian Accounting Standards - Classification and Measurement of Financial Instruments*
- AASB 2024-3 *Amendments to Australian Accounting Standards – Annual Improvements Volume 11*

These amendments are not expected to have any material impact on the financial report on initial application.
- AASB 18 *(NFP/super) Presentation and Disclosure in Financial Statements - (Appendix D) [for not-for-profit and superannuation entities]*

This standard is expected to have a material impact on the disclosures required to be made in the annual financial report for the year ended 30 June 2029 onwards.

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

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

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

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

- Fair value measurement of assets carried at reportable value including:
  - Property, plant and equipment - Note 8
  - Infrastructure - Note 9
- Expected credit losses on financial assets - Note 5
- Measurement of employee benefits - Note 14
- Measurement of provisions - Note 15

Fair value hierarchy information can be found in Note 23

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026

2. REVENUE AND EXPENSES

(a) Revenue

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

Revenue category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/refunds/ warranties	Timing of revenue recognition
Grants, subsidies and contributions	Community events, minor facilities, design, planning, evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management.	Single point in time	Full payment prior to issue	None	On payment of the licence, registration or approval
Fees and charges - airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	On landing/departure event
Fees and charges - sale of stock	Aviation fuel sales	Single point in time	In full in advance, on 15 day credit	None	At point of sale
Other revenue - private works	Contracted private works	Single point in time	Monthly in arrears	None	At point of service

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

Revenue recognition

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

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

For the year ended 30 June 2026

Nature	Contracts with customers	Capital grant/contributions	Statutory requirements	Other	Total
	$	$	$	$	$
Rates	0	0	10,047,092	0	10,047,092
Grants, subsidies and contributions	2,365,009	0	0	12,865,056	15,230,065
Fees and charges	5,769,633	0	105,211	69,239	5,944,083
Interest revenue	0	0	222,680	229,318	451,998
Other revenue	2,986,871	0	0	770,122	3,756,993
Capital grants, subsidies and contributions	0	8,625,239	0	0	8,625,239
Total	11,121,513	8,625,239	10,374,983	13,933,735	44,055,470

For the year ended 30 June 2025

Nature	Contracts with customers	Capital grant/contributions	Statutory requirements	Other	Total
	$	$	$	$	$
Rates	0	0	9,516,217	0	9,516,217
Grants, subsidies and contributions	1,512,398	0	0	14,771,606	16,284,004
Fees and charges	3,793,619	0	2,504,991	55,226	6,353,836
Interest revenue	0	0	181,525	66,894	248,419
Other revenue	1,442,492	0	0	4,531,451	5,973,943
Capital grants, subsidies and contributions	0	5,455,824	0	0	5,455,824
Total	6,748,509	5,455,824	12,202,733	19,425,177	43,832,243

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026

2. REVENUE AND EXPENSES (Continued)

	Note	2026 Actual	2025 Actual
		$	$
(a) Revenue (Continued)			
Interest revenue			
Trade and other receivables overdue interest		222,680	191,502
Other interest revenue		229,318	56,917
		451,998	248,419
The 2026 original budget estimate in relation to:			
Trade and other receivables overdue interest was $104,000.			
Other revenue			
Private works income		2,908,579	3,766,672
Sundry revenue		848,414	2,207,271
		3,756,993	5,973,943
(b) Expenses			
Auditor's remuneration			
- Audit of the Annual Financial Report		119,351	116,430
		119,351	116,430
Employee costs			
Employee benefit costs		10,141,471	14,182,962
Other employee costs		303,841	642,616
		10,445,312	14,825,578
Finance costs			
Interest and financial charges paid/payable for lease liabilities and borrowings		235,487	232,587
Provisions: unwinding of discount	15	681,352	344,640
		916,839	577,227
Other expenditure			
Impairment losses on rates and statutory receivables		211,365	213,734
Impairment losses on trade receivables		0	23,959
(Decrease) / Increase in make good provision	15	(1,127,178)	2,961,343
Members expenses		241,757	327,276
Sundry expenses		60,308	0
		(613,748)	3,526,312

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026

3. CASH AND CASH EQUIVALENTS

	Note	2026	2025
		$	$
Cash at bank and on hand		12,665,317	8,449,148
Term deposits		1,547,125	0
Total cash and cash equivalents	17(a)	14,212,442	8,449,148
Held as			
- Unrestricted cash and cash equivalents		12,730,191	7,155,187
- Restricted cash and cash equivalents	17(a)	1,482,251	1,293,961
		14,212,442	8,449,148

MATERIAL ACCOUNTING POLICIES

Cash and cash equivalents

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

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

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable within 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.

4. OTHER FINANCIAL ASSETS

	Note	2026	2025
		$	$
(a) Current assets			
Financial assets at amortised cost		1,229,017	975,801
		1,229,017	975,801
Other financial assets at amortised cost			
Term deposits		1,229,017	975,801
		1,229,017	975,801
Held as			
- Restricted other financial assets at amortised cost	17(a)	1,229,017	975,801
		1,229,017	975,801

MATERIAL ACCOUNTING POLICIES

Other financial assets at amortised cost

The Shire classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 23 (i) due to the observable market rates).

Interest received is presented under cashflows from operating activities in the Statement of Cash Flows where it is earned from financial assets that are held for cash management purposes.

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026

5. TRADE AND OTHER RECEIVABLES

	Note	2026	2025
		$	$
Current			
Rates and statutory receivables		1,512,059	1,396,715
Trade receivables		1,263,660	1,132,605
GST receivable		205,241	382,816
Allowance for credit losses of rates and statutory receivables		(276,599)	(256,614)
Allowance for credit losses of trade receivables	21(b)	(145,064)	(230,686)
		2,559,297	2,424,836
Non-current			
Rates and statutory receivables		124,654	130,611
		124,654	130,611

Disclosure of opening and closing balances related to contracts with customers

Information about receivables from contracts with customers.	Note	30 June 2026 Actual	30 June 2025 Actual
		$	$
Trade and other receivables from contracts with customers		1,263,660	1,132,605
Allowance for credit losses of trade receivables	5	(145,064)	(230,686)
Total trade and other receivables from contracts with customers		1,118,596	901,919

MATERIAL ACCOUNTING POLICIES

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

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

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

Other receivables
Other receivables are amounts receivable from contractual arrangements with third parties other than contracts with customers and amounts receivable as grants with sufficiently specific performance obligations or for the construction of recognisable non-financial assets.

Measurement
Trade and other receivables are recognised initially at the amount of the transaction price.

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 more than 12 months 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, therefore any difference between the face value and fair value is considered immaterial.

Impairment and risk exposure
Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 21.

