

Annual Report 2024

Sunshine Coast Community
Financial Services Limited

Community Bank
Cooroy, Marcoola and Tewantin-Noosa
ABN 12 100 576 261

Sunshine Coast Community Financial Services Limited

Chair's Report for year ending 30 June 2024

Our Company Vision

To be the bank of choice within the communities we serve.

Our Purpose

To be your community owned bank that feeds into the community's prosperity, not off it.

The Board

It is with great sadness that I write this year's annual report having just lost David Green who passed away in June 2024. David held several positions over 7 years: Director, Treasurer and Company Secretary. David was a fierce advocate for our Community Banks and our many community projects. He was respected by staff and directors and will be missed.

Elizabeth Reynolds stepped down in December 2023 after 9 years on the board and Louise McNeich after 2 years as Treasurer. I thank them for their efforts over the years.

Record community contributions meant our directors were busy throughout the year attending events and promoting our Community Bank branches.

I would like to thank Rick Cooper, Guy Hamilton and Toby Bicknell for their work on strategic planning and governance.

Management and Staff

Kerryn Vincart, Community Bank Tewantin Branch Manager, and Steve Clarke, Community Bank Cooroy Branch Manager have had an excellent year, and, on behalf of the board, I would like to thank them for their leadership and adaptability. The team at Community Bank Marcoola have been outstanding, managing during leadership challenges that have seen Kerryn and Steve support the branch as well as managing their own branches.

2024 financial year saw a focus on promoting from within. The board's strategy was to create a clear pathway for promotion enabling the recruitment of customer service stars from within the community who may have never worked in banking previously but who can see a pathway to a career with Bendigo Bank. It is wonderful to walk into our branches and see the smiling faces of staff dedicated to customer service.

The Community Bank Cooroy branch celebrated its 21st birthday with a Spring Festival and Community Hero Awards in September 2023, and Marcoola celebrated 20 years in April & Tewantin in June 2024— 21st birthday celebrations for both branches to follow in 2025.

Event and Marketing Manager, Danah Wood, has made a huge impact on the business. Her skills at promoting the Community Bank message has seen the company promoted in all media across the coast and the message that at Bendigo Bank "we give back" is having an impact.

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Colleen Ginty is not only Administration Assistant to the board but also artistic curator for our three in-branch art galleries. The exhibition calendar is filled 18 months in advance and artists are thrilled with the ability to display and sell their work commission-free.

Lou Vincart has once again been an enormous support to the Finance Committee producing monthly reports and budgets as well as special projects.

I would like to thank all our staff for their commitment to community events and business promotions that have taken place this year. I acknowledge the time spent outside work hours connecting with our customers and sponsors and thank everyone for their time and commitment.

Community Contributions & Marketing

Along with sponsorship of \$1,243,250 we hosted the biggest events to date including *Amplify Your Impact*; a sold-out event at The J in Noosa where 400 attendees were energised and motivated by Samuel Johnson OAM and International speakers Amanda Stevens and Chris Helder. A red-carpet event at Noosa Arts Theatre saw a packed theatre (inside and out!) watch the six winning Sunny Coast Showdown short films. SCCFSL is the major sponsor of Sunny Coast Showdown, helping to develop the film industry on the Sunshine Coast.

At the start of the 2024 FY SCCFSL presented the Showdown team with \$200,000 towards the production of 6 short films and purchasing a van decked out with practical equipment for on-site filming. We finished the FY with the presentation of an additional \$100,000 at the Sunny Coast Showdown red carpet event in front of 700 guests. The additional funds are for the purchase of a truck and lighting equipment. The 2 vehicles and equipment enable the Showdown team to attract film productions to the coast thus increasing employment opportunities within the film industry.

This financial year Sunshine Coast Community Financial Services Limited (SCCFSL) proudly sponsored five Altitude Student scholarships and two individual sport sponsorships; Carla Papac, surf Ironwoman, and Nick Sloman who will be representing Australia at the 2024 Paris Olympics in the 10km Open Water Marathon.

In 2024, SCCFSL were finalists in the Sunshine Coast Business Awards retail category. Our written submission and face-to-face presentation enabled us to highlight the excellent customer service offered by our staff and the significant impact our sponsorships are having in the community.

Statistical Snapshot

	Footings (Book value in \$M)	Footings Growth (\$M)	Account Numbers	Customer Numbers	Counter Transactions
2015/16	330	26	12,869	9,194	75,675
2016/17	360	30	13,463	9,492	75,861
2017/18	403	43	14,669	10,377	78,783

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2018/19	456	53	16,125	11,016	82,295
2019/20	468	12	17,275	11,254	72,231
2020/21	556	87	18,478	11,906	71,486
2021/22	619	64	19,580	12,501	63,622
2022/23	600	-\$19	21,159	12,956	60,250
2023/24	642	42	Not available	14,865	61,316

Year-end 30th June 2024 Results - update

Profit after tax increased to \$464,595, a decrease of 25% on the previous year. Total Revenue was down \$535,096 despite footings increase of \$42m.

Financial Snapshot 2008/09 onwards

	Shareholder Dividends Cents per Share	Community Benefit \$000	Gross Revenue \$000	Profit pre-tax/ Community Benefit \$000	Profit before Tax \$000	Profit After Tax \$000
2008/9	5	45	1,757	297	252	169
2009/10	7.5	86	2,021	483	397	279
2010/11	8	91	2,200	418	327	224
2011/12	9.5	220	2,298	446	226	163
2012/13	8.15	198	2,389	486	288	200
2013/14	7.64	159	2,316	320	161	111
2014/15	6	128	2,430	340	212	147
2015/16	7	140	2,545	311	171	114
2016/17	6.5	214	2,740	486	272	183
2017/18	5	163	2,965	462	300	215
2018/19	4.5	180	3,217	473	293	204
2019/20	4.5	207	3,309	528	322	229
2020/21	4	77	3,218	259	262	182
2021/22	8	84	3,240	328	244	156
2022/23	8+4	1,731	5,335	2,556	826	620
2023/24	8+4	1,243	4,799	1888	644	465

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With thanks

And finally, thank you to our shareholders and customers who make it possible for SCCFSL to make such an enormous impact in our community. As I step down from the board on 30 June 2024, I wish to thank my fellow directors, Regional Manager Rohan Quirey and our Branch Managers and staff for their support and dedication to the business over the past 6 years. Whilst I may no longer be involved in company governance, I will proudly extoll the virtues of the Community Bank model as a customer and shareholder.



Trish Radge, Chair

Sunshine Coast Community Financial Services Limited

Community Bank Cooroy Manager's Report for year ending 30 June 2024

What a great year of growth for the Community Bank Cooroy!

Business results – Our overall Lending and Deposits book grew by just under \$23million, led by very strong deposits. Lending growth recovered well from a negative first half of the year, growing steadily in the new year with strong momentum into the new financial year.

Overall customer retention and growth has been strong at 5.05% (249 customers) with a large demographic of customer growth coming from students and young families providing good opportunities for business growth in coming years.

Just a couple of staffing changes at Community Bank Cooroy, as we said goodbye to Teagan and Elissa who are off on new adventures, and we've welcomed Georgia and Ross in the new year who both bring customer service skills from diverse backgrounds. I'm very proud of the team here and the positive culture we've nurtured. To Kristin, Meredith, Dayne, Stefan, Maria, Georgia and Ross... You guys rock! Thank you for all you do day in and day out.

Team focus has been on providing better in-depth conversations with our customers to uncover un-met needs and help our customers reach their financial goals sooner. Another great Customer Satisfaction score, achieving 4.81 out of a possible 5 for the full financial year.

I've greatly enjoyed being part of our community focus and we have positively supported many local organisations and charities over the past 12 months. Some notable local examples are funding construction of an indigenous yarning circle at the Butter Factory, our Company's ongoing sponsorship of the Art Exhibition and support for Hoofbeats Sanctuary, annual sponsorship of the Cooroy Golf club and signing on as 3-year major sponsor of the Cooroora United Football Club.

We are particularly proud to have funded a new floor at the Cooroy Badminton Club. This new floor is Olympic grade, and the club has since fielded multiple enquiries from national badminton teams seeking to base themselves in Cooroy ahead the 2032 Brisbane Olympic Games.

Here's to an awesome FY25.

Steve Clarke

Branch Manager



Sunshine Coast Community Financial Services Limited

Community Bank Marcoola Manager's Report for year ending 30 June 2024

The 2024 financial year was an exciting year for the Community Bank Marcoola.

The Branch celebrated being part of the local community for 20 years.

End of Financial Year saw the Business Book Value reach \$179.7 million.

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 can 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.

Sunshine Coast Community Financial Services Limited (SCCFSL) have long term sponsorships in place with many sporting bodies, the local state schools, Coolum Men's Shed, North Shore Community Centre, Coolum Theatre Players to name just a few.

I would like to thank the SCCFSL Events and Marketing Manager Danah Wood, Board Support Collen Ginty and the amazing support of the Directors. There are many hours of work they contribute to supporting us and our community groups.

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 includes Stephen Hutchings, Ned Sanford, Jeremy Foster and Branch Manager, Yariet Peers who commenced with the branch in July. I would like to thank them for their significant efforts during this past year.



