

Sunshine Coast Community Financial Services Limited

ABN 12 100 576 261

2018 Annual Report



Cooroy **Community Bank**® Branch
Marcoola **Community Bank**® Branch
Tewantin **Community Bank**® Branch
Pomona **Community Bank**® Branch

Contents

Chairman's report	2
Cooroy Manager's report	7
Marcoola Manager's report	9
Tewantin Manager's report	11
Pomona Manager's report	13
Bendigo and Adelaide Bank report	15
Directors' report	16
Auditor's independence declaration	21
Financial statements	22
Notes to the financial statements	26
Directors' declaration	49
Independent audit report	50
NSX report	52

Chairman's report

For year ending 30 June 2018



Our vision

To be the best customer connected local bank providing profitable customer services which deliver shareholder value and an ever-increasing funding source used to improve and empower our local communities.

Fred Broomhall

This year, Fred decided to call it a day with the SCCFSL Board after 18 years of voluntary service. He was our longest serving Director and the last of the original Cooroy Directors. The SCCFSL Board Directors wish to thank Fred and his wife, Jenny all the best for their future.

Year ending 30 June 2018

2017/18 was another successful year for the company.

We are pleased to report growth in our revenue, our book, our customer numbers and our profit.

As noted in the last annual report, SCCFSL completed the purchase of the old Tewantin Commonwealth Bank building during the year. Our new branch will be opening in April 2019. Watch this space, as our design team is creating a new concept in banking incorporating significant community integration. The lease on the existing premises ends and was subject to rent review.

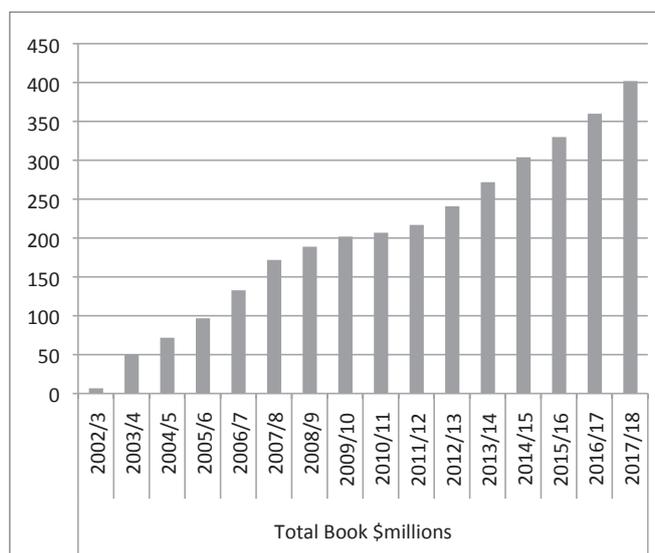
The branch is too small to cope with the current volume of customers and is due for major refurbishment. It is also unable to support our customer connection plans or our future growth strategies.

I am pleased to announce new Directors have been appointed to join existing Directors Elizabeth Reynolds, Jay Pashley, David Green and myself. They have brought a wealth of experience to the Board and in no particular order I welcome Guy Hamilton, Toby Bicknell, Trish Radge and Tony Freeman. All four new Directors have already made significant contributions to the success of the company.

We said goodbye to Sandy Bolton who resigned as a Director to take up her position as a Member for Noosa in the Queensland Parliament. We wish Sandy every success in her new role.

Book growth chart

The book grew by over \$42 million over the previous year and was the largest growth since inception year. The book is primarily the sum of our loans and deposits. The following chart shows the book growth since our commencement of operations some 16 years ago.



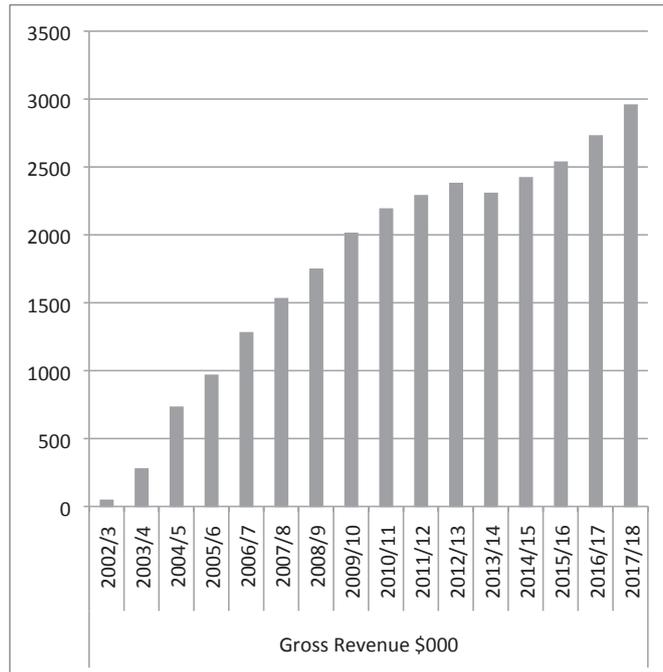
Revenue growth

Even though interest rates continue to be at historical lows, margins have increased slightly during the year.

When combined with our increased business, revenue has grown to \$2,965 million which is an increase of \$0.226 million or 8.2% over the previous year.

Profit

Our profit before tax was \$300,201 (see chart below). This was a profit increase on the previous year of \$27,901. The company has now delivered its eleventh profit year in a row while continuing to provide substantial community benefits.



Profit history						
	2017/18 \$000	2016/17 \$000	2015/16 \$000	2014/15 \$000	2013/14 \$000	2012/13 \$000
Profit pre tax and community benefit	463	486	311	340	320	486
Profit before tax	300	272	171	212	161	288
Profit after tax	215	183	114	147	111	200
Earnings per share	12.63 cents	10.72 cents	6.68 cents	8.61 cents	6.51 cents	11.73 cents

Dividends

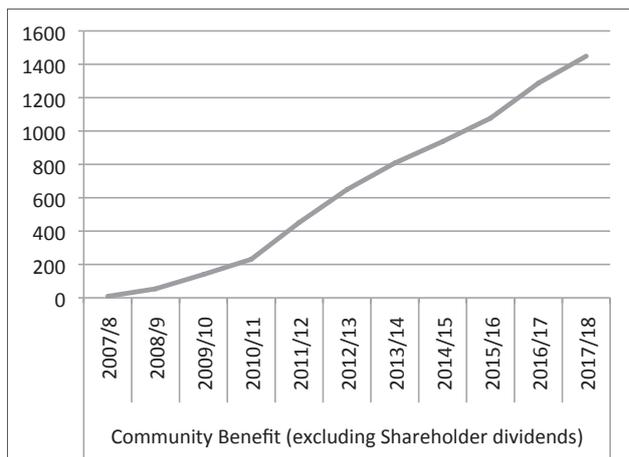
We are proud that shareholders have now enjoyed nine dividend years in a row with the last dividend paid in December 2017 being 6.5 cents per \$1 share, fully franked.

Underlying profit

This is the profit before community benefits and tax and was \$462,505 reasonably close to the previous year.

Cumulative community benefit including shareholder dividends

The chart shows our cumulative community benefits to be nearly \$1.45 million as at 30 June 2018 and growing each year. The **Community Bank**® model has certainly delivered substantial benefits to our local communities. We do give back – big time!



Some interesting statistics

Not including general enquiries, there were some 78,783 over the counter transactions during the year which is a 3.9% increase on the previous financial year. This is an average of 6,565 per month. Whoever said branches were not relevant to customers in the digital world?

The majority of transactions are now on line, but there is still high demand for personal customer service.

There were more than 122,000 ATM transactions in our branch network over the last 12 months. That is 1,420 per month average less than 2016/17. That reduction could result from the Big 4 eliminating ATM fees, combined with increased use of credit cards and Pay-Wave technologies.

Community support

In the last 12 months we have supported nearly 70 different organisations all of which are branch customers. Successful recipients again included schools, events, community groups, the arts, charities, scholarship winners, and sporting clubs.

We have now assisted six local Noosa District State High School students with \$60,000 now spent on university scholarships. Only the most deserving student is ultimately selected.

Local state school students at Tewantin, Cooroy, and Pacific Paradise and Coolum have yet again participated with us and the Rotary Clubs in Noosa and Cooroy, and collected some 2,000 shoe boxes filled with stationary and a gift for students who attend disadvantaged schools in East Timor.

Continued financial support has continued in partnership with the Gympie **Community Bank**[®] Branch, to be given to the Life Education Van which visits schools all over the Cooloola/Noosa region.

Considerable support has been provided to the arts through various organisations involved in the region.

We have continued to fund the Street Reach Van, operated by the Noosa Christian Outreach Centre which provides a safe haven for young people on Friday evenings. The van is used to support the church's family relationship, school chaplaincy and foster care programs.

The first and second stage of our partnership with the Sunshine Coast Council to upgrade the Coolum Civic Centre and Jack Morgan Park have been completed. It is expected that more work on this multi-million-dollar project will continue during 2018/19. Our commitment to this project is a total of \$50,000.