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026

6. INVENTORIES

	2026	2025
Current	$	$
Fuel and materials	9,815	8,856
Visitor Centre	39,278	15,933
	49,093	24,789
The following movements in inventories occurred during the year:		
Balance at beginning of year	24,789	26,222
Inventories expensed during the year	(147,521)	(167,600)
Additions to inventory	171,825	166,167
Balance at end of year	49,093	24,789

MATERIAL ACCOUNTING POLICIES
General
Inventories are measured at the lower of cost and net realisable value.

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

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026

7. OTHER ASSETS

	2026	2025
	$	$
Other assets - current		
Prepayments	70,619	0
Accrued income	641,672	135,982
	712,291	135,982

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

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026

8. 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.

		Assets not subject to operating lease		Total property					
	Note	Land	Buildings	Land	Buildings	Work in progress	Total property	Plant and equipment	Total property, plant and equipment
		$	$	$	$	$	$	$	$
Restated balance at 1 July 2024		4,213,000	38,568,722	4,213,000	38,568,722	0	42,781,722	2,652,447	45,434,169
Additions		0	520,515	0	520,515	15,425	535,940	1,295,770	1,831,710
Disposals		0	0	0	0	0	0	(41,609)	(41,609)
Depreciation		0	(956,380)	0	(956,380)	0	(956,380)	(395,203)	(1,351,583)
Restated balance at 30 June 2025		4,213,000	38,132,857	4,213,000	38,132,857	15,425	42,361,282	3,511,405	45,872,687
Comprises:									
Gross balance amount at 30 June 2025		4,213,000	41,767,834	4,213,000	41,767,834	15,425	45,996,259	5,270,219	51,266,478
Accumulated depreciation at 30 June 2025		0	(3,634,977)	0	(3,634,977)	0	(3,634,977)	(1,758,814)	(5,393,791)
Restated balance at 30 June 2025	8(b)	4,213,000	38,132,857	4,213,000	38,132,857	15,425	42,361,282	3,511,405	45,872,687
Additions		0	1,117,220	0	1,117,220	0	1,117,220	0	1,117,220
Disposals*		0	(1,616,836)	0	(1,616,836)	0	(1,616,836)	(57,195)	(1,674,031)
Revaluation increments / (decrements) transferred to revaluation surplus		(1,156,463)	18,144,375	(1,156,463)	18,144,375	0	16,987,912	0	16,987,912
Depreciation		0	(917,396)	0	(917,396)	0	(917,396)	(490,544)	(1,407,940)
Transfers		0	(25,560)	0	(25,560)	(15,425)	(40,985)	0	(40,985)
Balance at 30 June 2026		3,056,537	54,834,660	3,056,537	54,834,660	0	57,891,197	2,963,666	60,854,863
Comprises:									
Gross balance amount at 30 June 2026		3,056,537	54,834,660	3,056,537	54,834,660	0	57,891,197	4,842,505	62,733,702
Accumulated depreciation at 30 June 2026		0	0	0	0	0	0	(1,878,839)	(1,878,839)
Balance at 30 June 2026	8(b)	3,056,537	54,834,660	3,056,537	54,834,660	0	57,891,197	2,963,666	60,854,863

* On 25 June 2026 Council resolved to enter an agreement with Kimberley Port Authorities to cede the related wharf assets to the Authority.
A combined loss of $20,004,087 was recognised on the derecognition of these assets, comprising buildings of $1,190,881 and infrastructure of $18,813,206

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying amount measurements

Asset class	Note	Carrying amount 2026	Carrying amount 2025	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
		$	$					
(i) Fair value - as determined at the last valuation date								
Land and buildings								
Land - market value		3,056,537	4,213,000	2	Market approach using recent observable market data for similar properties / income approach using discounted cash flow methodology	Independent registered valuer	June 2026	Price per hectare / market borrowing rate
Total land	8(a)	3,056,537	4,213,000					
Buildings - specialised / non-specialised		54,834,660	38,132,857	3	Replacement cost method	Independent registered valuer	June 2026	Perth based construction rates with appropriate district allowance applied to each location
Total buildings	8(a)	54,834,660	38,132,857					

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 land at market value or buildings using either level 2 or level 3 inputs. The valuation techniques applied to property subject to lease was the same as that applied to property not subject to lease.

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026

9. INFRASTRUCTURE

(a) Movements in balances

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

	Infrastructure - roads	Other infrastructure- drainage	Other infrastructure- footpaths	Other infrastructure - parks & ovals	Other infrastructure - wharf	Other infrastructure - airports	Other infrastructure - other structures	Other infrastructure - landfill assets	Other infrastructure- work in progress	Total infrastructure
	$	$	$	$	$	$	$	$	$	$
Restated balance at 1 July 2024	237,997,143	1,815,529	701,074	2,505,069	19,553,131	25,352,304	9,324,904	1,054,960	0	298,304,11
Additions	3,829,766	519,982	0	232,846	0	0	672,716	0	74,424	5,329,73
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	0	0	0	0	2,349,167	0	2,349,16
Depreciation	(4,660,230)	(39,166)	(26,613)	(134,103)	(639,152)	(543,150)	(577,450)	(148,660)	0	(6,768,524
Restated balance at 30 June 2025	237,166,679	2,296,345	674,461	2,603,812	18,913,979	24,809,154	9,420,170	3,255,467	74,424	299,214,49
Comprises:										
Gross balance at 30 June 2025	304,742,662	3,820,193	1,377,555	3,140,187	21,459,005	27,003,814	11,282,473	14,352,261	74,424	387,252,57
Accumulated depreciation at 30 June 2025	(67,575,983)	(1,523,848)	(703,094)	(536,375)	(2,545,026)	(2,194,660)	(1,862,303)	(11,096,794)	0	(88,038,083
Restated balance at 30 June 2025	237,166,679	2,296,345	674,461	2,603,812	18,913,979	24,809,154	9,420,170	3,255,467	74,424	299,214,49
Additions	5,490,289	690,237	0	42,020	0	0	2,859,486	0	0	9,082,03
Disposals*	(1,249,794)	0	0	(234,710)	(17,602,433)	0	(1,020,813)	0	0	(20,107,750
Revaluation increments transferred to revaluation surplus	0	0	0	952,988	0	9,413,031	3,259,409	0	0	13,625,42
Revaluation (loss) transferred to profit or loss	0	0	0	0	0	0	0	(128,510)	0	(128,510
Depreciation	(4,774,701)	(45,771)	(26,723)	(137,410)	(586,619)	(550,504)	(596,855)	(197,058)	0	(6,915,641
Transfers	0	0	0	(9,522)	(724,927)	0	849,858	0	(74,424)	40,98
Balance at 30 June 2026	236,632,473	2,940,811	647,738	3,217,178	0	33,671,681	14,771,255	2,929,899	0	294,811,03
Comprises:										
Gross balance at 30 June 2026	308,586,159	4,510,430	1,377,555	3,217,178	0	33,671,681	14,771,255	13,906,435	0	380,040,69
Accumulated depreciation at 30 June 2026	(71,953,686)	(1,569,619)	(729,817)	0	0	0	0	(10,976,536)	0	(85,229,658
Balance at 30 June 2026	236,632,473	2,940,811	647,738	3,217,178	0	33,671,681	14,771,255	2,929,899	0	294,811,03