Finally on behalf of the Community Bank Marcoola team, I would like to thank our shareholders and our customers for their continued support as they not only choose to bank with us but also act as our advocates in their daily dealings by recommending our Community

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Bank. The best compliment that you can give us is a referral to your family, friends, and business associates.

I wish Yariet and the Community Bank Marcoola Team all the very best for the upcoming year.

Thank you

Kerryn Vincart

Acting Branch Manager for a period of 2024 and Branch Manager Community Bank
Tewantin Noosa

Sunshine Coast Community Financial Services Limited

Community Bank Tewantin Noosa Manager's Report for year ending 30 June 2024

Another great year at Community Bank Tewantin Noosa Branch.

It's built on the fact we do business and remain connected and relevant to our community. Our Community Bank Tewantin Noosa Branch staff 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 \$211 million.

The successful year continued when we were able to return the income generated from our growth to our community in an array of community events and partnerships. Our Community Bank Tewantin Noosa Branch, its staff and Board have achieved outcomes that are relevant, whether it is partnering with Katie Rose Cottage Hospice providing a car to enable in home palliative care visits or providing scholarships to worthy students as part of Altitude Scholarships.

Our Company's support for the Sunny Coast Showdown, Noosa Arts Theatre, Noosa Chamber of Commerce, QCWA and Zonta Club of Noosa were all highlights during a very busy year. And the list of support continues beyond those listed here.

A very big thank you for support by an amazing group of people including the Board and its Chair, Trish Radge.

Thank you to our Marketing and Events Manager Danah Wood for the many, many hours of work contributing to supporting not only this branch but all the community groups we work with. Also Board Administrator Colleen Ginty.

Last but not least, my team of Selena, Kate, Martin, Matt, Lloyd, Thomas 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.



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To our shareholders and customers, the very biggest thanks of all for continuing to support and do business with Community Bank Tewantin Noosa 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

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ABN: 12 100 576 261

Financial Report

For the year ended

30 June 2024

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Directors' Report

The directors present their report together with the financial statements of the company for the financial year ended 30 June 2024

Directors

The directors of the company who held office during the financial year and to the date of this report are:

Guy Hamilton

Non-executive director

Occupation: Board & Business Adviser

Qualifications, experience and expertise: Guy has held multiple senior management roles in financial services associated with developing or restructuring businesses in 20+ countries covering segments from Consumer Finance through to Corporate and Institutional Banking. He has had a 35-year career with HSBC Group and lived and worked in 9 countries. He joined SCCFSL as a director in 2017.

Special responsibilities: Chair (from 1/7/2024), Human Resources Committee, Commercial Committee

Interest in shares: Nil share interest held

Rick Cooper

Non-executive director

Occupation: Retired

Qualifications, experience and expertise: Rick was National Manager for Australia's largest computer service company then Principal and owner of a successful Tewantin real estate business which was sold in 2007. Rick has held positions on multiple community boards. He joined SCCFSL as a director in 2006.

Special responsibilities: Deputy Chair, Finance Committee, Sponsorship and Marketing Committee, Human Resources Committee

Interest in shares: 30,983 ordinary shares

Toby Bicknell

Non-executive director

Occupation: Human Resources Consultant

Qualifications, experience and expertise: Since graduating from the University of NSW in 1989, Toby's business experience has included capital markets, financial services, telecommunications, healthcare, pharmaceuticals and more recently tourism, hospitality and leisure. Certificate of Governance Practice. He joined SCCFSL as a director in 2018.

Special responsibilities: Human Resources Committee, Commercial Committee, Sponsorship and Marketing Committee

Interest in shares: Nil share interest held

Mark Cameron (Appointed 31/1/2024)

Non-executive director

Occupation: Non-executive Director

Qualifications, experience and expertise: Mark has bachelor's degrees in commerce and in Economics and a Diploma in Financial Planning. He has more than 20 years of executive and board-level experience building, scaling, and transforming high growth and private-equity backed businesses, both within Australia and internationally has completed several corporate transactions in Australia and abroad. Mark is currently Executive Director of a family-owned accommodation group as well as President of Coolumb Business and Tourism Inc.

Special responsibilities: Commercial Committee

Interest in shares: Nil share interest held

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Directors' Report

Directors (*continued*)

Jennifer Walker (Appointed 31/1/2024)

Non-executive director

Occupation: Retired Governance and Management Consultant.

Qualifications, experience and expertise: Jenny is a retired governance and management consultant. Qualifications are B.Bus (Marketing, HR and Government), Dip Market Research, Dip Leadership, GAICD, FGIA. She has over 40 years experience in public and private sector and not for profit entities. She held CEO roles in Legacy Australia and Youturn.

Special responsibilities: Sponsorship and Marketing Committee

Interest in shares: Nil share interest held

Louise McNeich (Resigned 16/1/2024, Reappointed 1/8/2024)

Non-executive director

Occupation: Accountant

Qualifications, experience and expertise: Louise has a Masters in Professional Accounting and Diploma in Financial Planning. She is a member of the CPA Australia. With 20 years experience working in accounting firms in Noosa and Mackay, she currently is the principal of a local accounting firm, LMC Accounting and Financial Services, which she has owned for the last 11 years. She is currently Treasurer for Noosa Christian College P & F and has formerly held Treasurer roles with Noosa Chamber of Commerce and Noosa International Film Festival and was previously President of Cooroy Gymnastics Club.

Special responsibilities: Treasurer, Chair of Finance Committee

Interest in shares: Nil share interest held

Patricia Radge (Resigned 30/6/24)

Non-executive director

Occupation: Business Manager

Qualifications, experience and expertise: B.Bus., Personnel Management Graduates course, Certificate of Governance Practice. Trish is business owner and manager of The Chartist, a stock market advisory service based in Noosa. Trish's experience includes compliance, business management and small business development. She joined SCCFSL as a director in 2018.

Special responsibilities: Chair, Finance Committee, Commercial Committee, Human Resources Committee

Interest in shares: 24,850 ordinary shares

David Green (Passed away 2/6/2024)

Non-executive director

Occupation: Company Director

Qualifications, experience and expertise: Retired accountant after practising in the Noosa Heads area for 29 years. He joined SCCFSL as a director in 2017.

Special responsibilities: Company Secretary, Finance Committee

Interest in shares: 10,000 ordinary shares

Elizabeth Reynolds (Resigned 31/12/2023)

Non-executive director

Occupation: Retired Lawyer

Qualifications, experience and expertise: Elizabeth has been a director since 2013 and is Deputy Chair. Qualified as a Barrister & Solicitor Elizabeth has practised, as both, in commercial and corporate law in NZ, London and Australia. Until recently was the principal of Reynolds Lawyers. She has been an executive director of Tourism Noosa Ltd for many years and a director of the Noosa Biosphere Ltd. She joined SCCFSL as a director in 2014.

Special responsibilities: Deputy Chair, Chair Sponsorship and Marketing Committee

Interest in shares: Nil share interest held

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Directors' Report

Directors (*continued*)

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

No directors have material interest in contracts or proposed contracts with the company.

Company Secretary

The company secretary designate is Jennifer Walker, she was appointed to the position of secretary in July 2014 subsequent to the passing of David Green.

Principal activity

The principal activity of the company during the financial year was facilitating Community Bank services under a franchise agreement and associated management rights of Bendigo and Adelaide Bank Limited (Bendigo Bank).

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

Review of Operations

The company's operations has produced the following results:

	2024	2023		Movement	
	\$	\$	Up/Down	\$	%
Revenue	4,799,490	5,334,586	Down	(535,096)	-10%
Profit after income tax expense	464,594	619,548	Down	(154,954)	-25%
Total comprehensive income for the year attributable to the ordinary shareholders of the company	845,828	619,548	Up	226,280	37%

	2024	2023
	\$	\$
Profit (loss) after tax attributable to members reported for the 1st half year	347,016	815,398
Profit (loss) after tax attributable to members reported for the 2nd half year	117,578	(195,850)

Revenue for the 2024 financial year has reduced in comparison to the 2023 financial year due to the change in Funds Transfer Pricing (FTP) base rate on certain deposits from 1 July 2023. The Funds Transfer Pricing methodology is set by Bendigo Bank and as such SCCFSL has limited control over the impact that the FTP changes have on monthly revenue.

Operating and financial review

Overview of company

The company is a franchisee of Bendigo Bank providing financial products and services to individuals, businesses and organisations throughout the local area via the Cooroy, Tewantin & Marcoola Community Bank branches. While the branches offer the full suite of Bendigo & Adelaide Bank products and services, margin earnings from firstly loans and then deposits are the predominant contributor to company revenues and results.