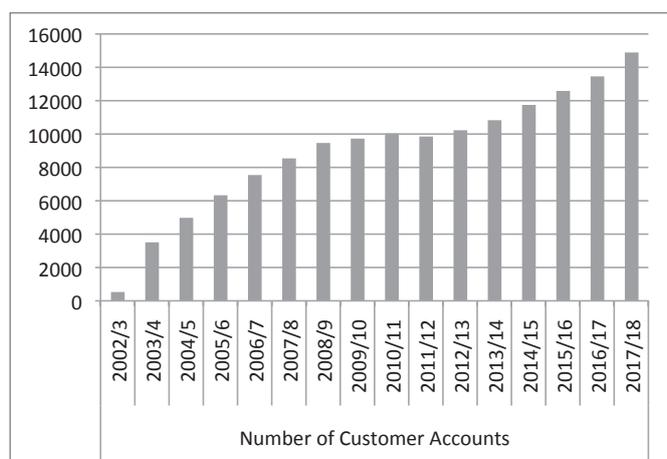
Number of customers continues to grow

As at the 30 June, 2018 SCCFSL had 14,896 customer accounts. This was a net increase of 10.6% on the previous year and reflects just how busy our branches have been.

Staffing

The Board, in conjunction with our partner company Bendigo and Adelaide Bank Limited, have opted to restructure our organisation to enable the company to take better advantage of the opportunities for growth. Geoff Edwards continues in his business development role for both Pomona and Cooroy. We welcome back

Simone Flavelle as our new Senior Branch Manager in charge of the Cooroy and Pomona **Community Bank**[®] branches. Our new Pomona Customer Relations Manager (CRM) is Darryl Edmonds. The rest of our team at Cooroy and Pomona include Debbie Podolczak, David Lafferty, Jo Winter, Amanda Schilds, Jack Webster, Meredith Mason and Abby Mercado.



Our newly promoted Tewanin **Community Bank**[®] Branch Manager is Kerri Wright. A valued presence in the branch, Kerri is ably supported by Donna White, Stacey Miller, Kristin Stuber and Jackie Carthew. We thank each of them for continuing to provide great service to our customers.

Marcoola **Community Bank**[®] Branch has really come of age having had their best year ever. We congratulate Kerryn Vincart and the team on winning Branch of the Year for our region. Mark Gielis has joined the team as a Customer Relations Manager having transferred from the Woombye **Community Bank**[®] Branch. The rest of the team include Stephen Hutchings, Amy Lyle, Maria Mitchell and Karl Doss, who has moved into a relieving CRM role supporting all our branches.

I would like to welcome our new staff, congratulate those who have received promotions, and thank all our staff for their dedication, commitment and enthusiasm in supporting our customers and sponsors. Our **Community Bank**[®] model often involves after hours and weekend activities to which these wonderful people mostly volunteer their time yet again this year.

The SCCFSL Directors also wish to thank each and every one of our management team who remain committed and connected to our customers, giving them a valued point of difference in the local banking market.

Again, I would also like to thank each of the superb team members in all four branches. Their professionalism, hard work and loyalty sees our customer base grow year on year and our relationship with them being strengthened.

Community connection and marketing

Our Community Connection and Marketing Manager, Ian Williams must be especially thanked yet again for keeping our PR and media profile consistently high. He also keeps us informed of our community activities through his work with our many sponsored groups, organisations, sporting clubs and schools.

Working closely with our branches, our profile through the local media network has been pleasing. It's largely due to Ian you can read all about our continued success through his stellar community engagement.

Thank you, Ian, for a job well done throughout another year.

Social media

Danielle Taylor is our Social Media Officer reporting through Ian. This past year, outstanding results have been achieved not only in the growth of our Facebook page-likes, but also in our website visits and in our email newsletters. At last count our Facebook likes were ranked 1, 2, and 4 out of all the **Community Bank**[®] branches in Australia. Pomona is now growing likes quickly.

Our website at sccfsl.com.au can now be searched as wegiveback.com.au. We enjoy thousands of visitors over the year and it holds all our community stories. To keep up to date with the Annual Report and sponsorship application forms and community activities, please visit our site anytime and see what we've been up to.

Our last e-newsletter in June went to nearly 1,400 subscribers. It is a popular newsletter produced each quarter and lets people know the latest news from our branches. Thanks for your efforts, Danielle.

New Board Secretary

The SCCFSL Board welcomes Lou Vincart to assist with meeting minutes, filing and sundry Board support services. Thank you, Lou. Your efforts are appreciated.

Student Director observers

This year the Board invited three new student Board observers to attend Board meetings. We welcomed Jade Clarke, Millie Karner and Emily Lewis from Noosa District State High School. These Year 12 students have the unique opportunity to participate in Board meetings of a publicly listed company. We thank them for their attendance and contribution in a busy year for them. We hope that the learning and mentoring experience will be of great assistance in their future careers.

Chairman's report (continued)

Conclusion

I would again like to offer my sincere thanks to each and every one of our volunteer SCCFSL Board Directors who, together with their subcommittee responsibilities, continue to donate their time, expertise and energy so generously and unselfishly year after year.

Additionally, I would like to thank our Regional Managers Gavin McNab, Rohan Quirey and Rob Chittick for their continued support and assistance, as well as the Business Banking Team in Maroochydore.

Our thanks go to the many other Bendigo and Adelaide Bank Limited corporate staff that have assisted and advised throughout the year.

The local press must also be thanked for their continued support in publishing our community stories.

This wonderful **Community Bank**[®] model is delivering substantial outcomes within our communities and I would be sure that all of the Directors and staff are really proud to be part of the journey.

The SCCFSL Board wishes to thank you – our shareholders, our customers and our sponsored organisations for your ongoing support.

There are more exciting times ahead.



Rick Cooper
SCCFSL Chairman

Cooroy Manager's report

For year ending 30 June 2018



Cooroy team (l-r) Geoff Edwards, Debbie Podolczak, Pam Hoens, Jo Winter, David Lafferty, Karl Doss and Amanda Schilds.

2017 was another great year for our Cooroy **Community Bank**[®] Branch.

Up until May 31, 2017 the branch's results included the Pomona agency when at which time the agency was converted to **Community Bank**[®] Branch status. But for the purpose of reporting, the combined growth for the full year totalled an exceptional \$19 million and resulted in combined footings totalling \$155 million.

In the last four years, the branch's footings have grown a significant \$60 million and continues to be a leading branch, not only on the Sunshine Coast but Queensland. Not bad for a small hinterland township.

As a result of this continued strong growth, our customer base for the 12 months has grown by an additional 324 new customers.

This great result is testament to my amazing staff who continue to provide excellent delivery of customer service to our clients. I sincerely thank each and every one of them for their amazing support and true dedication.

In the latter half of the year in review, the structure of the branch changed wherein my position was appointed as Senior Branch Manager, overall, I remain responsible for the Cooroy and Pomona branches however the day to day management of the Pomona branch has been now handed over to new recruit Darryl Edmonds who brings with him a wealth of financial knowledge and is motivated to move Pomona forward and continue the great work by his predecessor's.

We sadly (but also happily) lost our Customer Relationship Manager (CRM), Pam Hoens who retired after more than 15 years of service with Bendigo. Karl Doss, previously in the position of CRM for Pomona, took up the role of relief CRM for our four branches. Although this was a sad day for Pomona, we are lucky enough to continue to see Karl on a regular basis. We welcomed new Customer Sales Officer, Jack Webster who is currently studying at university and has taken to the role like a duck to water.

Cooroy Manager's report (continued)

Our most important frontline team in Debbie Podolczak, David Lafferty, Jo Winters and Amanda Schilds, continue to bring a fresh and revitalising energy to the branch and I continually receive exceptional feedback from our customers. This team is critical to the success of our branch and our results to date are testament to their contribution.

My thanks also go to the tireless efforts of our SCCFSL Board of Directors, who volunteer their time to give guidance and support to the branch along with being great advocates of the **Community Bank**[®] model. I can understand why they are held in high esteem by Bendigo and Adelaide Bank Limited Corporate's head office.

And finally, thanks to our Community Connection & Marketing Manager, Ian Williams for his tireless efforts with the promotion of our unique banking model. He has a great and on-going love for what he does so well for us.

Thanks also, to our Social Media Officer, Danielle Taylor who works with Ian. She is a champion when it comes to promoting the branch through our on-line, Facebook and website mediums. Ian and Danielle are worth their weight in gold. Without them, the success we continue to enjoy simply wouldn't happen.

The year that lies ahead is filled with confidence, for the Cooroy **Community Bank**[®] Branch. What we offer to the community in the form of personalised service and delivery along with giving back to this amazing community, put us in good stead to continue to grow for many years ahead.

It's both rewarding and a pleasure to be part of a great team that gives their all to provide the service to our customers and the community as a whole.

Our sponsorships are such an integral part of what we do and also what sets us apart. The groups we support are now too numerous to mention, but I want to thank them all for the opportunity to be a part of their activities and celebrations.

I look forward to the many successful years ahead.