* On 25 June 2026 Council resolved to enter an agreement with Kimberley Port Authorities to cede the related wharf assets to the Authority.
A combined loss of $20,004,087 was recognised on the derecognition of these assets, comprising buildings of $1,190,881 and infrastructure of $18,813,206

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026

9. INFRASTRUCTURE (Continued)

b) Carrying amount measurements

Asset class	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
(i) Fair value - as determined at the last valuation date					
Infrastructure - roads	3	Cost approach using current replacement cost	Independent registered valuer	June 2023	Construction costs and current condition, residual values and remaining useful life assessments
Other infrastructure- drainage	3	Cost approach using current replacement cost	Independent registered valuer	June 2023	Construction costs and current condition, residual values and remaining useful life assessments
Other infrastructure- footpaths	3	Cost approach using current replacement cost	Independent registered valuer	June 2023	Construction costs and current condition, residual values and remaining useful life assessments
Other infrastructure - parks & ovals	3	Cost approach using current replacement cost	Independent registered valuer	June 2026	Construction costs and current condition, residual values and remaining useful life assessments
Other infrastructure - wharf	3	Cost approach using current replacement cost	Independent registered valuer	June 2021	Construction costs and current condition, residual values and remaining useful life assessments
Other infrastructure - airports	3	Cost approach using current replacement cost	Independent registered valuer	June 2026	Construction costs and current condition, residual values and remaining useful life assessments
Other infrastructure - other structures	3	Cost approach using current replacement cost	Independent registered valuer	June 2026	Construction costs and current condition, residual values and remaining useful life assessments
Other infrastructure - landfill assets	3	Cost approach using depreciated replacement cost and using discounted cash flow methodology for make good estimates	Management valuation utilising independent estimates of future make good costs	June 2025	Construction costs including discounted future make good cost estimates and remaining useful life estimates

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 DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026

10. FIXED ASSETS

(a) Depreciation

Depreciation rates
Useful lives for the different asset classes for the current and prior years are included in the table below:

Asset class	Useful life
Buildings	24 to 137 years
Plant and equipment	2 to 20 years
Infrastructure - roads	
- sealed road surface	14 to 22 years
- sealed road pavement	75 years
- concrete road pavement	85 years
- unsealed road pavement	25 years
- road formation	Infinite
- kerb and channel	80 years
Other infrastructure - drainage	100 years
Other infrastructure - footpaths	10 to 80 years
Other infrastructure - land & parks	21 to 64 years
Other infrastructure - wharf	35 years
Other infrastructure - airports	25 to 161 years
Other infrastructure - other structures	6 to 119 years
Other infrastructure - landfill assets	20 to 50 years

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026

10. FIXED ASSETS (Continued)

MATERIAL ACCOUNTING POLICIES

Initial recognition

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

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

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

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

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

Measurement after recognition

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

Reportable value

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

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

Revaluation

Land and buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls and measured at reportable value, are only required to be revalued every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on land vested in the Shire.

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

For land, buildings and infrastructure, increases in the carrying amount arising on revaluation of asset classes are credited to a revaluation surplus in equity.

Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

The depreciable amount of all property, plant and equipment and infrastructure, is depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Depreciation on revaluation

When an item of property, plant and equipment and infrastructure is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:
(i) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation is the balancing figure; or
(ii) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Impairment

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

In other circumstances where it has been assessed that one or more of these non-financial assets are impaired, the asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposal

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026

11. TRADE AND OTHER PAYABLES

	2026	2025
	$	$
Current		
Trade payables	2,689,610	3,454,203
Prepaid rates	381,924	161,796
Accrued payroll liabilities	201,849	302,408
Accrued expenses	825,913	341,765
Other payables	515,800	264,306
Accrued interest on loans	50,229	38,628
	4,665,325	4,563,106

MATERIAL ACCOUNTING POLICIES

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

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

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

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

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

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

SHIRE OF DERBY-WEST KIMBERLEY
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12. OTHER LIABILITIES

	2026	2025
	$	$
Current		
Contract liabilities	756,919	106,218
Capital grant/contributions liabilities	695,222	1,187,743
	1,452,141	1,293,961
Reconciliation of changes in contract liabilities		
Opening balance	106,218	166,370
Additions	754,424	96,218
Revenue from contracts with customers included as a contract liability at the start of the period	(103,723)	(156,370)
	756,919	106,218
Reconciliation of changes in capital grant/contribution liabilities		
Opening balance	1,187,743	780,693
Additions	520,168	915,743
Revenue from capital grant/contributions held as a liability at the start of the period	(1,012,689)	(508,693)
	695,222	1,187,743
Expected satisfaction of capital grant/contribution liabilities		
Less than 1 year	695,222	1,187,743
	695,222	1,187,743

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

MATERIAL ACCOUNTING POLICIES

Contract liabilities

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

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

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.

SHIRE OF DERBY-WEST KIMBERLEY
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13. BORROWINGS

		2026			2025		
	Note	Current	Non-current	Total	Current	Non-current	Total
Unsecured		$	$	$	$	$	$
Unsecured loans		797,353	5,717,000	6,514,353	5,394,024	1,514,354	6,908,378
Total unsecured borrowings	27(a)	797,353	5,717,000	6,514,353	5,394,024	1,514,354	6,908,378

MATERIAL ACCOUNTING POLICIES

Borrowing costs

The Shire has elected to recognise borrowing costs as an expense when incurred regardless of how the borrowings are applied.

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature. Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 23(i)) due to the unobservable inputs, including own credit risk.

Risk

Details of individual borrowings required by regulations are provided at Note 27(a).
Information regarding exposure to risk can be found at Note 21.

SHIRE OF DERBY-WEST KIMBERLEY
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14. EMPLOYEE RELATED PROVISIONS

Employee related provisions

	2026	2025
Current provisions	**$**	**$**
Employee benefit provisions		
Annual leave	576,953	853,893
Long service leave	257,945	361,923
	834,898	1,215,816
Employee related other provisions		
Employment on-costs	117,345	0
	117,345	0
Total current employee related provisions	952,243	1,215,816
Non-current provisions		
Employee benefit provisions		
Long service leave	181,368	214,776
	181,368	214,776
Employee related other provisions		
Employment on-costs	14,974	0
	14,974	0
Total non-current employee related provisions	196,342	214,776
Total employee related provisions	1,148,585	1,430,592

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

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	Note	2026	2025
Amounts are expected to be settled on the following basis:		**$**	**$**
Less than 12 months after the reporting date		952,243	1,195,150
More than 12 months from reporting date		196,342	235,442
		1,148,585	1,430,592
Expected reimbursements of employee related provisions from other WA local governments included within other receivables	5	0	0

MATERIAL ACCOUNTING POLICIES

Employee benefits

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

Short-term employee benefits

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

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

Other long-term employee benefits

Long-term employee benefits provisions are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate assumptions such as 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 DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026

15. OTHER PROVISIONS

	Note	Make good provisions
		$
Opening balance at 1 July 2025		
Non-current provisions		14,154,261
		14,154,261
Reversal in provision charged to profit or loss	2(b)	(1,127,178)
Charged to profit or loss		
- unwinding of discount	2(b)	681,352
Balance at 30 June 2026		13,708,435
Comprises		
Non-current		13,708,435
		13,708,435

The reduction in the provision reversed a prior year loss charged to profit and loss and was transferred profit and loss in accordance with Interpretation 1.