Sunshine Coast Community Financial Services Limited

Directors' Report

Operating and financial review (*continued*)

Key Metrics

Five year summary of performance	Unit	2024	2023	2022	2021	2020
Operating revenue	\$	4,741,276	5,265,629	3,151,593	3,103,182	3,132,008
Earnings before interest, tax, depreciation, and amortisation	\$	906,915	1,056,615	569,590	559,138	653,978
Earnings before interest and tax	\$	700,212	876,527	316,644	341,030	431,904
Net profit after tax	\$	464,594	619,548	156,464	181,989	229,231
Total assets	\$	5,258,515	4,532,814	4,304,223	4,639,689	4,139,916
Total liabilities	\$	1,791,922	1,707,541	1,962,159	2,385,920	2,579,195
Total equity	\$	3,466,593	2,825,273	2,342,064	2,253,769	1,560,721
Net cash flow from operating	\$	1,380,277	679,963	373,763	386,771	591,218
Business footings ¹	\$m	642	600	619	556	468

Shareholder returns

Profit attributable to owners of the company	\$	464,594	619,548	156,464	769,739	229,231
Basic earnings per share	¢	27.26	36.35	9.18	10.68	13.45
Dividends paid	\$	204,508	136,339	68,169	76,691	76,691
Dividends per share	¢	12.00	8.00	4.00	4.50	4.50
Profit before tax per \$1 of revenue	¢	13.42	15.48	7.53	8.45	10.29
Profit after tax per \$1 of equity	¢	13.40	21.93	6.68	8.07	14.69
Net tangible assets per share	¢	211.48	175.42	145.95	137.76	82.00
Price earnings ratio	No.	2.57	1.62	8.71	7.49	7.21
Share price	¢	70.00	59.00	80.00	80.00	97.00

¹ This is a non-IFRS measure of the business domiciled to the company from the franchisor. The footings is the underlying business which generates revenue under the Franchise Agreement. Business footings include loans, deposits, wealth products, and other products and services.

Returns to shareholders increased through both dividends and capital growth. Dividends for 2024 were fully franked and it is expected that dividends in the future years will continue to be fully franked.

Financial Position

The company is delighted to report a net profit of \$464,594 (total comprehensive income of \$845,828) for the financial year ended 30 June 2024 (\$619,548 for 2023). All of this was achieved after \$1,243,250 was donated to our Community (2023: \$1,730,528). The financial position of the company remains relatively strong.

The cash and cash equivalents position of the company improved for the reporting year by \$230,131 for a year-end balance of \$374,398.

The company continues to build a resilient balance sheet, ending June 2024 with net assets of \$3,466,593.

Drivers of business performance

The benefit of increased business footings of \$42m was partially offset by the FTP decrease which resulted in reduced income being earned on these products.

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Directors' Report

Operating and financial review (*continued*)

Business strategies

The ability to grow revenues is limited to our ability to encourage product sales and balance sheet growth.

Whilst the board has high level of oversight of Branch operations, day to day management control of business activities, operations and growth, rests with Bendigo Bank management. Within this context, to address the current stage of development of the business and in recognition of the current financial circumstances, both in the economy and the observed impact upon the Bendigo profit share model, the Board has determined to continue the focus upon five broad directions:

1. Strengthening our connection and level of engagement between important stakeholders and partners.
2. Ensuring high standards of governance are attained to protect the business and ensure continuity in our community.
3. Defining our future board skill and diversity mix and a structure that will deliver our Strategic Plan.
4. Focussing our business on the most profitable growth opportunities using our own local marketing initiatives.
5. Planning to achieve business growth allowing greater contributions to our community.

Future outlook

The board believes there are opportunities to develop additional revenue through:

1. Acquiring additional customers through greater community based events and a focus on local businesses.
2. Improving the range and number of products and services, such as insurance, for each customer.

The board anticipates that current market conditions will remain challenging during the forthcoming financial year. In this environment the board will focus upon increasing the number of customers and the uptake of products and services, thereby further improving revenue flow and profitability.

Remuneration report

Key management personal remuneration policy

Director's fees remain consistent with prior years at \$1,000 per month excluding superannuation. This has not altered during the 2023/24 Financial Year.

Directors have the option not to accept the fees or to direct the fees to a charity of their choice. Non-executive directors do not receive performance-related compensation and are not provided with retirement benefits apart from statutory superannuation.

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Directors' Report

Remuneration report (*continued*)

Details of key management personnel

The directors of the company during the financial year were:

Guy Hamilton
Rick Cooper
Toby Bicknell
Mark Cameron
Jennifer Walker
Louise McNeich
Patricia Radge
David Green
Elizabeth Reynolds

Key management personnel compensation

Key management personnel compensation comprised the following.

	2024	2023
	\$	\$
Short-term employee benefits	82,500	74,235
Post-employment benefits	9,075	8,820
	<u>91,575</u>	<u>83,055</u>

Directors' interests

	Fully paid ordinary shares		
	Balance at start of the year	Changes during the year	Balance at end of the year
Guy Hamilton	-	-	-
Rick Cooper	30,093	-	30,093
Toby Bicknell	-	-	-
Jennifer Walker	-	-	-
Mark Cameron	-	-	-
Patricia Radge	24,850	-	24,850
The Estate of the late David Green	10,000	-	10,000
Louise McNeich	-	-	-
Elizabeth Reynolds	-	-	-

Dividends

	Year ended 30 June 2024	
	Cents	\$
- Fully franked dividends provided for and paid in the year	12.00	204,508

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the company that occurred during the financial year.

Sunshine Coast Community Financial Services Limited

Directors' Report

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Likely developments

No matter, circumstance or likely development in operations has arisen during or since the end of the financial year that has significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company.

Environmental regulation

The company is not subject to any significant environmental regulation.

Directors' benefits

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 except as disclosed above and in note 30 to the financial statements. 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.

Shares under option

There were no unissued ordinary shares of the company under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of the company issued on the exercise of options during the year ended 30 June 2024 and up to the date of this report.

Indemnity and insurance of directors and officers

The company has indemnified all directors and management in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as directors or management of the company except where the liability arises out of conduct involving the lack of good faith.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Sunshine Coast Community Financial Services Limited

Directors' Report

Meetings of directors

The number of directors' meetings attended by each of the directors of the company during the financial year were:

E - eligible to attend

A - number attended

Guy Hamilton
Rick Cooper
Toby Bicknell
Jennifer Walker
Mark Cameron
Patricia Radge
The Estate of the late David Green
Louise McNeich
Elizabeth Reynolds

Board Meetings Attended	
<u>E</u>	<u>A</u>
11	8
11	10
11	10
5	5
5	5
11	11
11	10
5	5
6	1

The Board of Directors meets monthly, apart from January. All Directors are required to attend and are encouraged to do so. Additionally, the Board has four sub-committees which undertake detailed examination of relevant matters and subsequently report their findings to the main Board. These are:

1. The Finance Committee - responsible for closely tracking all financial matters related to SCCFSL, including compliance with all relevant regulatory and accounting standards. This committee meets monthly.
2. The Sponsorship and Marketing Committee - responsible for assessing sponsorship requests and managing the subsequent disbursement of sponsorships grants approved by the Board. This committee meets monthly.
3. The Commercial Committee - responsible for overseeing the commercial arrangements with Bendigo Bank under the Franchise Agreement. This includes leading any dispute resolution items should they arise. This is an ad hoc committee and meets when relevant matters arise.
4. The Human Resources Committee - which oversees all staff related matters relating to both SCCFSL employees and contractors as well as Bendigo Bank employees seconded to our branches. This is an ad hoc committee and meets when relevant matters arise.

All Directors are eligible to attend any sub-committee meeting in the course of exercising their directors' duties. To manage workloads each committee typically has three standing members. The Finance Committee and the Sponsorship and Marketing Committee have limited delegated authorities. Terms of Reference and Minutes of sub-committee meetings are kept in the Directors portal to allow full transparency for all Directors.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

Sunshine Coast Community Financial Services Limited

Directors' Report

Non audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non audit services provided during the year are set out in note 29 to the accounts.

The board of directors has considered the non-audit services provided during the year by the auditor and are satisfied that the provision of the non-audit services is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the board of directors to ensure they do not impact on the impartiality, integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing risks and rewards.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors



Louise McNeich, Treasurer

13 September 2024



Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
ABN: 65 684 604 390
afs@afsbendigo.com.au
03 5443 0344

Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Sunshine Coast Community Financial Services Limited

As lead auditor for the audit of Sunshine Coast Community Financial Services Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart'.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 13 September 2024

A handwritten signature in black ink, appearing to be a stylized 'JG'.