Simone Flavelle
Senior Branch Manager
Cooroy Community Bank[®] Branch

Marcoola Manager's report

For year ending 30 June 2018



Team Marcoola (l-r) Kerryn Vincart, Mark Gielis, Amy Lyle, Karl Doss, Maria Mitchell and Stephen Hutchings.

It's been another great year at our Marcoola **Community Bank**[®] Branch.

Our success is measured not only by its financial contribution to the communities of the North Shore, but also through our branch's achievements working within the community itself.

It's built on the fact we do business and remain connected and relevant to our North Shore community. Our Marcoola **Community Bank**[®] Branch staff are experienced, they go the extra mile to provide excellent customer service and I believe we provide excellent products and services directly at a local level.

The success of the year saw our overall business held under management exceed \$125 million and the number of customers doing business with us grew by 6%.

We celebrate the fact that our **Community Bank**[®] branch has now contributed more than \$700,000 and over 30 sponsorships and partnerships and that number will continue to grow as more locals learn more about the **Community Bank**[®] model and the difference it makes for everyone.

The successful year continued when as we were able to return the income generated from our growth to our community in an array of community events and partnerships. Our Marcoola **Community Bank**[®] Branch, its staff and Board have achieved outcomes that are relevant to – whether it is partnering with Sunshine Coast Council to refurbish the Coolum Civic Centre and the upgrade of Jack Morgan Park (our greatest support of any community project to date), we're there and we're connected to our community.

Our support for the Marcoola Surf Life Saving Club, Mudjimba Surf Club, Coolum Surf Club, Northshore Community Centre Christmas Event, Coolum Theatre Players, Coolum Men's Shed and Mudjimba Community Kindergarten were all highlights during a very busy year.

I continue to be supported by an amazing group of people including the SCCFSL Board and its Chairman, Rick Cooper. In particular, a warm thank you to our local Board members, Jay Pashley and Tony Freeman for working for the greater good of our Marcoola **Community Bank**[®] Branch for no remuneration.

Marcoola Manager's report (continued)

To our Community Connection & Marketing Manager, Ian Williams. Thank you for your many, many hours of work contributing to supporting not only this branch but all the community groups we work with. Also, to our Social Media Officer, Danielle Taylor for all the work she does with Ian to make our stories, photos and our branch so active and relevant in the social media space.

Last but not least, my team of Mark, Stephen, Amy, Julie and Maria, all of whom work day in and day out ensuring our customers receive the best outcomes each and every time they drop into the branch or via phone call or email.

To our shareholders and customers the very biggest thanks of all for continuing to support and do business with your Marcoola **Community Bank**[®] Branch and I very much look forward to another successful year of being relevant and committed to our customers and community.



Kerryn Vincart
Branch Manager

Tewantin Manager's report

For year ending 30 June 2018



Tewantin team (l-r) Kerri Wright, Kristin Stuber, Donna Wright, Stacey Wright and Jackie Carthew.

The 2017/2018 financial year was another solid year for the Tewantin **Community Bank**[®] Branch.

Our branch has been trading for a little over 16 years and this last year our business has grown by \$2.3 million which has taken our overall footings to \$94.6 million. We have opened 545 new accounts and our total number of accounts is now over 4,100.

We pride ourselves on our exceptional and friendly service and this is due to our dedicated and diverse team of individuals who always strive to do their best and make banking an enjoyable and pleasing experience for our customers.

The fruit of our success is the great work we are able to do in our community – and this is what it is all about. Put simply; the more customers that bank with us means the greater benefit we are able to provide to the community. We have long term sponsorships in place with many sporting bodies, the local state schools, Noosa Men's Shed, Noosa Beach Classic Car Club, Coastguard Noosa, Street Reach Van, Noosa Art Theatre to name just a few. Some of our new sponsorships are the Tewantin Community Kindergarten, Story Dogs and Noosa Tennis Club.

Since the inception of student banking into our schools in 2015 we now have Tewantin, Noosaville and North Arm State School enrolled in Bendigo Bank's Student Banking Program.

Whilst our Tewantin **Community Bank**[®] Branch may be small in area, we continue to attract very high visitation of customers and number of transactions processed by front line staff.

I would like to thank the SCCFSL Board, Ian Williams our Community Connection & Marketing Manager and Danielle Taylor our Social Media Officer for their tireless efforts. There are many hours of work they contribute in supporting us and our community groups.

Tewantin Manager's report (continued)

It is very much a team effort and contributing to our success is our dedicated branch staff who consistently strive to do their best and make banking an enjoyable and pleasing experience for our customers. Our current team is Donna White, Stacey Miller, Kristin Stuber, Jackie Carthew and Maria Mitchell, and I would like to thank them for their great efforts during the year.

Finally, I would like to thank our shareholders and our customers for their continued support. I am often reminded of their advocacy by not only being their bank of choice, but letting others in our community know we are so much more than a bank. Our sponsorships and connection outside the walls of our branch make us an integral part of our community.

The best compliment anyone can give us is referring us to your family, friends and business associates.

I look forward to seeing you around town or perhaps at one of our sponsored events.



Kerri Wright
Branch Manager
Tewantin Community Bank® branch

Pomona Manager's report

For year ending 30 June 2018



Team Pomona (l-r) Geoff Edwards, Meredith Mason, Darryl Edmonds, Abby Mercado, Jo Winter and Simone Flavelle.

Our Pomona **Community Bank**[®] Branch is a strong and proud part of the Pomona business community.

Since 7 June 2017, when the SCCFSL Board announced the conversion of our Pomona agency into a **Community Bank**[®] branch in its own right, locals have started making us their bank of choice.

For a lot of 2017 and early 2018, the Pomona branch was under management of Geoff Edwards and Karl Doss as our Customer Relationship Manager (CRM). Geoff and Karl been involved with the Pomona operations since day one and our success to date is a result of their skills.

Our frontline Customer Service Officers (CSO's), Meredith Mason and Abigail Mercado have worked tirelessly throughout the year to put our Pomona **Community Bank**[®] Branch on the map and we are grateful for their hard work and dedication to their roles. I look forward to their enthusiasm and energy in the continuing success of the branch.

The Pomona **Community Bank**[®] Branch, in one form or another has been involved in sponsorship contributions to the Pomona community for many years. The highlights being our continued support of the Pomona King of the Mountain Festival and the Noosa Country Show. We continue to be one of the major sponsors for both of these events.

We have now provided community support to local sporting clubs and schools to a total of over \$75,000. As the branch now continues to grow, this figure will continue to grow. In doing so, our contributions will proudly go towards the development and growth of Pomona and surrounding towns.

With the conversion to a full branch status, we have sent a clear message to the community that we are here to stay. Presently, we are open three days (Monday and Wednesday from 10.00am – 3.30pm and Friday from 10.00am – 4.00pm), but with the continued support of the community taking that step to move their banking over to us, we are very keen to eventually see the branch hours extend. With the community knowing our clear point of difference to all other banks, I remain positive this will happen.

Pomona Manager's report (continued)

Our point of difference is that Bendigo Bank has built of the existing relationship with more than 320 communities around Australia. Each of those communities has their own **Community Bank**[®] branch each living by the ethos of feeding into the prosperity of a community, not from it.

Just as the SCCFSL Board has invested in my leadership, I look forward to continuing this great work of Geoff Edwards, as our Business Development Manager (BDM) and the welcome addition of Darryl Edmonds as our new CRM and our support team. We will clearly make a meaningful and positive contribution to Pomona and the Noosa hinterland as we give locals a say in their own financial future.

I look forward to my ongoing association with the community for many years ahead.



Simone Flavelle
Senior Branch Manager
Pomona Community Bank[®] Branch

Bendigo and Adelaide Bank report

For year ending 30 June 2018

It's been 20 years since the doors to the first **Community Bank**[®] branch opened. And it has only been a few months since the latest, the 321st, **Community Bank**[®] branch opened its doors.

In the last 20 years, much has changed. A staggering 92 per cent of our customers do their banking online and we pay for goods and services on a range of mobile phones, our watches and even our fitness devices. Many are embracing this online world with a sense of excitement and confidence. Our model will be even more accessible to people right across Australia.

Despite the change many things have also remained constant through the last two decades. Commitment within communities remains as strong today as it has ever been; from our first **Community Bank**[®] branch to the most recent one, and the 319 in between.

This year, five of our **Community Bank**[®] branches are celebrating 20 years in business. Bendigo Bank has celebrated 160 years in business. We farewelled Managing Director Mike Hirst and welcomed into the MD role long-time Bendigo employee Marnie Baker.

Our **Be the change** online marketing campaign has been the most successful online marketing campaign ever run by our organisation. The premise behind **Be the change** is simple – it thanks individual customers for banking with their **Community Bank**[®] branch.

But it's not the Bank thanking the customers. It's not the staff, volunteer directors or shareholders thanking the customers. It's the kids from the local little athletics and netball clubs, it's the man whose life was saved by a **Community Bank**[®] funded defib unit, it's members of the local community choir and the animal rescue shelter. These people whose clubs and organisations have received a share of over \$200 million in **Community Bank**[®] contributions, all because of people banking with their local **Community Bank**[®] branch.