Other provisions
Amounts which are expected to be paid out within 12 months of the reporting date are classified as current. Exact timing of payment of non-current obligations is unable to be reliably estimated as it is dependent on factors beyond the control of the local government.

Make good provisions
Under the licence for the operation of the Shire of Derby-West Kimberley waste landfill sites, the Shire has a legal obligation to restore the sites and continue to monitor for contamination.

The provision for future remediation costs is the best estimate of the present value of the expenditure required to settle the remediation obligation and continued monitoring of the site at the reporting date. Expected future remediation costs are reviewed annually and any changes in the estimate are reflected in the remediation provision at each reporting date.

The estimated future obligations include the costs of restoring the affected areas and continued monitoring of the sites. continued monitoring of the sites. A review by management of the future remediation costs resulted in a decrease to the value of landfill assets of $128,510 and an decrease in the landfill provision of $1,127,178. The decrease in the provision has been charged to profit and loss in accordance with *Interpretation 1* . The amount of $1,127,178 charged to other expenditure. Refer Note 2(b).

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

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

SHIRE OF DERBY-WEST KIMBERLEY
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16. REVALUATION SURPLUS

	2026 Opening balance	2026 Transfer within Equity	Total Movement on revaluation	2026 Closing balance	2025 Opening balance	Total Movement on revaluation	2025 Closing balance
	$	$	$	$	$	$	$
Revaluation surplus - Land	12,888,340	0	(1,156,463)	11,731,877	12,888,340	0	12,888,340
Revaluation surplus - Buildings	8,731,138	0	18,144,375	26,875,513	8,731,138	0	8,731,138
Revaluation surplus - Plant and equipment	748,903	0	0	748,903	748,903	0	748,903
Revaluation surplus - Computer equipment	18,880	0	0	18,880	18,880	0	18,880
Revaluation surplus - Infrastructure - roads	201,576,694	0	0	201,576,694	201,576,694	0	201,576,694
Revaluation surplus - Other infrastructure- drainage	2,294,725	0	0	2,294,725	2,294,725	0	2,294,725
Revaluation surplus - Other infrastructure - parks & ovals	4,451,496	0	952,988	5,404,484	4,451,496	0	4,451,496
Revaluation surplus - Other infrastructure - wharf	17,705,999	(17,705,999)	0	0	17,705,999	0	17,705,999
Revaluation surplus - Other infrastructure - airports	28,313,650	0	9,413,031	37,726,681	28,313,650	0	28,313,650
Revaluation surplus - Other infrastructure - other structures	2,539,121	0	3,259,409	5,798,530	2,539,121	0	2,539,121
Revaluation surplus - Other infrastructure - landfill assets	0	0	0	0	176,944	(176,944)	0
	279,268,946	(17,705,999)	30,613,340	292,176,287	279,445,890	(176,944)	279,268,946

* The other infrastructure - wharf revaluation surplus of $17,705,999 was transferred to retained earnings on derecognition of wharf assets, as permitted by AASB 116.41.

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026

17. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of cash

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

	Note	2026 Actual	2025 Actual
		$	$
Cash and cash equivalents	3	14,212,442	8,449,148
Restrictions			
The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents	3	1,482,251	1,293,961
- Financial assets at amortised cost	4	1,229,017	975,801
		2,711,268	2,269,762
The restricted financial assets are a result of the following specific purposes to which the assets may be used:			
Restricted reserve accounts	28	1,259,127	975,801
Contract liabilities	12	756,919	106,218
Capital grant/contributions liabilities	12	695,222	1,187,743
Total restricted financial assets		2,711,268	2,269,762

(b) Reconciliation of net result to net cash provided by operating activities

Net result		(12,427,534)	(2,908,088)
Non-cash items:			
Depreciation		8,323,581	8,120,107
(Profit)/loss on sale of asset		21,534,738	(195,944)
Increase/(decrease) in make good provision through profit or loss		(1,127,178)	2,961,343
Loss on revaluation of fixed assets		128,510	0
Changes in assets and liabilities:			
(Increase)/decrease in trade and other receivables		(128,504)	1,154,342
(Increase) in other assets		(576,309)	(78,775)
(Increase)/decrease in inventories		(24,304)	1,433
Increase/(decrease) in trade and other payables		102,219	(1,177,630)
(Decrease)/increase in employee related provisions		(282,007)	344,718
Increase/(decrease) in other provisions		681,352	(551,357)
Increase in other liabilities		158,180	346,898
Capital grants, subsidies and contributions		(8,132,718)	(5,862,874)
Net cash provided by operating activities		8,230,026	2,154,173

(c) Undrawn borrowing facilities

Credit standby arrangements		
Bank overdraft limit	0	0
Bank overdraft at balance date	0	0
Credit card limit	80,000	50,000
Credit card balance at balance date	(15,816)	(21,926)
Total amount of credit unused	64,184	28,074
Loan facilities		
Loan facilities - current	797,353	5,394,024
Loan facilities - non-current	5,717,000	1,514,354
Total facilities in use at balance date	6,514,353	6,908,378
Unused loan facilities at balance date	NIL	NIL

SHIRE OF DERBY-WEST KIMBERLEY
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18. CONTINGENT LIABILITIES

Potential Contaminated Sites
In compliance with the *Contaminated Sites Act 2003* , the Shire has listed sites as possible sources of contamination. Details of those sites are:

Derby Airport
Myalls Bore
Fitzroy Crossing Works Depot
Derby Works Depot
Derby Landfill Site
Derby Cemetery
Fitzroy Crossing Landfill Site
Fitzroy Crossing Cemetery
Camballin Cemetery
Camballin Landfill Site

Until the Shire conducts an investigation to determine the presence and scope of contamination, assess the risk and agree with the Department of Water and Environmental Regulation the need and criteria for remediation using a risk based approach, the amount of the contingent liability is unknown. This approach is consistent with the Department of Water and Environmental Regulation Guidelines.

19. CAPITAL COMMITMENTS

	2026	2025
	$	$
Contracted for:		
- capital expenditure projects	3,659,633	0
- plant & equipment purchases	188,960	0
	3,848,593	0
Payable:		
- not later than one year	3,848,593	0

The capital expenditure projects represent the upgrades to the Derby Civic Centre, Derby Recreation Centre Master Plan, Nicholson Oval lights, replacement ute, replacement tractor and slasher, reconstruction of Fitzroy Crossing airport runway.