Joshua Griffin
Lead Auditor

Sunshine Coast Community Financial Services Limited

Statement of Profit or Loss and Other

Comprehensive Income

for the year ended 30 June 2024

	Note	2024 \$	2023 \$
Revenue from contracts with customers	7	4,741,276	5,265,629
Other revenue	8	57,221	68,475
Finance revenue	9	993	482
Total revenue		4,799,490	5,334,586
Employee benefit expenses	10	(1,908,358)	(1,763,546)
Advertising and marketing costs		(96,645)	(130,627)
Occupancy and associated costs		(63,787)	(70,219)
Systems costs		(109,723)	(117,056)
Depreciation and amortisation expense	10	(206,703)	(180,088)
Finance costs	10	(55,913)	(50,534)
General administration expenses		(470,812)	(465,995)
Total expenses before community contributions and income tax		(2,911,941)	(2,778,065)
Profit before community contributions and income tax expense		1,887,549	2,556,521
Community contributions and sponsorships expense	10	(1,243,250)	(1,730,528)
Profit before income tax expense		644,299	825,993
Income tax expense	11	(179,705)	(206,445)
Profit after income tax expense		464,594	619,548
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain on the revaluation of land and buildings, net of tax		381,234	-
Other comprehensive income for the year, net of tax		381,234	-
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		845,828	619,548
Earnings per share		¢	¢
- Basic and diluted earnings per share:	31	27.26	36.35

The accompanying notes form part of these financial statements

Sunshine Coast Community Financial Services Limited

Statement of Financial Position

as at 30 June 2024

	Note	2024 \$	2023 \$
ASSETS			
Current assets			
Cash and cash equivalents	12	374,938	144,807
Trade and other receivables	13	253,042	320,811
Investments	14	15,147	14,778
Total current assets		643,127	480,396
Non-current assets			
Property, plant and equipment	15	4,223,429	3,807,767
Right-of-use assets	16	227,204	231,825
Intangible assets	17	164,755	12,826
Total non-current assets		4,615,388	4,052,418
Total assets		5,258,515	4,532,814
LIABILITIES			
Current liabilities			
Trade and other payables	18	792,559	34,333
Current tax liabilities	11	14,260	91,675
Loans and borrowings	19	138,964	148,736
Lease liabilities	20	39,543	23,142
Employee benefits	21	3,602	-
Total current liabilities		988,928	297,886
Non-current liabilities			
Trade and other payables	18	85,940	-
Loans and borrowings	19	75,640	872,008
Lease liabilities	20	319,366	341,873
Provisions		19,730	18,730
Deferred tax liability	11	302,318	177,044
Total non-current liabilities		802,994	1,409,655
Total liabilities		1,791,922	1,707,541
Net assets		3,466,593	2,825,273
EQUITY			
Issued capital	22	1,623,067	1,623,067
Reserves	23	968,984	587,750
Retained earnings		874,542	614,456
Total equity		3,466,593	2,825,273

The accompanying notes form part of these financial statements

Sunshine Coast Community Financial Services Limited

Statement of Changes in Equity

for the year ended 30 June 2024

	Note	Issued capital \$	Reserves \$	Retained earnings \$	Total equity \$
Balance at 1 July 2022		1,623,067	587,750	131,247	2,342,064
Profit after income tax expense		-	-	619,548	619,548
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the year		-	-	619,548	619,548
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	25	-	-	(136,339)	(136,339)
Balance at 30 June 2023		1,623,067	587,750	614,456	2,825,273
Balance at 1 July 2023		1,623,067	587,750	614,456	2,825,273
Profit after income tax expense		-	-	464,594	464,594
Other comprehensive income, net of tax			381,234	-	-
Total comprehensive income for the year		-	381,234	464,594	845,828
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	25	-	-	(204,508)	(204,508)
Balance at 30 June 2024		1,623,067	968,984	874,542	3,085,359

The accompanying notes form part of these financial statements

Sunshine Coast Community Financial Services Limited

Statement of Cash Flows

for the year ended 30 June 2024

	Note	2024 \$	2023 \$
Cash flows from operating activities			
Receipts from customers		5,328,360	5,725,856
Payments to suppliers and employees		(3,656,631)	(4,856,515)
Interest received		993	482
Interest paid		(39,645)	(33,730)
Income taxes paid		(252,800)	(156,130)
Net cash provided by operating activities	28	1,380,277	679,963
Cash flows from investing activities			
Payments for property, plant and equipment		(60,955)	(152,717)
Redemption of/(investment in) term deposits		(369)	(17)
Payments for intangible assets		(39,064)	(13,184)
Net cash used in investing activities		(100,388)	(165,918)
Cash flows from financing activities			
Repayment of loans and borrowings		(806,140)	(278,760)
Repayment of lease liabilities		(39,110)	(36,861)
Dividends paid	25	(204,508)	(136,339)
Net cash used in financing activities		(1,049,758)	(451,960)
Net cash increase in cash held		230,131	62,085
Cash and cash equivalents at the beginning of the financial year		144,807	82,722
Cash and cash equivalents at the end of the financial year	12	374,938	144,807

The accompanying notes form part of these financial statements

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2024

Note 1	Reporting entity
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This is the financial report for Sunshine Coast Community Financial Services Limited (the company). The company is a for profit entity limited by shares, and incorporated and domiciled in Australia. The registered office and principal place of business is:

Registered Office	Principal Place of Business
114 Poinciana Avenue TEWANTIN QLD 4565	114 Poinciana Avenue TEWANTIN QLD 4565

Further information on the nature of the operations and principal activity of the company is provided in the directors' report.

Note 2	Basis of preparation and statement of compliance
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The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The financial statements have been prepared on an accrual and historical cost basis, except for certain properties, financial instruments, and equity financial assets that are measured at revalued amounts or fair values at the end of each reporting period. The financial report is presented in Australian dollars and all values are rounded to the nearest dollar, unless otherwise stated.

The company has demonstrated strong financial performance, including a profit of \$464,594 and operating cash flows of \$1,380,277. However, the company has reported a working capital deficiency as of 30 June 2024, where current liabilities exceed current assets by \$345,801. The board has taken proactive measures by paying down loans ahead of schedule to reduce interest expenses and maintains access to \$831,846 of undrawn loan facilities (refer to note 27), which can be utilised if needed. As a result, the directors have a reasonable expectation that the company has adequate resources to pay its debts as and when they fall due for the foreseeable future. For these reasons, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

These financial statements for the year ended 30 June 2024 were authorised for issue in accordance with a resolution of the directors.

Note 3	Material accounting policy information
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The accounting policies that are material to the company are set out either in the respective notes or below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

Adoption of new and revised accounting standards

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current financial year. A description of the impact of new or amended Accounting Standards and Interpretations that have had a material impact on the company during the current financial year is outlined below:

AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* is mandatory for annual reporting periods beginning on or after 1 January 2023 and was adopted by the company in the preparation of the 30 June 2024 financial statements.

AASB 2021-2 includes amendments to AASB 101 *Presentation of Financial Statements*, requiring the company to disclose material accounting policy information in its financial statements rather than significant accounting policies which was required in previous financial years. Accounting policy information is material if it, when considered with other information, could reasonably be expected to influence decisions of primary users based on the financial statements.

Adoption of AASB 2021-2 has had no impact on the numerical information disclosed in the company's financial statements. Rather, adoption has required the company to remove significant accounting policy information from the notes to the financial statements that is not considered material.

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2024

Note 3 Material accounting policy information (*continued*)

Accounting standards issued but not yet effective

An assessment of accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to the company has been performed. No new or amended Accounting Standards or Interpretations that are not mandatory have been early adopted, nor are they expected to have a material impact on the company in future financial years.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

Impairment of non-financial assets

At each reporting date, the company reviews the carrying amounts of its tangible assets and intangible asset to determine whether there is any indication those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Note 4 Significant accounting judgements, estimates, and assumptions

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. The directors continually evaluate their judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses.

The directors base their judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events that it believes to be reasonable under the circumstances. Differences between the accounting judgements and estimates and actual results and outcomes are accounted for in future reporting periods. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Timing of revenue recognition associated with trail commission

The company receives trailing commission from Bendigo Bank for products and services sold. Ongoing trailing commission payments are recognised on a monthly basis when earned as there is insufficient detail readily available to estimate the most likely amount of revenue without a high probability of significant reversal in a subsequent reporting period. The receipt of ongoing trailing commission revenue is outside the control of the company.

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2024

Note 4 Significant accounting judgements, estimates, and assumptions (*continued*)

Judgements (*continued*)

Allowance for expected credit losses on trade and other receivables (continued)

The company has not recognised an allowance for expected credit losses in relation to trade and other receivables for the following reasons:

- The company's trade receivables are limited to the monthly profit share distribution from Bendigo Bank, which is received 10 business days post month end.
- The credit risk (i.e. the risk that a customer will not make repayments) is for Bendigo Bank to bear as long as the company has complied with the appropriate procedures and relevant obligations and has not exercised a discretion in granting or extending credit. The directors are not aware of any such non-compliance at balance date.
- The company has reviewed credit ratings provided by Standard & Poors, Moody's and Fitch Ratings to determine the level of credit exposure to the company.
- The company has not experienced any instances of default in relation to receivables owed to the company from Bendigo Bank.

Fair value measurement hierarchy

The company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: inputs are based on the quoted market price at the close of business at the end of the reporting period
- Level 2: inputs are based on a valuation performed by a third party qualified valuer using quoted prices for similar assets in an active market
- Level 3: unobservable inputs for the asset or liability.

Impairment of non-financial assets

The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions. The directors did not identify any impairment indications during the financial year.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term.

In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the company's operations, comparison of terms and conditions to prevailing market rates, incurrence of significant penalties, existence of significant leasehold improvements and the costs and disruption to replace the asset. The company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

The company includes extension options applicable to the lease of branch premises in its calculations of both the right-of-use asset and lease liability except where the company is reasonably certain it will not exercise the extension option. This is due to the significant disruption of relocating premises and the loss on disposal of leasehold improvements fitted out in the leased premises.

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2024

Note 4 Significant accounting judgements, estimates, and assumptions (*continued*)

Estimates and assumptions

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 finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives or assets that have been abandoned or sold will be written off or written down.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, which is generally the case for the company's lease agreements, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. This rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Note 5 Economic dependency

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank. The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry in March 2028.