Be the change has further highlighted the power of the model. For others, customers are important. For our **Community Bank**[®] network, customer support ensures our point of difference. It's the reason we can share in the revenue generated by their banking business. Without this point of difference, we would be just another bank.

But we're not, we're Bendigo Bank and we're Australia's only 'community bank', recently named by Roy Morgan Research as Australia's third most trusted brand and most trusted bank. As one of 70,000-plus **Community Bank**[®] company shareholders across Australia, these are outcomes we hope you too are proud of.

I'd like to thank you for your decision to support your local **Community Bank**[®] company as a shareholder. Your support has been vitally important to enhancing the prospects and outcomes within your community.

Without you, there would be no **Community Bank**[®] branch network in Australia.

We value your initial contribution and your ongoing support of your **Community Bank**[®] branch and your community. Thank you for continuing to play a role in helping your community **Be the change**.



Robert Musgrove
Bendigo and Adelaide Bank

Directors' report

For the financial year ended 30 June 2018

The Directors present their report of the company for the financial year ended 30 June 2018.

Directors

The following persons were Directors of Sunshine Coast Community Financial Services Limited during or since the end of the financial year up to the date of this report:

Rick Cooper, Chairman

Position	Chairman
Professional qualifications	Diploma of Management
Experience and expertise	Rick is the founding president of the Tewantin Community Association, and former principle of Elders Realestate Tewantin. Rick was appointed as a Director in November 2006.

Frederick Charles Broomhall

(Resigned 2 November 2017)

Position	Director/Treasurer
Professional qualifications	Bachelor of Commerce
Experience and expertise	Frederick has a Bachelor of Commerce and is a long tme property investor. He was appointed as Director in May 2002.

David Green

Position	Director/Treasurer
Professional qualifications	Bachelor of Commerce
Experience and expertise	David is a retired Practicing Accountant with 29 years experience. David spent several years as a partner and a sole practitioner specialising in the accommodation and hospitality industry. David remains a member of the Taxation Institute of Australia and is a Registered Tax Agent.

Elizabeth Reynolds

Position	Director/Deputy Chair
Professional qualifications	Bachelor of Laws
Experience and expertise	Elizabeth is a retired solicitor who now owns and operates her own small business. Elizabeth was appointed a Director from July 2014.

Guy Hamilton

Position	Director
Professional qualifications	MA CID
Experience and expertise	Guy has held multiple management roles associated with developing, or restructuring businesses in 20+ countries covering segments from Consumer Finance through to Corporate and Institutional during his 35 years career with HSBC Group.

Jay Pashley

Position	Director
Professional qualifications	Bachelor of Business
Experience and expertise	Jay is the principal of North Shore Realty, and has been a Director since February 2004.

Directors (continued)

Sandy Bolton

(Resigned 8 March 2018)

Position

Director/company Secretary

Professional qualifications

Graduate Certificate in Social Innovation

Experience and expertise

Sandy was appointed as a Director in 2016. She is a former Noosa Councillor, founding member of Innovate Noosa, sits on the Community Advisory Council to the PHN and holds a Graduate Certificate in Social Innovation.

Toby Bicknell

(Appointed 29 March 2018)

Position

Director

Professional qualifications

Bachelor of Arts NSW, Certificate of Human Resources Columbia University

Experience and expertise

Since graduating from the University of NSW in 1989, Toby's business experience has included capital markets, financial services, telecommunications and more recently healthcare and pharmaceuticals.

Tony Freeman

(Appointed 11 April 2018)

Position

Director

Professional qualifications

Nil

Experience and expertise

Tony comes from a background in consumer marketing. He has been a member of three Rotary Clubs since 1991 and is currently a member of Alexandra Headland. outstanding service with Rotary.

Patricia Radge

(Appointed 28 April 2018)

Position

Director/company Secretary

Professional qualifications

Bachelor of Business, Personnel Management (Graduates) course

Experience and expertise

After graduating in 1990 with a Bachelor of Business Trish spent several years working in personnel and training. As a small business owner, Trish's skills are many and varied; from compliance and accounting to website maintenance and book publishing.

Directors were in office for this entire year unless otherwise stated.

No Directors have material interests in contracts or proposed contracts with the company.

Directors' report (continued)

Directors' meetings

Attendances by each Director during the year were as follows:

Director	Board meetings		Audit Committee meetings	
	A	B	A	B
Rick Cooper, Chairman	12	12	4	4
Fredrick Broomhall (Resigned 27 November 2017)	4	4	NA	NA
David Green	12	8	NA	NA
Elizabeth Reynolds	12	10	4	4
Guy Hamilton	5	5	NA	NA
Jay Pashley	12	10	NA	NA
Sandy Bolton (Resigned 8 March 2018)	8	5	1	1
Toby Bicknell (Appointed 29 March 2018)	4	4	NA	NA
Tony Freeman (Appointed 11 April 2018)	3	3	NA	NA
Patricia Radge (Appointed 28 April 2018)	2	2	1	1

A - The number of meetings eligible to attend.

B - The number of meetings attended.

N/A - not a member of that committee.

Company Secretary

David Green was the company Secretary of Sunshine Coast Community Financial Services until 27 April 2018 and was replaced by Patricia Radge as the company Secretary on 28 April 2018. Qualifications and experience include working as a practicing accountant for 29 years.

Principal activities

The principal activities of the company during the course of the financial year were in providing **Community Bank**[®] branch services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

There has been no significant changes in the nature of these activities during the year.

Review of operations

The profit of the company for the financial year after provision for income tax was \$215,175 (2017 profit: \$182,718), which is a 17.8% increase as compared with the previous year.

Dividends

A fully franked final dividend of 6.5 cents per share was declared and paid during the year for the year ended 30 June 2017. No dividend has been declared or paid for the year ended 30 June 2018 as yet.

Options

No options over issued shares were granted during or since the end of the financial year and there were no options outstanding as at the date of this report.

Significant changes in the state of affairs

No significant changes in the company's state of affairs occurred during the financial year.

Events subsequent to the end of the reporting period

No matters or circumstances have arisen since the end of the financial year that significantly affect or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company, in future financial years.

Likely developments

The company will continue its policy of providing banking services to the community.

Environmental regulations

The company is not subject to any significant environmental regulation.

Indemnifying Officers or Auditor

The company has agreed to indemnify each Officer (Director, Secretary or employee) out of assets of the company to the relevant extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith. The company also has Officers Insurance for the benefit of Officers of the company against any liability occurred by the Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the company or in or arising out of the discharge of the Officer's duties.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for an Auditor of the company.

Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set at page 21 of this financial report. No Officer of the company is or has been a partner of the Auditor of the company.

Non-audit services

The Board of Directors, in accordance with advice from the Audit Committee or Board, are satisfied that the provision of non audit services during the year is compatible with the general standard of independence for Auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed in Note 3 did not compromise the external Auditor's independence for the following reasons:

- all non audit services are reviewed and approved by the Audit Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the Auditor; and
- none of the services undermine the general principles relating to Auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

Remuneration report

Remuneration policy

There has been no remuneration policy developed as Director positions are held on a voluntary basis and Directors are not remunerated for their services.

Directors' report (continued)

Remuneration report (continued)

Remuneration benefits and payments

Other than detailed below, no Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Equity holdings of key management personnel

The number of ordinary shares in the company held during the financial year and prior year by each Director and other key management personnel, including their related parties, are set out below:

Name	Balance at 30 June 2017	Net change in holdings	Balance at 30 June 2018
Directors			
Rick Cooper, Chairman	26,993	-	26,993
Fredrick Broomhall (Resigned 27 November 2017)	42,700	(42,700)	-
David Green	-	2,100	2,100
Elizabeth Reynolds	15,000	-	15,000
Guy Hamilton	-	-	-
Jay Pashley	1,051	-	1,051
Sandy Bolton (Resigned 8 March 2018)	-	-	-
Toby Bicknell (Appointed 29 March 2018)	-	-	-
Tony Freeman (Appointed 11 April 2018)	-	-	-
Patricia Radge (Appointed 28 April 2018)	-	-	-

Loans to key management personnel

There were no loans to key management personnel during the current or prior reporting period.

Signed in accordance with a resolution of the Board of Directors at Tewantin on 11 September 2018.



Rick Cooper
Director

Auditor's independence declaration



41A Breen Street
Bendigo, Victoria
PO Box 448, Bendigo, VIC,
3552

Ph: (03) 4435 3550
admin@rsdaudit.com.au
www.rsdaudit.com.au

Auditors Independence Declaration under section 307C of the *Corporations Act 2001* to the Directors of Sunshine Coast Community Financial Services Limited.

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018 there have been no contraventions of:

- (i) The auditor independence requirements set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) Any applicable code of professional conduct in relation to the audit.

RSD Audit

A handwritten signature in black ink, appearing to read 'Kathie Teasdale', written over a circular stamp or watermark.