SHIRE OF DERBY-WEST KIMBERLEY
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20. RELATED PARTY TRANSACTIONS

(a) Council member remuneration

Fees, expenses and allowances to be paid or reimbursed to council members.	Note	2026 Actual	2026 Budget	2025 Actual
		$	$	$
President's annual allowance		12,130	17,222	41,094
President's meeting attendance fees		11,730	16,655	20,205
President's superannuation		0	4,063	0
President's annual allowance for ICT expenses		352	500	1,199
President's travel and accommodation expenses		4,985	0	0
President's annual allowance for travel and accommodation expenses		0	0	2,675
		29,197	38,440	65,173
Deputy President's annual allowance		3,032	4,305	11,425
Deputy President's meeting attendance fees		11,730	16,655	12,569
Deputy President's superannuation		1,690	2,514	0
Deputy President's annual allowance for ICT expenses		352	500	1,000
Deputy President's travel and accommodation expenses		973	0	0
		17,777	23,974	24,994
Commissioner's meeting attendance fees		77,887	0	57,047
Commissioner's superannuation		9,346	0	0
Commissioner's other expenses		0	0	7,700
Commissioner's annual allowance for ICT expenses		11,200	0	3,500
Commissioner's travel and accommodation expenses		306	0	0
		98,739	0	68,247
All other council members meeting attendance fees		81,007	116,585	95,480
All other council members superannuation		6,315	13,993	0
All other council members annual allowance for ICT expenses		2,432	3,500	7,597
All other council members travel and accommodation expenses		6,907	0	4,190
		96,661	134,078	107,267
	20(b)	242,374	196,492	265,681

(b) Key management personnel (KMP) compensation

The total of compensation paid to KMP of the Shire during the year is as follows:				
Short-term employee benefits		1,280,117		1,266,789
Post-employment benefits		206,333		164,975
Employee - other long-term benefits		100,907		76,630
Employee - termination benefits		0		81,952
Council member costs	20(a)	242,374		265,681
		1,829,731		1,856,027

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.

Termination benefits
These amounts represent termination benefits paid to KMP.

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

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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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:	2026 Actual $	2025 Actual $
Sale of goods and services	206,752	6,750
Purchase of goods and services	52,897	776,561
Amounts outstanding from related parties:		
Trade and other receivables	9,280	1,695
Amounts payable to related parties:		
Trade and other payables	0	4,644

(d) Related parties

The Shire's main related parties are as follows:

i. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Shire, directly or indirectly, including any council member, are considered key management personnel.

ii. Other Related Parties

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

iii. Entities subject to significant influence by the Shire

There were no such entities requiring disclosure during the current or previous year.

SHIRE OF DERBY-WEST KIMBERLEY
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21. FINANCIAL RISK MANAGEMENT

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

Risk	Exposure arising from	Measurement	Management
Market risk - interest rates	Cash and cash equivalents at variable rates	Sensitivity analysis	Utilise fixed interest rate term deposits
Credit risk	Cash and cash equivalents, trade receivables, financial assets and debt investments	Ageing analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

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

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

(a) Interest rate risk

Cash and cash equivalents
The Shire's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the Shire to cash flow interest rate risk. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

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

	Weighted average interest rate	Carrying amounts	Fixed interest rate	Variable interest rate	Non interest bearing
	%	$	$	$	$
2026					
Cash and cash equivalents	1.39%	14,212,442	1,547,125	12,664,137	1,180
Financial assets at amortised cost - term deposits	3.88%	1,229,017	1,229,017	0	0
2025					
Cash and cash equivalents	2.53%	8,449,148	0	8,448,248	900
Financial assets at amortised cost - term deposits	5.02%	975,801	975,801	0	0

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

	2026	2025
	$	$
Impact of a 1% movement in interest rates on profit or loss and equity*	126,641	84,482

* Holding all other variables constant

Borrowings
Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 27(a).

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21. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and other receivables
The Shire's major trade and other receivables comprise contractual non-statutory user fees and charges, grants, contributions and reimbursements. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The Shire manages this risk by monitoring outstanding debt and employing debt recovery policies.

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

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

The expected loss rates are based on the payment profiles of trade and other receivables over a period of 36 months before 1 July 2025 or 1 July 2026 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of users to settle the receivables.

The loss allowance as at 30 June 2026 and 30 June 2025 was determined as follows for trade and other receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2026					
Trade receivables					
Expected credit loss	4.35%	4.07%	7.76%	51.87%	
Gross carrying amount	739,777	300,720	36,969	188,567	1,266,033
Loss allowance	32,163	12,227	2,870	97,804	145,064
30 June 2025					
Trade receivables					
Expected credit loss	5.37%	4.61%	8.22%	57.75%	
Gross carrying amount	727,539	285,381	40,629	303,266	1,356,815
Loss allowance	39,053	13,153	3,339	175,141	230,686

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21. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

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

	Trade receivables	
	2026 Actual	2025 Actual
	$	$
Opening loss allowance as at 1 July	230,686	218,655
Increase in loss allowance recognised in profit or loss during the year	0	23,959
Receivables written off during the year as uncollectible	(12,089)	(11,928)
Unused amount reversed	(73,533)	0
Closing loss allowance at 30 June	145,064	230,686

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

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

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026

21. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings
Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 17(c).

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

2026	Due within 1 year $	Due between 1 & 5 years $	Due after 5 years $	Total contractual cash flows $	Carrying amount $
Trade and other payables	4,665,325	0	0	4,665,325	4,665,325
Borrowings	1,104,537	3,708,842	3,308,028	8,121,407	6,514,353
	5,769,862	3,708,842	3,308,028	12,786,732	11,179,678
2025					
Trade and other payables	4,563,106	0	0	4,563,106	4,563,106
Borrowings	5,456,664	1,574,011	68,660	7,099,335	6,908,378
	10,019,770	1,574,011	68,660	11,662,441	11,471,484

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026

22. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There were no events occurring after the end of the financial reporting period.

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026

23. OTHER MATERIAL ACCOUNTING POLICIES

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

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

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

b) Current and non-current classification
The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Shire's operational cycle. In the case of liabilities where the Shire does not have the 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 resale are classified as current or non-current based on the Shire's intentions to release for sale.

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

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

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

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

f) Superannuation
The Shire contributes to a number of Superannuation Funds on behalf of employees and council members. 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.

To the extent possible, market information is extracted from either the principal market for the asset or liability or, in the absence of such a market, the most advantageous market available to the Shire at the end of the reporting period.

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. The Shire only considers whether the highest and best use differs from its current use where it is highly probable a non-financial asset will be used for an alternative purpose or the asset is held for the purpose of generating net cash inflows.