The company operates as a franchise of Bendigo Bank, using the name "Bendigo Bank" and the logo and system of operations of Bendigo Bank. The company manages the Community Bank on behalf of Bendigo Bank, however all transactions with customers conducted through the Community Bank are effectively conducted between the customers and Bendigo Bank.

All deposits are made with Bendigo Bank, and all personal and investment products are products of Bendigo Bank, 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 Bank, must be approved by Bendigo Bank. All credit transactions are made with Bendigo Bank, and all credit products are products of Bendigo Bank.

The company promotes and sells the products and services, but is not a party to the transaction.

The credit risk (i.e. the risk that a customer will not make repayments) is for Bendigo Bank to bear as long as the company has complied with the appropriate procedures and relevant obligations and has not exercised a discretion in granting or extending credit.

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2024

Note 5 Economic dependency (*continued*)

Bendigo Bank provides significant assistance in establishing and maintaining the Community Bank 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 and assistance in relation to:

- the design, layout and fit out of the Community Bank premises
- training for the branch manager 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
- sales techniques and proper customer relations
- providing payroll services.

Note 6 Change to comparative figures

Classification of term deposits

During the year the directors reviewed the requirements of AASB 107 *Statement of Cash Flows* and noted term deposits normally qualify as a cash and cash equivalent only when they have initial investment periods of three months or less. In previous financial years the company classified all term deposits as cash and cash equivalents in the preparation of the financial statements even if they had initial investment periods greater than three months.

In the preparation of the financial statements for the current financial year, the directors updated its accounting policy to align to the requirements of AASB 107, restating comparative figures to reclassify term deposits with initial investment periods greater than three months as current investments instead of cash and cash equivalents in the Statement of financial position.

The change in classification had the following impacts on comparative figures:

- Cash and cash equivalents decreased and investments increased by \$14,778 at 30 June 2023 as reported in the Statement of financial position.
- Opening and closing cash balances were reduced to exclude term deposits with initial investment periods greater than three months as reported in the Statement of cash flows.
- Investments in and redemptions of term deposits with initial investment periods greater than three months are now classified within investment activities as reported in the Statement of cash flows.

The change in classification had no impact on the company's net profit or net asset position.

Calculation of right-of-use asset cost and accumulated depreciation

On adoption of AASB 16 *Leases* on 1 July 2019, the company previously recognised the right-of-use asset cost and accumulated depreciation on a gross basis from the commencement of the lease as if AASB 16 had always been applied by the company.

During the financial year the company recorded a change in accounting policy, whereby it elected to recognise the right-of-use asset net of accumulated depreciation on initial adoption of AASB 16. The change in accounting policy had no impact on the company's net profit or net asset position, however it did reduce the company's right-of-use asset cost and accumulated depreciation at 30 June 2023 by \$158,052.

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2024

Note 7 Revenue from contracts with customers

	2024 \$	2023 \$
Revenue:		
- Revenue from contracts with customers	4,741,276	5,265,629
	<u>4,741,276</u>	<u>5,265,629</u>
<i>Disaggregation of revenue from contracts with customers</i>		
At a point in time:		
Margin income	4,223,787	4,780,235
Fee income	250,892	249,568
Commission income	266,597	235,826
	<u>4,741,276</u>	<u>5,265,629</u>

The company has entered into a franchise agreement with Bendigo Bank. The company delivers banking and financial services of Bendigo Bank to its community. The franchise agreement provides for a share of interest, fee, and commission revenue earned by the company. Interest margin share is based on a funds transfer pricing methodology which recognises that income is derived from deposits held, and that loans granted incur a funding cost. Fees are based on the company's current fee schedule and commissions are based on the agreements in place. All margin revenue is recorded as non-interest income when the company's right to receive the payment is established.

The company acts as an agent under the franchise agreement and revenue arises from the rendering of services through its franchise agreement.

Revenue is recognised on an accruals basis, at the fair value of consideration specified in the franchise agreement, as follows:

<u>Revenue</u>	<u>Includes</u>	<u>Performance obligation</u>	<u>Timing of recognition</u>
Franchise agreement profit share	Margin, commission, and fee income	When the company satisfies its obligation to arrange for the services to be provided to the customer by the supplier (Bendigo Bank as franchisor).	On completion of the provision of the relevant service. Revenue is accrued monthly and paid within 10 business days after the end of each month.

All revenue is stated net of the amount of Goods and Services Tax (GST). There was no revenue from contracts with customers recognised over time during the financial year.

Revenue calculation

The franchise agreement provides that three forms of revenue may be earned by the company – margin, commission and fee income. Bendigo Bank decides the form of revenue the company earns on different types of products and services. The revenue earned by the company is dependent on the business that it generates.

Margin income

Margin on core banking products is arrived at through the following calculation:

- Interest paid by customers on loans less interest paid to customers on deposits
- plus any deposit returns i.e. interest return applied by Bendigo Bank for a deposit
- *minus* any costs of funds i.e. interest applied by Bendigo Bank to fund a loan.

The company is entitled to a share of the margin earned by Bendigo Bank. If this reflects a loss, the company incurs a share of that loss.

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2024

Note 7 Revenue from contracts with customers (continued)

Commission income

Commission income is generated from the sale of products and services. This commission is recognised at a point in time which reflects when the company has fulfilled its performance obligation. Refer to note 4 for further information regarding key judgements applied by the directors in relation to the timing of revenue recognition from trail commission.

Fee income

Fee income is a share of what is commonly referred to as 'bank fees and charges' charged to customers by Bendigo Bank including fees for loan applications and account transactions.

Core banking products

Bendigo Bank has identified some products and services as 'core banking products'. It may change the products and services which are identified as core banking products by giving the company at least 30 days notice. Core banking products currently include Bendigo Bank branded home loans, term deposits and at call deposits.

Ability to change financial return

Under the franchise agreement, Bendigo Bank may change the form and amount of financial return the company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo Bank earns revenue.

The change may be to the method of calculation of margin, the amount of margin, commission and fee income or a change of a margin to a commission or vice versa. This may affect the amount of revenue the company receives on a particular product or service.

Bendigo Bank must not reduce the margin and commission the company receives on core banking products and services to less than 50% (on an aggregate basis) of Bendigo Bank's margin at that time. For other products and services, there is no restriction on the change Bendigo Bank may make.

Note 8 Other revenue

	2024	2023
	\$	\$
Rental income	49,620	47,147
Other income	7,601	21,328
	<u>57,221</u>	<u>68,475</u>

All revenue is stated net of the amount of Goods and Services Tax (GST).

Note 9 Finance revenue

	2024	2023
	\$	\$
Cash at bank	624	422
Term deposits	369	17
Other	-	43
	<u>993</u>	<u>482</u>

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2024

Note 10 Expenses

Employee benefit expenses	2024 \$	2023 \$
Wages and salaries	1,576,863	1,448,066
Contributions to defined contribution plans	184,856	157,966
Other expenses	146,639	157,514
	<u>1,908,358</u>	<u>1,763,546</u>

Accounting policy for employee benefits

The company seconded employees from Bendigo and Adelaide Bank Limited. The total cost of these employees, including an allowance for accrued annual and long service leave, is charged to the company by Bendigo and Adelaide Bank Limited by offsetting against the monthly profit share arrangement. The company recognises these costs as an expense on a monthly basis.

Depreciation and amortisation expense	2024 \$	2023 \$
<i>Depreciation of non-current assets:</i>		
Buildings	62,771	62,771
Leasehold improvements	23,908	15,667
Plant and equipment	66,927	52,996
	<u>153,606</u>	<u>131,434</u>

Depreciation of right-of-use assets

Leased land and buildings	22,244	20,479
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Amortisation of intangible assets:

Franchise fee	30,853	28,175
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Total depreciation and amortisation expense	<u>206,703</u>	<u>180,088</u>
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Finance costs

Bank loan interest paid or accrued	39,645	33,730
Lease interest expense	15,436	16,317
Unwinding of make-good provision	832	487
	<u>55,913</u>	<u>50,534</u>

Finance costs are recognised as expenses when incurred using the effective interest rate.

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2024

Note 10 Expenses (*continued*)

Charitable donations, sponsorship, advertising and promotion

The overarching philosophy of the Community Bank model, is to support the local community in which the company operates. This is achieved by circulating the flow of financial capital into the local economy through community contributions (such as sponsorships, grants and donations).

	Note	2024 \$	2023 \$
Direct sponsorships, grants and donations		743,250	443,528
Contribution to the Community Enterprise Foundation™		500,000	1,287,000
		<u>1,243,250</u>	<u>1,730,528</u>

The funds contributed are held by the Community Enterprise Foundation (CEF) and are available for distribution as grants to eligible applicants for a specific purpose in consultation with the directors.

When the company pays a contribution in to the CEF, the company loses control over the funds at that point. While the directors are involved in the payment of grants, the funds are not refundable to the company.