Kathie Teasdale
Partner
41A Breen Street
Bendigo VIC 3550

Dated: Tuesday, September 11, 2018

Richmond Sinnott & Delahunty, trading as RSD Audit
ABN 85 619 186 908
Liability limited by a scheme approved under Professional Standards Legislation

Financial statements

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
Revenue	2	2,965,087	2,740,341
Expenses			
Employee benefits expense	3	(1,604,979)	(1,463,465)
Depreciation and amortisation	3	(114,183)	(101,892)
Finance costs	3	(71,504)	(45,508)
Bad and doubtful debts expense	3	(1,784)	(4,271)
Advertising and marketing expenses		(48,439)	(48,163)
Occupancy expenses		(179,061)	(153,460)
IT expenses		(113,799)	(98,652)
Professional fees		(71,629)	(90,194)
Other expenses		(297,204)	(248,660)
		(2,502,582)	(2,254,265)
Operating profit before charitable donations & sponsorship		462,505	486,076
Charitable donations and sponsorships		(162,304)	(213,776)
Profit before income tax		300,201	272,300
Income tax benefit	4	(85,026)	(89,582)
Profit for the year after income tax		215,175	182,718
Total comprehensive income for the year		215,175	182,718
Profit attributable to members of the company		215,175	182,718
Total comprehensive income attributable to members of the company		215,175	182,718
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents per share):			
- basic earnings per share	17	12.63	10.72

These financial statements should be read in conjunction with the accompanying notes.

Financial statements (continued)

Statement of Financial Position as at 30 June 2018

	Notes	2018 \$	2017 \$
Assets			
Current assets			
Cash and cash equivalents	5	210,196	312,460
Trade and other receivables	6	245,969	247,707
Other assets	7	29,957	25,312
Total current assets		486,122	585,479
Non-current assets			
Property, plant and equipment	8	2,666,278	1,637,777
Intangible assets	9	202,540	127,097
Deferred tax assets	4	30,022	36,336
Total non-current assets		2,898,840	1,801,210
Total assets		3,384,962	2,386,689
Liabilities			
Current liabilities			
Trade and other payables	11	246,441	232,393
Current tax liability	4	32,213	28,036
Borrowings	12	108,564	54,933
Provisions	13	17,889	15,435
Total current liabilities		405,107	330,797
Non-current liabilities			
Franchise fee payable	11	135,114	36,438
Borrowings	12	1,441,944	721,057
Total non-current liabilities		1,577,058	757,495
Total liabilities		1,982,165	1,088,292
Net assets		1,402,797	1,298,397
Equity			
Issued capital	14	1,623,067	1,623,067
Accumulated losses	15	(220,270)	(324,670)
Total equity		1,402,797	1,298,397

These financial statements should be read in conjunction with the accompanying notes.

Financial statements (continued)

Statement of Changes in Equity for the year ended 30 June 2018

	Note	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2017		1,623,067	(324,670)	1,298,397
Comprehensive income for the year				
Profit for the year		-	215,175	215,175
		-	215,175	215,175
Transactions with owners in their capacity as owners				
Dividends paid or provided	16	-	(110,775)	(110,775)
Balance at 30 June 2018		1,623,067	(220,270)	1,402,797
Balance at 1 July 2016		1,623,067	(388,091)	1,234,976
Comprehensive income for the year				
Profit for the year		-	182,718	182,718
		-	182,718	182,718
Transactions with owners in their capacity as owners				
Dividends paid or provided	16	-	(119,297)	(119,297)
Balance at 30 June 2017		1,623,067	(324,670)	1,298,397

These financial statements should be read in conjunction with the accompanying notes.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
Cash flows from operating activities			
Receipts from customers		3,306,553	2,981,631
Payments to suppliers and employees		(2,807,642)	(2,573,783)
Interest paid		(71,504)	(45,508)
Interest received		780	56
Income tax paid		(74,533)	(88,895)
Net cash flows provided by operating activities	18b	353,654	273,501
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,085,905)	(106,771)
Purchase of intangible assets		(33,546)	-
Net cash flows used in investing activities		(1,119,451)	(106,771)
Cash flows from financing activities			
Proceeds from loans		795,500	-
Repayment of borrowings		(21,192)	(7,985)
Dividends paid		(110,775)	(119,297)
Net cash flows from/(used in) financing activities		663,533	(127,282)
Net increase/(decrease) in cash held		(102,264)	39,448
Cash and cash equivalents at beginning of financial year		312,460	273,012
Cash and cash equivalents at end of financial year	18a	210,196	312,460

These financial statements should be read in conjunction with the accompanying notes.

Notes to the financial statements

For year ended 30 June 2018

These financial statements and notes represent those of Sunshine Coast Community Financial Limited.

Sunshine Coast Community Financial Limited ('the company') is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 11 September 2018.

Note 1. Summary of significant accounting policies

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The company is a for profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

Economic dependency

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank**[®] branches at Cooroy, Marcoola, Tewantin and Pomona.

The branches operate as a franchise of Bendigo and Adelaide Bank Limited, using the name "Bendigo Bank", the logo, and systems of operation of Bendigo and Adelaide Bank Limited. The company manages the **Community Bank**[®] branches on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the **Community Bank**[®] branches are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

All deposits are made with Bendigo and Adelaide Bank Limited, and all personal and investment products are products of Bendigo and Adelaide Bank Limited, with the company facilitating the provision of those products. All loans, leases or hire purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction that involves creating a new debt, or increasing or changing the terms of an existing debt owed to Bendigo and Adelaide Bank Limited, must be approved by Bendigo and Adelaide Bank Limited. All credit transactions are made with Bendigo and Adelaide Bank Limited, and all credit products are products of Bendigo and Adelaide Bank Limited.

Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the **Community Bank**[®] branches franchise operations. It also continues to provide ongoing management and operational support, and other assistance and guidance in relation to all aspects of the franchise operation, including advice in relation to:

- Advice and assistance in relation to the design, layout and fit out of the **Community Bank**[®] branches;
- Training for the Branch Managers and other employees in banking, management systems and interface protocol;
- Methods and procedures for the sale of products and provision of services;
- Security and cash logistic controls;
- Calculation of company revenue and payment of many operating and administrative expenses;
- The formulation and implementation of advertising and promotional programs; and
- Sale techniques and proper customer relations.

Note 1. Summary of significant accounting policies (continued)

(b) Impairment of assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If 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 cost to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

(c) 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 the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other 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 included in receipts from customers or payments to suppliers.

(d) Comparative figures

When required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(e) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company. Estimates and judgements are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The estimates and judgements that have a significant risk of causing material adjustments to the carrying values of assets and liabilities are as follows:

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and intangible assets. The depreciation and amortisation charge will increase where useful lives are less than previously estimated lives.

Fair value assessment of non-current physical assets

The AASB 13 Fair Value standard requires fair value assessments that may involve both complex and significant judgement and experts. The value of land and buildings may be materially misstated and potential classification and disclosure risks may occur.

Assumptions are required for wage growth and CPI movements. The likelihood of employees reaching unconditional service is estimated. The timing of when employee benefit obligations are to be settled is also estimated.

Note 1. Summary of significant accounting policies (continued)

(e) Critical accounting estimates and judgements (continued)

Income tax

The company is subject to income tax. Significant judgement is required in determining the deferred tax asset. Deferred tax assets are recognised only when it is considered sufficient future profits will be generated. The assumptions made regarding future profits is based on the company's assessment of future cash flows.

Impairment

The company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value in use calculations which incorporate various key assumptions.

(f) New and revised standards that are effective for these financial statements

There are no new and amended accounting policies that have been adopted by the company this financial year.

(g) New accounting standards for application in future periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company.

The company has decided not to early adopt any of the new and amended pronouncements. The company's assessment of the new and amended pronouncements that are relevant to the company but applicable in the future reporting periods is set out on the proceeding pages

- (i) AASB 9 Financial Instruments and associated Amending Standards (applicable for annual reporting periods beginning on or after 1 January 2018)

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

- a) Financial assets that are debt instruments will be classified based on:
 - (i) the objective of the entity's business model for managing the financial assets; and
 - (ii) the characteristics of the contractual cash flows.
- b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
- c) Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.
- d) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

Note 1. Summary of significant accounting policies (continued)

(g) New accounting standards for application in future periods (continued)

(i) AASB 9 Financial Instruments and associated Amending Standards (applicable for annual reporting periods beginning on or after 1 January 2018) (continued)

e) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:

- the change attributable to changes in credit risk are presented in Other Comprehensive Income (OCI)
- the remaining change is presented in profit or loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:

- classification and measurement of financial liabilities; and
- derecognition requirements for financial assets and liabilities

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements.

Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.

When this standard is first adopted for the year ending 30 June 2019, there will be no material impact on the transactions and balances recognised in the financial statements.

(ii) AASB 15: Revenue from Contracts with Customers (applicable for annual reporting periods commencing on or after 1 January 2018)

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with customers;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.”

This Standard will require retrospective restatement, as well as enhanced disclosure regarding revenue.