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

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

Level 1
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2
Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3
Measurements based on unobservable inputs for the asset or liability.

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

j) 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.

k) Impairment of assets
In accordance with Australian Accounting Standards the Shire's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount except for non-financial assets that are:
- land and buildings classified as property, plant and equipment;
- infrastructure; or
- vested improvements that the local government controls, in circumstances where there has been an impairment indication of a general decrease in asset values.

These non-financial assets are assessed in accordance with the regulatory framework detailed in Note 10.

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

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026

24. FUNCTION AND ACTIVITY

(a) Service objectives and descriptions

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

Objective	Description
Governance To provide a decision making process for the efficient allocation of scarce resources.	Administration and operation of facilities and services to members of council. Other costs that relate to the tasks of assisting elected members and ratepayers on the matters which do not concern specific council services.
General purpose funding To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
Law, order, public safety To provide services to help ensure a safer and environmentally conscious community.	Supervision of various by-laws, fire prevention, emergency services and animal control.
Health To provide an operational framework for environmental and community health.	Food quality and pest control, inspection of abattoir and operation of child health clinic, analytical testing and environmental health administration.
Education and welfare To provide services to disadvantaged persons, the elderly, children and youth.	Year round care, housing for the aged and educational services.
Housing Help ensure adequate housing.	Management and maintenance of staff and rental housing.
Community amenities To provide services required by the community.	Rubbish collections, recycling, refuse site operations, litter control, administration of the town planning scheme, cemetery operations, public toilet facilities, sewerage and protection of the environment.
Recreation and culture To establish and effectively manage infrastructure and resources which help the social well being of the community.	Maintenance and operation of the Town Hall, the aquatic centre, recreation centre, library, community arts program, cultural activities and various services.
Transport To provide safe, effective and efficient transport services to the community.	Construction and maintenance of streets, roads, bridges, footpaths, street lighting, traffic management and airport. Purchase and disposal of Council's road plant, parking control and police licensing.
Economic services To help promote the Shire and its economic well being.	Building control, saleyards, tourism and area promotion, standpipes and pest control.
Other property and services To monitor and control the Shire's overheads operating accounts.	Private works operations, plant repairs and operation costs, stock and materials, property leases and rental, salaries and wages for council employees.

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026

24. FUNCTION AND ACTIVITY (Continued)

(b) Income and expenses	2026 Actual	2025 Actual
	$	$
Income excluding grants, subsidies and contributions and capital grants, subsidies and contributions		
Governance	3,835	3,260
General purpose funding	10,551,044	9,812,769
Law, order, public safety	135,365	58,271
Health	72,510	48,755
Education and welfare	37,274	27,138
Housing	177,065	1,140,304
Community amenities	3,368,596	3,244,011
Recreation and culture	260,155	541,782
Transport	2,409,490	3,298,516
Economic services	88,993	104,408
Other property and services	3,156,409	4,009,145
	20,260,736	22,288,359
Grants, subsidies and contributions and capital grants, subsidies and contributions		
Governance	143,092	44,071
General purpose funding	12,807,268	5,947,356
Law, order, public safety	37,649	71,067
Health	646,070	893,811
Education and welfare	211,054	683,567
Community amenities	10,000	94,238
Recreation and culture	3,686,010	844,167
Transport	5,498,566	4,480,668
Economic services	4,545	343,465
Other property and services	811,050	8,337,418
	23,855,304	21,739,828
Total income	44,116,040	44,028,187
Expenses		
Governance	(1,475,265)	(1,593,572)
General purpose funding	(314,248)	(580,240)
Law, order, public safety	(1,262,010)	(998,632)
Health	(887,997)	(1,213,574)
Education and welfare	(1,394,189)	(2,101,174)
Housing	(280,121)	(1,267,123)
Community amenities	(3,956,578)	(7,562,584)
Recreation and culture	(7,406,551)	(8,140,541)
Transport	(34,051,647)	(13,969,174)
Economic services	(822,436)	(1,218,734)
Other property and services	(4,692,532)	(8,290,927)
Total expenses	(56,543,574)	(46,936,275)
Net result for the period	(12,427,534)	(2,908,088)
(c) Assets		
Governance	176,826	300,660
General purpose funding	1,360,405	1,173,979
Law, order, public safety	808,430	636,572
Health	628,945	534,338
Education and welfare	4,077,390	3,045,115
Housing	13,754,118	9,928,989
Community amenities	9,666,060	7,133,162
Recreation and culture	36,983,621	21,837,046
Transport	292,791,676	293,410,848
Economic services	4,931,256	3,367,714
Other property and services	5,120,027	4,548,792
Unallocated	4,253,938	11,311,130
Total assets	374,552,692	357,228,345

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026

25. RATING INFORMATION

(a) General rates

RATE TYPE Rate description	Basis of valuation	Rate in $	Number of properties	2025/26 Actual rateable value*	2025/26 Actual rate revenue	2025/26 Actual interim rates	2025/26 Actual total revenue	2025/26 Budget rate revenue	2025/26 Budget interim rate	2025/26 Budget total revenue	2024/25 Actual total revenue
				$	$	$	$	$	$	$	$
GRV General	Gross rental valuation	0.1507	1,420	39,963,549	6,022,507	0	6,022,507	6,010,008	0	6,010,008	5,769,786
UV General	Unimproved valuation	0.1445	155	25,025,306	3,616,157	0	3,616,157	3,616,157	5,370	3,621,527	3,253,970
Total general rates			1,575	64,988,855	9,638,664	0	9,638,664	9,626,165	5,370	9,631,535	9,023,756
		Minimum payment $									
Minimum payment											
GRV General	Gross rental valuation	1,645	256	1,064,601	421,120	13,076	434,196	424,410	0	424,410	448,539
UV General	Unimproved valuation	700	93	142,954	65,100	(90,868)	(25,768)	69,300	0	69,300	82,940
Total minimum payments			349	1,207,555	486,220	(77,792)	408,428	493,710	0	493,710	531,479
Total general rates and minimum payments			1,924	66,196,410	10,124,884	(77,792)	10,047,092	10,119,875	5,370	10,125,245	9,555,235
Discounts							0			0	(39,018
Total rates							10,047,092			10,125,245	9,516,217

(b) Rates related information

Rates instalment interest	29,510
Rates instalment plan charges	18,375
Rates overdue interest	182,200
Rates written off	(213,734)

Rates instalment interest	18,000
Rates instalment plan charges	28,000
Rates overdue interest	104,000
Rates written off	0

Rates instalment interest	25,953
Rates instalment plan charges	15,881
Rates overdue interest	155,571
Rates written off	(

*Rateable Value at time of raising of rate.

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SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026

26. DETERMINATION OF SURPLUS OR DEFICIT

The following amounts have been excluded from the determination of the budgeted deficiency in accordance with *Financial Management Regulation 32.* Reconciling items relate to movements within current assets and liabilities reflected on the statement of financial activity and required to reconcile the Net current assets to the surplus or deficit after imposition of general rates.