Note 11 Income tax expense

Amounts recognised in profit or loss	2024 \$	2023 \$
<i>Current tax expense/(credit)</i>		
Current tax	181,509	215,645
Movement in deferred tax	125,274	(9,200)
Deferred tax through OCI	(127,078)	-
	<u>179,705</u>	<u>206,445</u>

Prima facie income tax reconciliation

	2024 \$	2023 \$
Operating profit before taxation	644,299	825,993
Prima facie tax on profit/(loss) from ordinary activities at 25% (2023: 25%)	161,075	206,498
Tax effect of:		
Non-deductible expenses	18,630	17,040
Other deductible expenses	-	(6,814)
Temporary differences	-	(1,079)
Movement in deferred tax	-	(9,200)
	<u>179,705</u>	<u>206,445</u>

Deferred tax

	2024 \$	2023 \$
<i>Deferred tax assets</i>		
expense accruals	1,350	1,300
employee provisions	-	-
make-good provision	4,933	4,683
lease liability	89,727	91,254
carried-forward capital losses	43,278	43,278
Total deferred tax assets	<u>139,288</u>	<u>140,515</u>

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2024

Note 11 Income tax expense (*continued*)

Deferred tax liabilities

deductible prepayments	2,127	1,917
property, plant and equipment	382,678	257,685
right-of-use assets	56,801	57,957
Total deferred tax liabilities	441,606	317,559
Deferred taxes brought to account	-	-
Net deferred tax assets (liabilities)	(302,318)	(177,044)

Current tax

	2024	2023
	\$	\$
Income tax payable/(refundable)	14,260	91,675

Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Accounting policy for current tax

Current tax assets and liabilities are measured at amounts expected to be recovered from or paid to the taxation authorities. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Accounting policy for deferred tax

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Note 12 Cash and cash equivalents

	2024	2023
	\$	\$
Cash at bank and on hand	374,938	144,807

Note 13 Trade and other receivables

	2024	2023
	\$	\$
Trade receivables	242,033	297,048
Prepayments	8,509	7,993
Other receivables and accruals	2,500	15,770
	253,042	320,811

Note 14 Investments

	2024	2023
	\$	\$
Term deposits	15,147	14,778

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2024

Note 15 Property, plant and equipment

	2024 \$	2023 \$
<i>Land</i>		
At fair value	990,000	665,000
<i>Buildings</i>		
At fair value	2,300,000	2,490,843
Less: accumulated depreciation and impairment	-	(311,385)
	2,300,000	2,179,458
<i>Leasehold improvements</i>		
At cost	708,832	708,832
Less: accumulated depreciation and impairment	(83,867)	(59,959)
	624,965	648,873
<i>Plant and equipment</i>		
At cost	931,704	870,749
Less: accumulated depreciation and impairment	(623,240)	(556,313)
	308,464	314,436
Total written down amount	4,223,429	3,807,767

Reconciliations of the carrying values at the beginning and end of the current and previous financial year are set out below:

	2024 \$	2023 \$
<i>Land</i>		
Carrying amount at beginning	665,000	665,000
Revaluation	325,000	-
	990,000	665,000
<i>Buildings</i>		
Carrying amount at beginning	2,179,458	2,242,229
Depreciation	(62,771)	(62,771)
Revaluation	183,313	-
	2,300,000	2,179,458
<i>Leasehold improvements</i>		
Carrying amount at beginning	648,873	575,484
Additions	-	89,056
Depreciation	(23,908)	(15,667)
	624,965	648,873

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2024

Note 15 Property, plant and equipment (*continued*)

Plant and equipment

Carrying amount at beginning	314,436	311,773
Additions	60,955	63,660
Disposals	-	(8,001)
Depreciation	(66,927)	(52,996)
	<u>308,464</u>	<u>314,436</u>
Total written down amount	<u>4,223,429</u>	<u>3,807,767</u>

Accounting policy for property, plant and equipment

During the year ended 30 June 2024, the company requested an independent valuation of land and buildings measured at fair value. The valuation was dated 5 July 2024 however the valuer confirmed the fair value determined reflected the properties fair value at 30 June 2024. The company recognised a revaluation increment of \$381,234 in the statement of profit or loss and other comprehensive income.

Property, plant and equipment are measured at cost or fair value as applicable, less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a diminishing value/straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

<u>Asset class</u>	<u>Method</u>	<u>Useful life</u>
Building	Straight-line	40 years
Leasehold improvements	Straight-line	over the lease term
Plant and equipment	Straight-line and diminishing value	2 to 20 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 16 Right-of-use assets

	2024	2023
	\$	\$
<i>Leased land and buildings</i>		
At cost	321,851	307,134
Less: accumulated depreciation and impairment	(94,647)	(75,309)
Total written down amount	<u>227,204</u>	<u>231,825</u>

Reconciliations of the carrying values at the beginning and end of the current and previous financial year are set out below:

	2024	2023
	\$	\$
<i>Leased land and buildings</i>		
Carrying amount at beginning	231,825	203,517
Remeasurement adjustments	17,623	48,787
Depreciation	(22,244)	(20,479)
	<u>227,204</u>	<u>231,825</u>
Total written down amount	<u>227,204</u>	<u>231,825</u>

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2024

Note 16 Right-of-use assets (*continued*)

Accounting policy for right-of-use assets

Right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability adjusted for costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease. Right-of-use assets are subject to impairment and are adjusted for any remeasurement of lease liabilities.

Refer to note 20 for more information on lease arrangements.

Note 17 Intangible assets

	2024 \$	2023 \$
<i>Franchise fee</i>		
At cost	905,849	723,067
Less: accumulated amortisation and impairment	(741,094)	(710,241)
Total written down amount	<u>164,755</u>	<u>12,826</u>

Reconciliations of the carrying values at the beginning and end of the current and previous financial year are set out below:

Franchise fee

Carrying amount at beginning	12,826	41,001
Additions	182,782	-
Amortisation	(30,853)	(28,175)
Total written down amount	<u>164,755</u>	<u>12,826</u>

Accounting policy for intangible assets

Intangible assets of the company relate to the franchise fees paid to Bendigo Bank which conveys the right to operate the Community Bank franchise.

Intangible assets are measured on initial recognition at cost. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

The franchise fees for Marcoola & Cooroy were renewed during the prior period but recognised in the current period and will be amortised over 5 years until March 2028.

The Tewanin franchise fees were renewed during the current period and will be amortised over 3 years and 9 months until March 2028.

The franchise fees paid by the company are amortised over their useful life and assessed for impairment whenever impairment indicators are present.

The estimated useful life and amortisation method for the current and comparative periods are as follows:

<u>Asset class</u>	<u>Method</u>	<u>Useful life</u>
Franchise fee	Straight-line	Over the franchise term (5 years)

Amortisation methods, useful life, and residual values are reviewed at each reporting date and adjusted if appropriate.

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2024

Note 18 Trade and other payables

	2024	2023
	\$	\$
<i>Current liabilities</i>		
Trade creditors	665,716	14,024
Other payables and accruals	126,843	20,309
	<u>792,559</u>	<u>34,333</u>
<i>Non-current liabilities</i>		
Other payables and accruals	85,940	-
	<u>85,940</u>	<u>-</u>
	2024	2023
	\$	\$
<i>Financial liabilities at amortised cost classified as trade and other payables</i>		
Total trade and other payables	878,499	34,333
less other payables and accruals (net GST payable to the ATO)	(54,633)	71,006
	<u>823,866</u>	<u>105,339</u>

The current payables amount includes a \$550k donation to CEF and \$110k donation to a small community group, as well as the current portion owing for the intangibles.

Note 19 Loans and borrowings

<i>Current liabilities</i>					2024	2023
					\$	\$
Current portion of secured bank loans					138,964	148,736
					<u>138,964</u>	<u>148,736</u>
<i>Non-current liabilities</i>					2024	2023
					\$	\$
Secured bank loans					75,640	872,008
					<u>75,640</u>	<u>872,008</u>
<i>Terms and repayment schedule</i>						
	Nominal	Year of	30 June 2024		30 June 2023	
	interest rate	maturity	Face value	Carrying value	Face value	Carrying value
Secured bank loans	7.2%	2025	214,604	214,604	1,020,744	1,020,744

Note 20 Lease liabilities

	2024	2023
	\$	\$
<i>Current liabilities</i>		
Property lease liabilities	<u>39,543</u>	<u>23,142</u>
<i>Non-current liabilities</i>		
Property lease liabilities	<u>319,366</u>	<u>341,873</u>

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2024

Note 20 Lease liabilities (continued)

Reconciliation of lease liabilities

Balance at the beginning	365,015	345,573
Remeasurement adjustments	17,568	39,986
Lease interest expense	15,436	16,317
Lease payments - total cash outflow	(39,110)	(36,861)
	<u>358,909</u>	<u>365,015</u>

Accounting policy for lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially measured at the present value of the lease payments to be made over the term of the lease, including renewal options if the company is reasonably certain to exercise such options, discounted using the company's incremental borrowing rate.

The company has applied the following accounting policy choices in relation to lease liabilities:

- The company has elected not to separate lease and non-lease components when calculating the lease liability for property leases.
- The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases and low-value assets, which include the company's lease of information technology equipment. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Lease	Discount rate	Non-cancellable term	Renewal options	Reasonably certain to exercise options	Lease term end date used in calculations
Marcoola Branch	4.39%	5 years	2 x 5 years	Yes	March 2034

Note 21 Employee benefits

Current liabilities

	2024 \$	2023 \$
Provision for annual leave	<u>3,602</u>	<u>-</u>

Remeasurements are recognised in profit or loss in the period in which they arise.