When this Standard is first adopted for the year ending 30 June 2019, it is not expected that there will be a material impact on the transactions and balances recognised in the financial statements.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(g) New accounting standards for application in future periods (continued)

(iii) AASB 16: Leases (applicable for annual reporting periods commencing on or after 1 January 2019)

AASB 16:

- replaces AASB 117 Leases and some lease-related Interpretations;
- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases;
- provides new guidance on the application of the definition of lease and on sale and lease back accounting;
- largely retains the existing lessor accounting requirements in AASB 117; and
- requires new and different disclosures about leases.

The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020.

Note 2. Revenue

	2018 \$	2017 \$
Revenue		
- service commissions	2,896,160	2,641,691
	2,896,160	2,641,691
Other revenue		
- interest received	780	56
- consultancy income	20,538	57,024
- rental income	45,232	44,022
- gain on disposal of plant and equipment	-	(4,150)
- other revenue	2,377	1,698
	68,927	98,650
Total revenue	2,965,087	2,740,341

Revenue arises from the rendering of services through its franchise agreement with the Bendigo and Adelaide Bank Limited. The revenue recognised is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts.

The entity applies the revenue recognition criteria set out below to each separately identifiable sales transaction in order to reflect the substance of the transaction.

Rendering of services

The entity generates service commissions on a range of products issued by the Bendigo and Adelaide Bank Limited. The revenue includes upfront and trailing commissions, sales fees and margin fees.

Notes to the financial statements (continued)

Note 2. Revenue (continued)

Interest, rental and other income

Interest income is recognised on an accrual basis using the effective interest rate method.

Other revenue is recognised when the right to the income has been established.

Rental income is recognised in straight line basis on the term of the lease.

All revenue is stated net of the amount of goods and services tax (GST).

Note 3. Expenses

	2018 \$	2017 \$
Profit before income tax includes the following specific expenses:		
Employee benefits expense		
- wages and salaries	1,345,984	1,197,166
- superannuation costs	120,664	108,370
- other costs	138,331	157,929
	1,604,979	1,463,465
Depreciation and amortisation		
Depreciation		
- buildings	31,351	26,310
- plant and equipment	23,436	30,886
- motor vehicles	2,617	3,221
	57,404	60,417
Amortisation		
- franchise fees	56,779	41,475
Total depreciation and amortisation	114,183	101,892
Finance costs		
- Interest paid	71,504	45,508
Bad and doubtful debts expenses	1,784	4,271
Net loss on disposal of plant and equipment	-	4,150
Auditors' remuneration		
Remuneration of the Auditor, RSD Audit, for:		
- Audit or review of the financial report	7,350	7,700

Notes to the financial statements (continued)

Note 3. Expenses (continued)

Operating expenses

Operating expenses are recognised in profit or loss on an accruals basis, which is typically upon utilisation of the service or at the date upon which the entity becomes liable.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

Depreciation

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

The depreciation rates used for each class of depreciable asset are:

Class of asset	Rate	Method
Buildings	2.50%	Straight line
Plant and equipment	7.5% - 30%	Straight line & Diminishing value
Motor vehicles	18.75%	Straight line

Gains upon disposal of non-current assets

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

Note 4. Income tax

	2018	2017
	\$	\$
a. The components of tax expense comprise:		
Current tax expense	84,815	84,206
Deferred tax expense	3,283	5,376
Under / (over) provision of prior years	(3,072)	-
	85,026	89,582
b. Prima facie tax payable		
The prima facie tax on profit from ordinary activities		
before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit before income tax at 27.5% (2017: 27.5%)	82,555	81,690

Notes to the financial statements (continued)

Note 4. Income tax (continued)

	2018 \$	2017 \$
Add tax effect of:		
- Under / (over) provision of prior years	(6,105)	-
- Non-deductible expenses	8,546	7,892
Income tax attributable to the entity	84,996	89,582
The applicable weighted average effective tax rate is:	28.32%	32.90%
c. Current tax liability		
Current tax relates to the following:		
Current tax liabilities / (assets)		
Opening balance	28,036	32,725
Income tax paid	(74,533)	(88,895)
Current tax	84,815	84,206
Under / (over) provision prior years	(6,105)	-
	32,213	28,036
d. Deferred tax asset		
Deferred tax relates to the following:		
Deferred tax assets comprise:		
Accruals	5,191	1,410
Employee provisions	4,919	4,631
Carried forward capital losses	36,482	39,678
	46,592	45,719
Deferred tax liabilities comprise:		
Prepayments	2,615	2,805
Property, plant & equipment	13,955	6,578
	16,570	9,383
Net deferred tax asset	30,022	36,336
e. Deferred income tax included in income tax expense comprises:		
Decrease / (increase) in deferred tax assets	(873)	(1,298)
(Decrease) / increase in deferred tax liabilities	7,396	6,672
Under / (over) provision prior years	(209)	-
	6,314	5,374

Notes to the financial statements (continued)

Note 4. Income tax (continued)

The income tax expense for the year comprises current income tax expense and deferred tax expense.

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/assets are measured at the amounts expected to be paid to from the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred income tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Note 5. Cash and cash equivalents

	2018 \$	2017 \$
Cash at bank and on hand	196,218	212,460
Short-term bank deposits	13,978	100,000
	210,196	312,460

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months.

The effective interest rate on short-term bank deposits was 2.35% (2017: 2.5%); these deposits have an average maturity of 90 days.

Note 6. Trade and other receivables

	2018 \$	2017 \$
Current		
Trade receivables	245,969	247,707
	245,969	247,707

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less any provision for doubtful debts. Trade and other receivables are due for settlement usually no more than 30 days from the date of recognition.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts, which are known to be uncollectable, are written off. A provision for doubtful debts is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the assets carrying amount and the present value of estimated cash flows, discounted at the effective interest rate. The amount of the provision is recognised on profit or loss.

Notes to the financial statements (continued)

Note 6. Trade and other receivables (continued)

Credit risk

The main source of credit risk relates to a concentration of trade receivables owing by Bendigo and Adelaide Bank Limited, which is the source of the majority of the company's income.

The following table details the company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled, within the terms and conditions agreed between the company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be high credit quality.

	Gross amount \$	Not past due \$	Past due but not impaired			Past due and impaired \$
			< 30 days \$	31-60 days \$	> 60 days \$	
2018						
Trade receivables	245,969	245,969	-	-	-	-
Total	245,969	245,969	-	-	-	-
2017						
Trade receivables	247,707	247,707	-	-	-	-
Total	247,707	247,707	-	-	-	-

Note 7. Other assets

	2018 \$	2017 \$
Prepayments	9,508	9,351
Security bond	12,400	12,400
Other receivables	8,049	3,561
	29,957	25,312

Other assets represent items that will provide the entity with future economic benefits controlled by the entity as a result of past transactions or other past events.

Note 8. Property, plant and equipment

	2018 \$			2017 \$		
	At cost	Accumulated depreciation	Written down value	At cost	Accumulated depreciation	Written down value
Buildings	2,372,177	(76,050)	2,296,127	1,396,995	(52,614)	1,344,381
Plant and equipment	997,401	(638,591)	358,810	886,678	(607,240)	279,438
Motor vehicles	45,692	(34,351)	11,341	45,692	(31,734)	13,958
Total property, plant and equipment	3,415,270	(748,992)	2,666,278	2,329,365	(691,588)	1,637,777

Buildings

Buildings are measured at cost and therefore are carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of buildings is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of buildings is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(a) Capital expenditure commitments

The entity does not have any capital expenditure commitments at 30 June 2018 (2017: \$1.025m).

Notes to the financial statements (continued)

Note 8. Property, plant and equipment (continued)

(b) Movements in carrying amounts of PP&E

2018	Opening written down value	Additions	Disposals	Depreciation	Closing written down value
Buildings	1,344,381	975,182	-	(31,351)	2,288,212
Plant and equipment	279,438	110,723	-	(23,436)	366,725
Motor vehicles	13,958	-	-	(2,617)	11,341
Total property, plant and equipment	1,637,777	1,085,905	-	(57,404)	2,666,278

2017	Opening written down value	Additions	Disposals	Depreciation	Closing written down value
Buildings	1,290,856	79,835	-	(26,310)	1,344,381
Plant and equipment	287,540	26,936	(4,152)	(30,886)	279,438
Motor vehicles	17,179	-	-	(3,221)	13,958
Total property, plant and equipment	1,595,575	106,771	(4,152)	(60,417)	1,637,777

Note 9. Intangible assets

	2018 \$			2017 \$		
	At cost	Accumulated amortisation	Written down value	At cost	Accumulated amortisation	Written down value
Franchise fees	737,148	(534,608)	202,540	604,926	(477,829)	127,097
Total intangible assets	737,148	(534,608)	202,540	604,926	(477,829)	127,097

Franchise fees have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum. The current amortisation charges for intangible assets are included under depreciation and amortisation in the Statement of Profit or Loss and Other Comprehensive Income.