	Note	2025/26 (30 June 2026 carried forward)	2025/26 Budget (30 June 2026 carried forward)	2024/25 (30 June 2025 carried forward)
		$	$	$
(a) Amounts excluded from operating activities				
Less: Profit on asset disposals		(60,570)	(24,055)	(195,944)
Add: Loss on disposal of assets		21,595,308	0	0
Add: Loss on revaluation of fixed assets	9(a)	128,510	0	0
Add: Depreciation		8,323,581	8,029,276	8,120,107
Non-cash movements in non-current assets and liabilities:				
- Pensioner deferred rates		5,957	0	(6,464)
- Employee benefit provisions		(18,434)	0	84,840
- Other provisions		(445,826)	0	2,466,130
Total amounts excluded from operating activities		29,528,526	8,005,221	10,468,669
(b) Amounts excluded from investing activities				
Reconciling item - movement between current assets				
- Financial assets at amortised cost - term deposits		253,216	0	0
Total amounts excluded from investing activities		253,216	0	0
(c) Adjustments to net current assets				
Less: Reserve accounts	28	(1,259,127)	(621,845)	(975,801)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	13	797,353	2,077,619	5,394,024
Add: Current liabilities covered by funds held in reserve account				
- Current portion of employee benefit provisions		402,441	402,441	402,441
Total adjustments to net current assets		(59,333)	1,858,215	4,820,664
Net current assets used in the statement of financial activity				
Total current assets		18,762,140	5,656,642	12,010,556
Less: Total current liabilities		(7,867,062)	(7,514,857)	(12,466,907)
Add: Total adjustments to net current assets		(59,333)	1,858,215	4,820,664
Surplus or deficit after imposition of general rates		10,835,745	0	4,364,313

SHIRE OF DERBY-WEST KIMBERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026

27. BORROWING AND LEASE LIABILITIES

(a) Borrowings

		Actual							Budget			
Purpose	Note	Principal at 1 July 2024	New loans during 2024-25	Principal repayments during 2024-25	Principal at 30 June 2025	New loans during 2025-26	Principal repayments during 2025-26	Principal at 30 June 2026	Principal at 1 July 2025	New loans during 2025-26	Principal repayments during 2025-26	Principal at 30 June 2026
		$	$	$	$	$	$	$	$	$	$	$
Staff housing	146	410,498	0	(58,216)	352,282	0	(61,959)	290,323	352,282	0	(61,959)	290,323
Staff housing	148	213,663	0	(32,093)	181,570	0	(22,615)	158,955	181,570	0	(22,615)	158,955
Wharf fenders, boat ramp	145	122,201	0	(48,859)	73,342	0	(35,433)	37,909	73,342	0	(35,433)	37,909
Derby wharf infrastructure	151	192,935	0	(61,443)	131,492	0	(42,524)	88,968	131,492	0	(42,524)	88,968
Derby Airport Infrastructure & wharf	152	1,241,080	0	(298,350)	942,730	0	(203,226)	739,504	942,730	0	(203,226)	739,504
Derby Visitors Centre	149	267,078	0	(40,116)	226,962	0	(28,268)	198,694	226,962	0	(28,268)	198,694
WATC short term loan	258089	2,000,000	0	(2,000,000)	0	0	0	0	0	0	0	0
WATC short term loan	259216	1,000,000	0	(1,000,000)	0	0	0	0	0	0	0	0
WATC short term loan	259705	2,000,000	0	(2,000,000)	0	0	0	0	0	0	0	0
WATC short term loan	363502	0	3,000,000	(3,000,000)	0	0	0	0	0	0	0	0
WATC short term loan	271551	0	2,000,000	(2,000,000)	0	0	0	0	0	0	0	0
WATC short term loan	274853	0	2,000,000	(2,000,000)	0	0	0	0	0	0	0	0
WATC short term loan	276042	0	2,000,000	0	2,000,000	0	(2,000,000)	0	2,000,000	0	(1,593,248)	406,752
WATC short term loan	278403	0	1,000,000	0	1,000,000	0	(1,000,000)	0	1,000,000	0	0	1,000,000
WATC short term loan	281211	0	2,000,000	0	2,000,000	0	(2,000,000)	0	2,000,000	0	0	2,000,000
WATC short term loan	287080	0	0	0	0	1,500,000	(1,500,000)	0	0	0	0	0
WATC short term loan	289761	0	0	0	0	1,500,000	(1,500,000)	0	0	0	0	0
General Annuity lending	153	0	0	0	0	5,000,000	0	5,000,000	0	0	0	0
Total borrowings	13	7,447,455	12,000,000	(12,539,077)	6,908,378	8,000,000	(8,394,025)	6,514,353	6,908,378	0	(1,987,273)	4,921,105

SHIRE OF DERBY-WEST KIMBERLEY
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27. BORROWING AND LEASE LIABILITIES

(b) Borrowing finance cost payments

Purpose	Loan number	Institution	Interest rate	Date final payment is due	Actual for year ending 30 June 2026	Budget for year ending 30 June 2026	Actual for year ending 30 June 2025
					$	$	$
Staff housing	146	WATC	6.33%	28/03/2030	(26,079)	(21,334)	(24,127)
Staff housing	148	WATC	4.49%	29/06/2032	(7,940)	(7,902)	(8,878)
Wharf fenders, boat ramp	145	WATC	6.87%	30/06/2027	(4,447)	(4,440)	(6,749)
Derby wharf infrastructure	151	WATC	3.02%	29/09/2028	(3,667)	(3,652)	(4,901)
Derby Airport Infrastructure & wharf	152	WATC	1.73%	30/12/2029	(15,469)	(15,434)	(18,895)
Derby Visitors Centre	149	WATC	4.49%	29/06/2032	(9,926)	(9,877)	(11,098)
WATC short term loan	258089	WATC	4.87%	11/07/2024	0	0	(1,650)
WATC short term loan	259216	WATC	4.92%	11/07/2024	0	0	(1,135)
WATC short term loan	259705	WATC	5.01%	31/12/2024	0	0	(50,203)
WATC short term loan	363502	WATC	4.72%	31/10/2024	0	0	(29,489)
WATC short term loan	271551	WATC	4.78%	28/02/2025	0	0	(15,453)
WATC short term loan	274853	WATC	4.45%	20/06/2025	0	0	(27,318)
WATC short term loan	276042	WATC	4.49%	21/08/2025	(12,546)	0	(23,861)
WATC short term loan	278403	WATC	4.13%	31/10/2025	(13,800)	0	(6,335)
WATC short term loan	281211	WATC	4.14%	20/11/2025	(32,213)	0	(2,495)
WATC short term loan	287080	WATC	4.01%	30/01/2026	(15,594)	(268,587)	0
WATC short term loan	289761	WATC	4.17%	31/03/2026	(23,974)	0	0
WATC short term loan	290454	WATC	4.24%	31/03/2026	(6,099)	0	0
WATC short term loan	293766	WATC	4.48%	30/04/2026	(18,393)	0	0
General Annuity lending	153	WATC	5.32%	30/04/2036	(45,340)	0	0
Total					(235,487)	(331,226)	(232,587)
Total finance cost payments					(235,487)	(331,226)	(232,587)