Note 22 Issued capital

	2024		2023	
	Number	\$	Number	\$
Ordinary shares - fully paid	1,672,988	1,672,988	1,672,988	1,672,988
Bonus shares - fully paid (4:1)	31,250	-	31,250	-
Less: equity raising costs	-	(49,921)	-	(49,921)
	<u>1,704,238</u>	<u>1,623,067</u>	<u>1,704,238</u>	<u>1,623,067</u>

Accounting policy for issued capital

Ordinary shares are recognised at the fair value of the consideration received by the company being \$1 per share. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2024

Note 22 Issued capital (*continued*)

Rights attached to issued capital

Ordinary shares

Voting rights

Subject to some limited exceptions, each member has the right to vote at a general meeting.

On a show of hands or a poll, each member attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of shares held. However, where a person attends a meeting in person and is entitled to vote in more than one capacity (for example, the person is a member and has also been appointed as proxy for another member) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a member and one vote for each other member that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each member only one vote, regardless of the number of shares held, is to reflect the nature of the company as a community based company, by providing that all members of the community who have contributed to the establishment and ongoing operation of the Community Bank branch have the same ability to influence the operation of the company.

Dividends

Generally, dividends are payable to members in proportion to the amount of the share capital paid up on the shares held by them, subject to any special rights and restrictions for the time being attaching to shares. The franchise agreement with Bendigo Bank contains a limit on the level of profits or funds that may be distributed to shareholders. There is also a restriction on the payment of dividends to certain shareholders if they have a prohibited shareholding interest (see below).

Transfer

Generally, ordinary shares are freely transferable. However, the directors have a discretion to refuse to register a transfer of shares.

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the company's constitution and the *Corporations Act 2001*.

Prohibited shareholding interest

A person must not have a prohibited shareholding interest in the company.

In summary, a person has a prohibited shareholding interest if any of the following applies:

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").

As with voting rights, the purpose of this prohibited shareholding provision is to reflect the community-based nature of the company.

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and their associates) has a prohibited shareholding interest in are suspended.

The board has the power to request information from a person who has (or is suspected by the board of having) a legal or beneficial interest in any shares in the company or any voting power in the company, for the purpose of determining whether a person has a prohibited shareholding interest. If the board becomes aware that a member has a prohibited shareholding interest, it must serve a notice requiring the member (or the member's associate) to dispose of the number of shares the board considers necessary to remedy the breach. If a person fails to comply with such a notice within a specified period (that must be between three and six months), the board is authorised to sell the specified shares on behalf of that person. The holder will be entitled to the consideration from the sale of the shares, less any expenses incurred by the board in selling or otherwise dealing with those shares.

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2024

Note 22 Issued capital (*continued*)

Rights attached to issued capital (*continued*)

In the constitution, members acknowledge and recognise that the exercise of the powers given to the board may cause considerable disadvantage to individual members, but that such a result may be necessary to enforce the prohibition.

Note 23 Reserves

Nature and purpose of reserves

The revaluation reserve relates to the revaluation of property, plant and equipment and investment properties.

Disaggregation of reserve balances, net of tax

Reserves for the period ended 30 June 2024:

	Revaluation reserve	Total
	\$	\$
Balance at beginning of reporting period	587,750	587,750
Revaluation of property plant and equipment	381,234	381,234
Balance at end of reporting period	<u>968,984</u>	<u>968,984</u>

Reserves for the period ended 30 June 2023:

	Revaluation reserve	Total
	\$	\$
Balance at beginning of reporting period	587,750	587,750
Revaluation of property plant and equipment	-	-
Balance at end of reporting period	<u>587,750</u>	<u>587,750</u>

Note 24 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 distributions 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.

The distribution limit is the greater of:

- 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
- subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the company over that 12 month period where 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 for the year ended 30 June 2024 can be seen in the statement of profit or loss and other comprehensive Income.

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

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2024

Note 25 Dividends provided for or paid

Dividends provided for and paid during the period

The following dividends were provided for and paid to shareholders during the reporting period as presented in the statement of changes in equity and statement of cash flows.

	30 June 2024		30 June 2023	
	Cents	\$	Cents	\$
Fully franked dividend	12.00	204,508	8.00	136,339
Total dividends provided for and paid during the financial year	12.00	204,508	8.00	136,339

The tax rate at which dividends have been franked is 25%.

Franking account balance

Franking credits available for subsequent reporting periods

	2024	2023
	\$	\$
Franking account balance at the beginning of the financial year	423,969	355,676
Franking transactions during the financial year:		
- Franking credits (debits) arising from income taxes paid (refunded)	252,800	113,739
- Franking debits from the payment of franked distributions	(68,170)	(45,446)
Franking account balance at the end of the financial year	608,599	423,969
Franking transactions that will arise subsequent to the financial year end:		
- Franking credits (debits) that will arise from payment (refund) of income tax	14,288	91,675
Franking credits available for future reporting periods	622,887	515,644

The ability to utilise franking credits is dependent upon the company's ability to declare dividends. The tax rate at which future dividends will be franked is 25%.

Accounting policy for dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2024

Note 26 Financial instruments

The following shows the carrying amounts for all financial instruments at amortised costs. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	2024 \$	2023 \$
Financial assets			
Trade and other receivables	13	253,042	320,811
Cash and cash equivalents	12	374,938	144,807
Investments	14	15,147	14,778
		<u>643,127</u>	<u>480,396</u>
Financial liabilities			
Trade and other payables	18	823,866	105,339
Secured bank loans	19	214,604	1,020,744
Lease liabilities	20	358,909	365,015
		<u>1,397,379</u>	<u>1,491,098</u>

Note 27 Financial risk management

The company has exposure to credit, liquidity and market risk arising from financial instruments. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The company does not use derivative instruments.

Risk management is carried out directly by the board of directors.

a) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers and investments in debt securities.

The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank. The company monitors credit worthiness through review of credit ratings of the bank which currently rated A- on Standard & Poor's credit ratings.

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2024

Note 27 Financial risk management (continued)

b) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities. The company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The company maintains the following lines of credit with Bendigo Bank:

- \$831,846 redraw facility on \$214,604 commercial loan secured by the company's assets as at 30 June 2024. Interest is payable at a rate of 7.2% (2023: 6.77% - 7.01%)

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities. The contractual cash flows amounts are gross and undiscounted.

30 June 2024

<u>Financial liability</u>	<u>Carrying amount</u>	<u>Not later than 12 months</u>	<u>Contractual cash flows</u>	
			<u>Between 12 months and five years</u>	<u>Greater than five years</u>
Bank loans	214,604	138,964	75,640	-
Lease liabilities	358,909	39,543	173,786	145,581
Trade payables	878,499	792,559	85,940	-
	<u>1,452,012</u>	<u>971,066</u>	<u>335,366</u>	<u>145,581</u>

30 June 2023

<u>Financial liability</u>	<u>Carrying amount</u>	<u>Not later than 12 months</u>	<u>Contractual cash flows</u>	
			<u>Between 12 months and five years</u>	<u>Greater than five years</u>
Bank loans	1,020,744	148,736	594,931	277,077
Lease liabilities	365,015	38,704	161,923	262,579
Trade payables	34,333	34,333	-	-
	<u>1,420,092</u>	<u>221,773</u>	<u>756,854</u>	<u>539,656</u>

Market risk

Market risk is the risk that changes in market prices - e.g. foreign exchange rates, interest rates, and equity prices - will affect the company's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest-bearing assets and liabilities are held with Bendigo Bank and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk.

The company held cash and cash equivalents of \$374,938 at 30 June 2024 (2023: \$144,807).

In addition, the company has access to \$831,846 through a redraw from prepayments to its mortgage facilities (\$473,000 as at 30 June 2023).

Price risk

The company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. The company is not exposed to commodity price risk.

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2024

Note 28 Reconciliation of cash flows from operating activities

	2024 \$	2023 \$
Net profit after tax from ordinary activities	464,594	619,548
Adjustments for:		
- Depreciation	206,703	180,088
- Lease liabilities interest	15,463	16,317
- (Profit)/loss on disposal of non-current assets	-	8,002
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	67,769	(153,075)
- Increase/(decrease) in trade and other payables	700,534	(50,520)
- Increase/(decrease) in employee benefits	3,602	-
- Increase/(decrease) in provision for income tax	(1,805)	-
- Increase/(decrease) in provisions	832	9,288
- Increase/(decrease) in tax liabilities	(77,415)	50,315
Net cash flows provided by operating activities	<u>1,380,277</u>	<u>679,963</u>

Note 29 Auditor's remuneration

Amount received or due and receivable by the auditor of the company for the financial year.