Movements in carrying amounts

2018	Opening written down value	Additions	Amortisation	Closing written down value
Franchise fees	127,097	132,222	(56,779)	202,540
Total intangible assets	127,097	132,222	(56,779)	202,540

2017	Opening written down value	Additions	Amortisation	Closing written down value
Franchise fees	88,572	80,000	(41,475)	127,097
Total intangible assets	88,572	80,000	(41,475)	127,097

Notes to the financial statements (continued)

Note 10. Financial liabilities

Financial liabilities include trade payables, other creditors, loans from third parties and loans from or other amounts due to related entities. Financial liabilities are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Financial liabilities are initially measured at fair value plus transaction costs, except where the instrument is classified as "fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Note 11. Trade and other payables

	2018 \$	2017 \$
Current		
Unsecured liabilities:		
Trade creditors	151,131	166,723
Other creditors and accruals	32,699	7,986
GST Payable	17,049	12,122
Franchise Fee Payable	45,562	45,562
	246,441	232,393
Non-Current		
Unsecured liabilities:		
Franchise Fee Payable	135,114	36,438
	135,114	36,438

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

The average credit period on trade and other payables is one month.

Note 12. Borrowings

	2018 \$	2017 \$
Current		
Secured liabilities		
Chattel lease	1,328	8,990
Bank loans	107,236	45,943
	108,564	54,933

Notes to the financial statements (continued)

Note 12. Borrowings (continued)

	2018 \$	2017 \$
Non-current		
Secured liabilities		
Bank loans	1,441,944	721,057
	1,441,944	721,057
Total borrowings	1,550,508	775,990

Loans

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Chattel lease

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset - but not the legal ownership - are transferred to the company, are classified as finance (chattel) leases.

Chattel lease

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Operating leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

(a) Bank loans

The company has mortgage loans which is subject to normal terms and conditions.

The current interest rate for Cooroy is 5.99%. This loan is interest only until 2020, then becomes repayable over 15 years. This loan has been created to fund the acquisition of the buildings at Cooroy and is secured against said property.

The Current interest rate for Tewantin is 4.51%. This loan is a principal and variable loan with a term of 20 years. This loan has been created to fund the acquisition of the buildings at Tewantin and is secured against said property.

(b) Lease liabilities

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

Notes to the financial statements (continued)

Note 13. Provisions

	2018 \$	2017 \$
Current		
Employee benefits	17,889	15,435
Total provisions	17,889	15,435

Short-term employee benefits

Provision is made for the company's obligation 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 liability for annual leave is recognised in the provision for employee benefits. All other short term employee benefit obligations are presented as payables.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurement 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 company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company 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.

Note 14. Share capital

	2018 \$	2017 \$
1,672,988 Ordinary shares fully paid	1,672,988	1,672,988
31,250 Bonus shares issued for no consideration	-	-
Less: Equity raising costs	(49,921)	(49,921)
	1,623,067	1,623,067

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Notes to the financial statements (continued)

Note 14. Share capital (continued)

	2018 \$	2017 \$
(a) Movements in share capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	1,704,238	1,704,238
Shares issued during the year	-	-
At the end of the reporting period	1,704,238	1,704,238

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At the shareholders' meetings each shareholder is entitled to one vote when a poll is called, or on a show of hands. The company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the company's residual assets.

(b) Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the company. The Board of Directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Statement of Financial Position.

In accordance with the franchise agreement, in any 12 month period, the funds distributed to shareholders shall not exceed the Distribution Limit.

(i) the Distribution Limit is the greater of:

(a) 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and

(b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

(ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid can be seen in the Statement of Profit or Loss and Comprehensive Income.

There were no changes in the company's approach to capital management during the year.

Notes to the financial statements (continued)

Note 15. Accumulated losses

	2018 \$	2017 \$
Balance at the beginning of the reporting period	(324,670)	(388,091)
Profit for the year after income tax	215,175	182,718
Dividends paid	(110,775)	(119,297)
Balance at the end of the reporting period	(220,270)	(324,670)

Note 16. Dividends paid or provided for on ordinary shares

	2018 \$	2017 \$
Dividends paid or provided for during the year		
Final fully franked ordinary dividend of 6.5 cents per share (2017: 7 cents per share) franked at the tax rate of 27.5% (2017: 27.5%).	110,775	119,297

Note 17. Earnings per share

	2018 \$	2017 \$
Basic earnings per share (cents)	12.63	10.72
Earnings used in calculating basic earnings per share	215,175	182,718
Weighted average number of ordinary shares used in calculating basic earnings per share.	1,704,238	1,704,238

Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issues during the year.

Note 18. Statement of cash flows

	2018 \$	2017 \$
(a) Cash and cash equivalents balances as shown in the Statement of Financial Position can be reconciled to that shown in the Statement of Cash Flows as follows:		
Cash and cash equivalents (Note 5)	210,196	312,460
As per the Statement of Cash Flow	210,196	312,460

Notes to the financial statements (continued)

Note 18. Statement of cash flows (continued)

	2018 \$	2017 \$
(b) Reconciliation of cash flow from operations with profit after income tax		
Profit for the year after income tax	215,175	182,718
Non-cash flows in profit		
- Depreciation and amortisation	114,183	101,892
- Bad debts	1,784	4,271
- Net (profit) / loss on disposal of property, plant & equipment	-	4,150
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	1,738	(31,242)
- (increase) / decrease in prepayments and other assets	(4,645)	807
- (Increase) / decrease in deferred tax asset	4,740	5,376
- Increase / (decrease) in trade and other payables	14,048	(6,417)
- Increase / (decrease) in current tax liability	4,177	(4,689)
- Increase / (decrease) in provisions	2,454	15,435
Net cash flows from operating activities	353,654	272,301

Note 19. Key management personnel and related party disclosures

(a) Key management personnel

Key management personnel includes any person having authority or responsibility for planning, directing or controlling the activities of the entity, directly or indirectly including any Director (whether executive or otherwise) of that company.

There was no remuneration paid to key management personnel, including Directors of the company during the year as all positions were on a voluntary basis.

(b) Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

(c) Transactions with key management personnel and related parties

No Director fees have been paid as the positions are held on a voluntary basis.

Sunshine Coast Community Financial Services Limited have not accepted the Bendigo and Adelaide Bank Limited's **Community Bank**[®] Directors Privileges package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the branch.

Notes to the financial statements (continued)

Note 19. Key management personnel and related party disclosures (continued)

(d) Key management personnel shareholdings

The number of ordinary shares in Sunshine Coast Community Financial Services Limited held by each key management personnel of the company during the financial year is as follows:

	2018	2017
Rick Cooper, Chairman	26,993	26,993
Fredirick Broomhall (Resigned 27/11/17)	-	42,700
David Green	2,100	-
Elizabeth Reynolds	15,000	15,000
Guy Hamilton	-	-
Jay Pashley	1,051	1,051
Sandy Bolton (Resigned 8/3/18)	-	-
Toby Bicknell (Appointed 29/3/18)	-	-
Tony Freeman (Appointed 11/4/18)	-	-
Patricia Radge (Appointed 28/4/18)	-	-
	45,144	58,751

There was no movement in key management personnel shareholdings during the year. Each share held has a paid up value of \$1 and is fully paid.

(e) Other key management transactions

There has been no other transactions key management or related parties other than those described above.

Note 20. Events after the reporting period

There have been no events after the end of the financial year that would materially affect the financial statements.

Note 21. Contingent liabilities and contingent assets

There were no contingent liabilities or assets at the date of this report to affect the financial statements.

Note 22. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in 4 areas being Cooroy, Marcoola, Tewantin and Pomona. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 98% of the revenue (2017: 96%).

Note 23. Commitments

Operating lease commitments

	2018 \$	2017 \$
Payable:		
- no later than 12 months	-	82,514
- between 12 months and five years	-	61,886
- greater than five years	-	-
Minimum lease payments	-	144,400

The property lease is a non-cancellable lease with a five year term, with rent payable monthly in advance and with CPI increases each year.

Non-cancellable operating leases contracted for but not capitalised in the Statement of Financial Position.

Finance lease commitments

Finance lease liabilities are payable exclusive of GST as follows:

	2018 \$	2017 \$
Payable:		
- no later than 12 months	1,339	8,037
- between 12 months and five years	-	1,339
- greater than five years	-	-
Minimum lease payments	1,339	9,376
Less future interest charges	(11)	(386)
Finance lease liability	1,328	8,990

Chattel leases comprise leases of a motor vehicle under normal commercial lease terms and conditions repayable over 5 years.

Note 24. company details

The registered office and principal place of business is 36A Maple Street, Cooroy, QLD 4563.

Note 25. Financial instrument risk

Financial risk management policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board. The Audit Committee is assisted in the area of risk management by an internal audit function.

Specific financial risk exposure and management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk and other price risk. There have been no substantial changes in the types of risks the company is exposed to, how the risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

The company's financial instruments consist mainly of deposits with banks, short term investments, account receivables and payables, bank overdraft and loans. The totals for each category of financial instruments measured in accordance with AASB 139 Financial Instruments: Recognition and Measurement as detailed in the accounting policies are as follows:

	Note	2018 \$	2017 \$
Financial assets			
Cash and cash equivalents	5	210,196	312,460
Trade and other receivables	6	245,969	247,707
Total financial assets		456,165	560,167
Financial liabilities			
Trade and other payables	11	246,441	232,393
Borrowings	12	1,550,508	775,990
Total financial liabilities		1,796,949	1,008,383

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the company.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms for normal fee income are generally 30 days from the date of invoice. For fees with longer settlements, terms are specified in the individual client contracts. In the case of loans advanced, the terms are specific to each loan.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets as presented in the table above.