* WA Treasury Corporation

(c) Refinancing of borrowings

(i) Original short term loan

Particulars	Objectives of Refinancing	Reasons for Refinancing	Institution	Loan type	Term years	Total interest and charges	Interest rate
						$	%
WATC short term loan	Provide cashflow	To assist with cashflow	WATC	Short Term	3	(386,981)	4.21-5.01%
						(386,981)	

(ii) Refinanced debenture

Particulars	Institution	Loan type	Amount to be refinanced	Amount principal varies to original	Term years	Total interest and charges	Interest rate
			$	$		$	%
General financing	WATC	Debenture	5,000,000	0	10	(1,478,735)	5.32%
			5,000,000	0		(1,478,735)	

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SHIRE OF DERBY-WEST KIMBERLEY
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FOR THE YEAR ENDED 30 JUNE 2026

28. RESERVE ACCOUNTS

	2026 Actual opening balance	2026 Actual transfer to	2026 Actual transfer (from)	2026 Actual closing balance	2026 Budget opening balance	2026 Budget transfer to	2026 Budget transfer (from)	2026 Budget closing balance	2025 Actual opening balance	2025 Actual transfer to	2025 Actual transfer (from)	2025 Actual closing balance
	$	$	$	$	$	$	$	$	$	$	$	$
Restricted by council												
(a) Leave reserve	402,441	0	(402,441)	0	402,441	0	(402,441)	0	402,441	0	0	402,441
(b) Office Building Reserve	314,511	0	(314,511)	0	314,511	0	(314,511)	0	314,511	0	0	314,511
(c) Airport Reserve	28,456	0	0	28,456	28,456	0	(28,456)	0	28,456	0	0	28,456
(d) Derby Wharf Maintenance Reserve	3,721	0	(3,721)	0	3,721	0	(3,721)	0	3,721	0	0	3,721
(e) Economic Development Reserve	19,936	0	(19,936)	0	19,935	0	(19,935)	0	19,936	0	0	19,936
(f) Fitzroy Crossing Recreation Hall Reserve	46,771	0	(46,771)	0	46,772	0	(46,772)	0	46,771	0	0	46,771
(g) Staff Housing Reserve	159,965	0	0	159,965	159,965	0	(75,500)	84,465	159,965	0	0	159,965
(h) Employee entitlement reserve	0	402,441	0	402,441	0	402,441	0	402,441	0	0	0	0
(i) Shire building reserve	0	314,511	0	314,511	0	314,511	(220,000)	94,511	0	0	0	0
(j) Derby Wharf surrounds reserve	0	3,721	0	3,721	0	3,721	0	3,721	0	0	0	0
(k) Strategic planning reserve	0	303,262	0	303,262	0	99,935	(90,000)	9,935	0	0	0	0
(l) Fitzroy Crossing building reserve	0	46,771	0	46,771	0	46,772	(20,000)	26,772	0	0	0	0
	975,801	1,070,706	(787,380)	1,259,127	975,801	867,380	(1,221,336)	621,845	975,801	0	0	975,801

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserve accounts.
In accordance with council resolutions or adopted budget in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

Name of reserve account	Purpose of the reserve account
Restricted by council	
(a) Leave reserve	To be used to fund annual and long service leave requirements. Transferred to Employee entitlement reserve.
(b) Office Building Reserve	To be used to fund the new Derby administration building. Transferred to Shire building reserve.
(c) Airport Reserve	To be used to fund airport capital works, primarily bitumen resealing.
(d) Derby Wharf Maintenance Reserve	To be used to carry out wharf maintenance. Transferred to Derby Wharf surrounds reserve.
(e) Economic Development Reserve	To promote economic development within the Shire.
(f) Fitzroy Crossing Recreation Hall Reserve	To be used to quarantine funds received from the lease of the FX Recreation Hall to be utilised for any upgrade works. Transferred to Fitzroy Crossing building reserve.
(g) Staff Housing Reserve	To be used for the construction of staff housing.
(h) Employee entitlement reserve	To be used to cover all employee entitled costs
(i) Shire building reserve	To be used to fund the maintenance and capital works on Shire buildings.
(j) Derby Wharf surrounds reserve	To be used to carry out improvements and maintenance in Derby wharf surrounds.
(k) Strategic planning reserve	To be used for strategic planning projects within the Shire.
(l) Fitzroy Crossing building reserve	To be used to fund the maintenance and capital works on Fitzroy Crossing Shire buildings.

SHIRE OF DERBY-WEST KIMBERLEY
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29. 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:

	1 July 2025	Amounts received	Amounts paid	30 June 2026
	$	$	$	$
Public open spaces	295,981	0	0	295,981
	295,981	0	0	295,981

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30. CORRECTION OF PRIOR PERIOD ERROR

The Shire's lease with Department of Defence for Curtin Airport ceased at 30 June 2024.
Under the lease agreement, the Shire's assets at Curtin Airport passed to the Department of Defence when the lease expired.
These assets were not derecognised at that date. The comparative figures have been restated to correct this error as set out below.

Statement of Financial Position (Extract)	30 June 2025	Increase/ (Decrease)	30 June 2025 (Restated)	1 July 2024	Increase/ (Decrease)	1 July 2024 (Restated)
	$	$	$	$	$	$
Property, plant and equipment	48,578,807	(2,706,121)	45,872,686	48,148,506	(2,714,337)	45,434,169
Infrastructure	308,300,393	(9,085,902)	299,214,491	307,458,558	(9,154,444)	298,304,114
Net assets	340,670,069	(11,792,023)	328,878,046	343,831,860	(11,868,781)	331,963,079
Retained surplus	60,425,322	(11,792,023)	48,633,299	63,410,169	(11,868,781)	51,541,388
Total equity	340,670,069	(11,792,023)	328,878,046	343,831,860	(11,868,781)	331,963,079

Statement of Comprehensive Income (Extract)	2025	Increase/ (Decrease)	2025 (Restated)
	$	$	$
Expenses			
Depreciation	8,196,866	(76,759)	8,120,107
Net result for the period	(2,984,847)	76,759	(2,908,088)
Total comprehensive income for the period	(3,161,791)	76,759	(3,085,032)

7 URGENT BUSINESS

8 DATE OF NEXT MEETING

The next meeting of Audit, Risk and Improvement Committee will be held 4.30pm Thursday 18 February 2027 in the Council Chambers, 31 Clarendon Street, Derby.

9 CLOSURE OF MEETING