	2024 \$	2023 \$
<i>Audit and review services</i>		
- Audit and review of financial statements	10,600	6,800
<i>Non audit services</i>		
- General advisory services	700	3,080
Total auditor's remuneration	<u>11,300</u>	<u>9,880</u>

Note 30 Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in the Remuneration Report within the directors report.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Terms and conditions of transactions with related parties

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

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2024

Note 30 Related party transactions (*continued*)

Transactions with related parties

The following transactions occurred with related parties:

	2024 \$	2023 \$
- A director's family member is on the board of a local community group which received a donation.	16,500	-
- The company used the design services of a family member of a director.	985	-
- Louise McNeich rents out part of the Cooroy property owned by the company. Rent is commercial, the same the company was receiving from the previous tenant with annual CPI adjustments and adjusted to market value each option of renewal.	57,502	4,021
Total transactions with related parties	74,987	4,021

Note 31 Earnings per share

	2024 \$	2023 \$
Profit attributable to ordinary shareholders	464,594	619,548
Weighted-average number of ordinary shares	Number 1,704,238	Number 1,704,238
Basic and diluted earnings per share	27.26	36.35

Accounting policy for earnings per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of the company, by the weighted average number of ordinary shares outstanding during the financial year.

Note 32 Commitments

The company has no commitments contracted for which would be provided for in future reporting periods.

Note 33 Contingencies

There were no contingent liabilities or contingent assets at the date of this report.

Note 34 Events after the reporting period

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Sunshine Coast Community Financial Services Limited

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.

<u>Number of shares held</u>	Number of shareholders	Number of shares held
1 to 1,000	339	209,613
1,001 to 5,000	224	477,824
5,001 to 10,000	35	251,209
10,001 to 100,000	28	765,592
100,001 and over	-	-
Total shareholders	626	1,704,238
Shareholders holding less than a marketable parcel of shares (\$500 in value)	248	120,690

Equity securities

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

There are no substantial shareholders (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.

There are 248 shareholders holding less than a marketable parcel of shares (\$500 in value).

There are no restricted securities on issue.

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 including equal holdings.

<u>Shareholder</u>	Number of fully paid shares held	Percentage of issued capital
MS LYNDAL JANE BROWN	92,776	5.44
NORTHERN SUBURBS SECRETARIAL SERVICES PTY LTD <JULETON A/C>	87,088	5.11
SCIPIO NOMINEES PTY LTD	80,200	4.71
MS ALISON DIANNE COMBER	50,774	2.98
THOMAS LEIGH PTY LTD <THE WARING FAMILY SUPERANNUATION FUND>	37,324	2.19
WINPAR HOLDINGS LIMITED	33,725	1.98
ZEDMONT PTY LTD <COOPER COLLINS SUPERFUND>	30,093	1.77
WILLEY MCBRYDE PTY LTD <THE WILLEY MCBRYDE SUPERANNUATION FUND>	30,000	1.76
JAMES HOWARD BELL	25,000	1.47
RAINMAKER TRADING PTY LIMITED <THE RADGE FAMILY SUPERANNUATION FUND>	24,850	1.46
	491,830	

Registered office and principal administrative office

The registered office of the company is located at:

114 Poinciana Avenue
Tewantin QLD 4565
Phone: (07) 5440 5289

The principal administrative office of the company is located at:

114 Poinciana Avenue
Tewantin QLD 4565
Phone: (07) 5440 5289

Security register

The security register (share register) is kept at:

RSD Registry
PO Box 30 Bendigo VIC 3552
Phone: (03) 5445 4222
Email: shares@rsdregistry.com.au

Corporate governance

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

- (a) The establishment of an Audit and Governance Committee. Members of the Audit and Governance Committee are Louise McNeich, Rick Cooper and Mark Cameron.
- (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.

Sunshine Coast Community Financial Services Limited

Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- the company does not have any controlled entities and is not required by the Accounting Standards to prepare consolidated financial statements. Therefore, a consolidated entity disclosure statement has not been included as section 295(3A)(a) of the *Corporations Act 2001* does not apply to the entity.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.



Louise McNeilch, Treasurer

13 September 2024



Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
ABN: 65 684 604 390
afs@afsbendigo.com.au
03 5443 0344

Independent auditor's report to the Directors of Sunshine Coast Community Financial Services Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Sunshine Coast Community Financial Services Limited (the company), which comprises:

- Statement of financial position as at 30 June 2024
- Statement of profit or loss and other comprehensive income for the year then ended
- Statement of changes in equity for the year then ended
- Statement of cash flows for the year then ended
- Notes to the financial statements, including material accounting policies
- The directors' declaration.

In our opinion, the accompanying financial report of Sunshine Coast Community Financial Services Limited, is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the company's financial position as at 30 June 2024 and of its financial performance for the year ended; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our key audit procedures addressed this
<p>Revenue Share Model</p> <p>The company is a franchise of Bendigo Bank. The franchise agreement provides for a share of interest, fee, and commission revenue earned by the company. Interest margin share is based on a funds transfer pricing methodology which recognises that income is derived from deposits held, and that loans granted incur a funding cost. Fees are based on the company's current fee schedule and commissions are based on the agreements in place. All margin revenue is recorded as non-interest income when the company's right to receive the payment is established.</p> <p>The company receives the Revenue Share from Bendigo Bank via a monthly profit share statement.</p> <p>Our key audit matter was focused on the following areas of risk:</p> <ul style="list-style-type: none">Revenue is recognised appropriately and in line with AASB 15 Revenue from Contracts with Customers.Reliance on third party auditor EY to review the revenue share model.	<ul style="list-style-type: none">Review monthly profit share statements for the entire year and analytically assess the existence, accuracy and completeness of revenue.EY complete a Community Bank Revenue Share Arrangements report on factual findings biannually, which we plan to review and determine that the scope and testing procedures were sufficient to enable reliance on the monthly profit share reports specifically relating to revenue.

There are no other key audit matters to disclose for the 30 June 2024 audit.



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Other Information

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that it 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 is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.



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As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



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Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Sunshine Coast Community Financial Services Limited, for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart', is positioned above the name and contact details.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 13 September 2024

A handwritten signature in black ink, appearing to read 'Joshua Griffin', is positioned above the name and title.

Joshua Griffin
Lead Auditor

Sunshine Coast Community Financial Services Limited

Sponsorship Recipients for year ending 30 June 2024

Altitude Sponsorships	Noosa Australian Football Club Inc
Australian Volunteer Coast Guard Association	Noosa Barbell Club Inc
Business Mentoring Noosa	Noosa Biosphere
Carla Papac	Noosa Branch Little Athletics
Combined Coast Car Club	Noosa Chamber of Commerce
Cooloola Noosa Life Education Association Inc	Noosa District Rugby Union Dolphins
Coolum Arts Theatre	Noosa District State High School
Coolum Beach Surf Life Saving Club	Noosa FM Radio
Coolum Business and Tourism	Noosa Heads Jazz Club Inc
Coolum District Coast Care Inc	Noosa Heads Surf Life Saving Club
Coolum District Netball Association	Noosa Netball Association
Coolum HeARTS	Noosa Open Studios
Coolum Men's Shed	Noosa Prostate Association
Coolum State School P&C	Noosa SES
Coolum Wedge Inc	Noosa Swimming Club Inc
Cooriobah Rural Fire Brigade	Noosa World Surfing Reserve
Cooroora United Football Club	Noosaville Business Association
Cooroora Woodworkers Club Inc	North Arm Shotgun Association of Qld Inc
Cooroy Badminton Club	North Coast Active Riders Group
Cooroy Butter Factory Arts Centre	North Shore Community Centre
Cooroy Chamber of Commerce	Peregian Beach Surf Life Saving Club
Cooroy Golf Club	Peregian Digital Hub
Cooroy Horse and Pony Club	Permaculture Noosa Inc.
Cooroy Pomona Lions Club	Pomona and District Community
Cooroy Tennis Club	Pomona State School P&C
Dhakkan Mundagudda and Maroochy Project	Probus Club of Tewantin Noosa Inc
Eumundi State School P&C	PTSD Dogs Australia
Events for Greater Good Ltd	QCWA
Gam-Anon Maroochydhore	Red Frogs
Hoofbeats Sanctuary	Ridgewood Community Hall Association
Jennie Smith	Roadrunner Car Club
Katie Rose Cottage Hospice	Rotary Club of Cooroy
Kenilworth Bowling Club Inc	RSPCA
Kin Kin State School P&C	Sunny Coast Showdown
Marcoola Surf Life Saving Club	Sunshine Beach State School P&C
Mark Makers Art Studio	Sunshine Coast Screen Collective
Maroochy North Shore Lions Club and North Shore Community Centre	Tall Trees Art Inc
Mooloolaba Chamber of Commerce	Tewantin Heritage and Historical Society Inc
Mudjimba Beach Boardriders Club	Tewantin Noosa Garden Club Inc
Mudjimba Surf Life Saving Club	Tewantin State School
Nerve Connection Foundation Limited	Tinbeerwah Rural Fire Brigade
Nicholas Sloman	Twin Waters Residents Association
Noosa Alive!	Zonta Club of Noosa

Community Bank - Cooroy
36A Maple Street,
Cooroy QLD 4563
Phone: 5447 7131
Email: cooroymailbox@bendigoadelaide.com.au
Web: bendigobank.com.au/cooroy

Community Bank - Marcoola
1/930 Maple Street,
Marcoola QLD 4564
Phone: 5448 8582
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