The company has significant concentrations of credit risk with Bendigo and Adelaide Bank Limited. The company's exposure to credit risk is limited to Australia by geographic area.

Notes to the financial statements (continued)

Note 25. Financial instrument risk (continued)

(a) Credit risk (continued)

None of the assets of the company are past due (2017: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets not past due.

The company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Limited and therefore credit risk is considered minimal.

(b) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis:

	Weighted average interest rate %	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
30 June 2018					
Financial assets					
Cash and cash equivalents	0.15%	210,196	210,196	-	-
Trade and other receivables		245,969	245,969	-	-
Total anticipated inflows		456,165	456,165	-	-
Financial liabilities					
Trade and other payables		246,441	246,441	-	-
Borrowings	5.09%	1,550,508	108,564	245,103	1,196,841
Total expected outflows		1,796,949	355,005	245,103	1,196,841
Net inflow / (outflow) on financial instruments		(1,340,784)	101,160	(245,103)	(1,196,841)

Notes to the financial statements (continued)

Note 25. Financial instrument risk (continued)

(b) Liquidity risk (continued)

	Weighted average interest rate %	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
30 June 2017					
Financial assets					
Cash and cash equivalents	1.99%	312,460	312,460	-	-
Trade and other receivables		247,707	247,707	-	-
Total anticipated inflows		560,167	560,167	-	-
Financial liabilities					
Trade and other payables		232,393	232,393	-	-
Borrowings	5.63%	775,990	54,933	103,757	617,300
Total expected outflows		1,008,383	287,326	103,757	617,300
Net inflow / (outflow) on financial instruments		(448,216)	272,841	(103,757)	(617,300)

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The company has no exposure to fluctuations in foreign currency, or any exposure to a material price risk.

The financial instruments that primarily expose the company to interest rate risk are borrowings and cash and cash equivalents.

Sensitivity analysis

The following table illustrates sensitivities to the company's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	2018		2017	
	Profit \$	Equity \$	Profit \$	Equity \$
+/- 1% in interest rates (interest income)	2,102	2,102	3,125	3,125
+/- 1% in interest rates (interest expense)	(15,505)	(15,505)	(7,760)	(7,760)
	(13,403)	(13,403)	(4,635)	(4,635)

There have been no changes in any of the methods or assumptions used to prepare the above sensitivity analysis from the prior year.

Directors' declaration

In accordance with a resolution of the Directors of Sunshine Coast Community Financial Services Limited, the Directors of the company declare that:

1. The financial statements and notes, as set out on pages 22 to 48 are in accordance with the *Corporations Act 2001* and:
 - (i) comply with Australian Accounting Standards which, as stated in accounting policy Note 1(a) to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - (ii) give a true and fair view of the company's financial position as at 30 June 2018 and of the performance for the year ended on that date;
2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. The audited remuneration disclosures set out in the remuneration report section of the Directors' report comply with Accounting Standard AASB124 Related Party Disclosures and the Corporations Regulations 2001.

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



Rick Cooper
Director

Signed at Tewantin on 11 September 2018.

Independent audit report



41A Breen Street
Bendigo, Victoria
PO Box 448, Bendigo, VIC, 3552

Ph: (03) 4435 3550
admin@rsdaudit.com.au
www.rsdaudit.com.au

Independent Auditor's Report

To the members of Sunshine Coast Community Financial Services Limited

Report on the Financial report

We have audited the accompanying Financial Report of Sunshine Coast Community Financial Services Limited.

The Financial Report comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration.

The period is the twelve months ended on 30 June 2018.

Opinion

In our opinion the financial report of Sunshine Coast Community Financial Services Ltd June 2018 is in accordance with the Corporations Act 2001, including:

- giving a true and fair view of the Company's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
- complying with Australian Accounting Standards and the Corporations Regulations 2001.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Richmond Sinnott & Delahunty, trading as RSD Audit
ABN 60 616 244 309

Liability limited by a scheme approved under Professional Standards Legislation



Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Sunshine Coast Community Financial Services Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

A handwritten signature in black ink, appearing to read 'Kathie Teasdale', written over a faint circular stamp.

Kathie Teasdale
Partner
RSD Audit

Dated: 11 September 2018

NSX report

Sunshine Coast Community Financial Services Limited is a public company incorporated in Australia and listed on the National Stock Exchange of Australia (NSX).

Shareholding

The following table shows the number of shareholders, segregated into various categories based on the total number of shares held.

Number of shares held	Number of shareholders	Number of shares held
1 to 1,000	360	227,263
1,001 to 5,000	246	516,949
5,001 to 10,000	34	237,634
10,001 to 100,000	29	620,836
100,001 and over	1	101,556
Total shareholders	676	1,704,238

Equity securities

Each of the above shareholders are entitled to 1 vote, irrespective of the number of shares held.

There is one substantial shareholder (holding more than 5% of voting rights) as each shareholder is entitled to 1 vote. Normally holding more than 5% of total issued shares would create a substantial shareholder, but this is not applicable due to the voting restrictions for the company. This shareholder who holds 5.55% of the issued shares in the company was unaware of the maximum holding rule. It is the Board of Directors view that the shareholder will conform with the Company's constitution.

There are 14 shareholders holding less than a marketable parcel of shares (\$500 in value).

There are no restricted securities on issue.

There is not a current on-market buy-back.

All shares on issue are ordinary shares fully paid to \$1 per share. There are no unquoted equity securities.

Ten largest shareholders

The following table shows the 10 largest shareholders.

Shareholder	Number of fully paid shares held	Percentage of issued capital
George William Perry	101,556	5.96
Scipio Nominees Pty Ltd	52,525	3.08
Murray William & Lyndal Jane Brown as trustee for	45,501	2.67
Jennifred Pty Ltd as trustee for	43,800	2.57
Thomas Leigh Pty Ltd as trustee for	37,324	2.19
Winpar Holdings Pty Ltd	33,725	1.98
Robyn Anne Willey & Donald Bruce Mcbryde as trustee for	30,000	1.76
Jill Maree Killen	30,000	1.76
Zedmont Pty Ltd as trustee for	26,993	1.58
James Howard Bell	25,000	1.47

Registered office and principal administrative office

The registered office of the company is located at:

36A Maple Street,
Cooroy QLD 4563
Phone: (07) 5447 7131

The principal administrative office of the company is located at:

36A Maple Street,
Cooroy QLD 4563
Phone: (07) 5447 7131

Security register

The security register (share register) is kept at:

Richmond Sinnott & Delahunty
Level 2, 10-16 Forest Street,
Bendigo, Victoria, 3550
Phone: (03) 5445 4200

Company Secretary

David Green was the company Secretary of Sunshine Coast Community Financial Services until 27 April 2018 and was replaced by Patricia Radge as the company Secretary on 28 April 2018. Qualifications and experience include working as a practicing accountant for 29 years.

Corporate governance

The company has implemented various corporate governance practices, which include:

- (a) The establishment of a Finance, Governance and Audit Committee. Members of the Audit Committee are Rick Cooper, Elizabeth Reynolds, Sandy Bolton and Patricia Radge.
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

Annexure 3

There are no material differences between the information in the company's Annexure 3 and the information in the financial documents in its Annual Report.

Five year summary of performance

		2014	2015	2016	2017	2018
Gross revenue	\$	2,315,685	2,429,984	2,544,781	2,740,341	2,965,087
Net profit before tax	\$	160,960	211,547	171,056	272,300	300,201
Total assets	\$	1,446,928	2,179,486	2,245,724	2,386,689	3,384,962
Total liabilities	\$	240,088	956,086	1,010,748	1,088,292	1,982,165
Total equity	\$	1,206,840	1,223,400	1,234,976	1,298,397	1,402,797

Cooroy **Community Bank**[®] Branch
36 Maple Street, Cooroy QLD 4563
Phone: (07) 5447 7131
www.bendigobank.com.au/cooroy

Marcoola **Community Bank**[®] Branch
Shop 1, 930 David Low Way, Marcoola QLD 4564
Phone: (07) 5448 8582
www.bendigobank.com.au/marcoola

Tewantin **Community Bank**[®] Branch
Shop 1, 105 Poinciana Avenue, Tewantin QLD 4565
Phone: (07) 5440 5289
www.bendigobank.com.au/tewantin

Pomona **Community Bank**[®] Branch
3 Station Street, Pomona QLD 4568
Phone: (07) 5485 1786
www.bendigobank.com.au/pomona

Franchisee: Sunshine Coast Community Financial Services Limited
36 Maple Street, Cooroy QLD 4563
Phone: (07) 5447 7131
ABN: 12 100 576 261

www.bendigobank.com.au
(BNPAR18065) (09/18)



bendigobank.com.au

