

**Sunshine Coast Community
Financial Services Limited**

Financial Statements

as at

30 June 2013

Sunshine Coast Community Financial Services Limited
ABN 12 100 576 261
Directors' Report

Your Directors submit the financial report of the company for the financial year ended 30 June 2013.

Directors

The names and details of the company's directors who held office during or since the end of the financial year are:

Frederick Charles Broomhall
Director
Occupation: Property Developer
Board member since May 2002

Rick Cooper
Director
Occupation: Retired
Board member since November 2006

Leonard Harold Daddow
Director
Occupation: Automobile Dealer
Board member since May 2002

Jay Pashley
Director
Occupation: Real Estate Agent
Board member since February 2004

Peter William Billingham
Director
Occupation: Chartered Accountant
Board member since May 2002

Debra Megan Johnson
Director
Occupation: Building Consultant
Board member since November 2008

Geoffrey Thomas Nicholls
Director
Occupation: Retired
Board member since May 2002 (Resign August 2012)

Diana Jane Henshall
Director
Occupation: Self Employed
Board member since March 2011 (Resign August 2012)

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

Principal activities

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

Operating results

The profit of the company for the financial year after provision for income tax was \$201,914 (2012: \$54,974).

Financial position

The net assets of the company have increased by \$48,532 from June 30, 2012 to \$1,236,883 in 2013. The increase is largely due to improved operating performance of the company.

Dividends

Year Ended 30 June 2013
Cents Per Share \$

Dividends paid or provided for in the year:

- Final dividend for the year ended 30 June 2013	9.0	153,381
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Sunshine Coast Community Financial Services Limited
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Directors' Report

Significant changes in the state of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report.

Events after the reporting period

Since balance date, the world financial markets have shown volatility that may have an impact on investment earnings in the 2013/2014 financial year. The company continues to maintain a conservative investment strategy to manage the exposure to market volatility.

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

Future developments

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

Environmental issues

The company is not subject to any significant environmental regulation.

Proceedings on behalf of company

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

Remuneration report

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

Billinghurst Martin Pty Ltd of which Peter Billinghurst is a partner received a fee of \$12,018 (2012: \$11,205) for accounting services provided to Sunshine Coast Community Financial Services for the year ended 30 June 2013.

Indemnifying officers or auditor

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

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Directors' Report

Indemnifying officers or auditor (continued)

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

The number of Directors meetings attended during the year were:

Director	Board Meetings #
Debra Megan Johnson	11 (11)
Frederick Charles Broomhall	7(11)
Leonard Harold Daddow	6 (11)
Rick Cooper	9 (11)
Peter William Billinghamurst	8 (11)
Jay Pashley	10 (11)
Geoffrey Thomas Nicholls	1 (1)
Diana Jane Henshall	1 (1)

The first number is the meetings attended while in brackets is the number of meetings eligible to attend.

Company secretary

Peter Billinghamurst has been the Company secretary of Sunshine Coast Community Financial Services Limited since 2004. His qualifications and experience include being a chartered accountant who has worked in the accounting profession for approximately 29 years.

Corporate governance

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

- (a) Director approval of operating budgets and monitoring of progress against these budgets;
- (b) Ongoing Director training; and
- (c) Monthly Director meetings to discuss performance and strategic plans.

Non audit services

The Directors in accordance with advice from the audit committee, are satisfied that the provision of non audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed in Note 5 did not compromise the external auditor's independence for the following reasons:

- all non audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110 "Code of Ethics for Professional Accountants" set by the Accounting Professional and Ethical Standards Board.

Sunshine Coast Community Financial Services Limited
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Statement of Comprehensive Income
for the year ended 30 June 2013

	<u>Notes</u>	2013 \$	2012 \$
Revenue	2	2,388,664	2,297,505
Employee benefits expense	3	(1,073,147)	(1,092,419)
Depreciation and amortisation expense	3	(96,786)	(103,413)
Finance costs	3	(4,728)	(5,099)
Other expenses	3	<u>(725,094)</u>	<u>(650,165)</u>
Operating profit/(loss) before charitable donations & sponsorships		488,909	446,409
Charitable donations and sponsorship		<u>(197,889)</u>	<u>(220,217)</u>
Profit/(loss) before income tax expense		291,020	226,192
Income tax expense / (benefit)	4	<u>(89,106)</u>	<u>(71,217)</u>
Net Profit/(loss) for the year		201,914	154,975
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>201,914</u></u>	<u><u>154,975</u></u>
Earnings per share (cents per share)			
- basic for profit for the year	22	11.85	9.09
- diluted for profit for the year	22	11.85	9.09

The accompanying notes form part of these financial statements

Sunshine Coast Community Financial Services Limited
ABN 12 100 576 261
Statement of Financial Position
As at 30 June 2013

	<u>Notes</u>	2013 \$	2012 \$
Assets			
Current Assets			
Cash and cash equivalents	6	671,879	701,032
Receivables	7	190,357	190,632
Other financial assets	8	7,059	8,007
Total Current Assets		<u>869,295</u>	<u>899,671</u>
Non-Current Assets			
Property, plant and equipment	9	380,281	435,969
Deferred tax assets	4	39,678	39,678
Intangible assets	10	143,864	40,130
Total Non-Current Assets		<u>563,823</u>	<u>515,777</u>
Total Assets		<u>1,433,118</u>	<u>1,415,448</u>
Liabilities			
Current Liabilities			
Payables	11	124,678	131,389
Current tax payable	4	23,481	35,420
Loans and borrowings	13	16,939	16,939
Total Current Liabilities		<u>165,098</u>	<u>183,748</u>
Non Current Liabilities			
Loans and borrowings	13	31,136	43,348
Total Non Current Liabilities		<u>31,136</u>	<u>43,348</u>
Total Liabilities		<u>196,234</u>	<u>227,096</u>
Net Assets		<u>1,236,884</u>	<u>1,188,352</u>
Equity			
Issued capital	14	1,623,067	1,623,067
Accumulated losses	15	(386,183)	(434,715)
Total Equity		<u>1,236,884</u>	<u>1,188,352</u>

The accompanying notes form part of these financial statements

Sunshine Coast Community Financial Services Limited
ABN 12 100 576 261
Statement of Cash Flows
For the year ended 30 June 2013

	<u>Notes</u>	2013 \$	2012 \$
Cash Flows From Operating Activities			
Receipts from clients		2,363,076	2,494,793
Payments to suppliers and employees		(1,995,518)	(2,207,814)
Income tax paid		(119,633)	(119,754)
Interest paid		(4,728)	(5,099)
Interest received		25,863	34,212
Net cash flows from/(used in) operating activities	15b	<u>269,060</u>	<u>196,338</u>
Cash Flows From Investing Activities			
Purchase of property, plant & equipment		(144,832)	(79,808)
Net cash flows from/(used in) investing activities		<u>(144,832)</u>	<u>(79,808)</u>
Cash Flows From Financing Activities			
Dividends paid		(153,381)	(136,339)
Proceeds from borrowings		-	39,389
Net cash flows from/(used in) financing activities		<u>(153,381)</u>	<u>(96,950)</u>
Net increase/(decrease) in cash held		(29,153)	19,580
Cash and cash equivalents at start of year		701,032	681,452
Cash and cash equivalents at end of year	15a	<u>671,879</u>	<u>701,032</u>

The accompanying notes form part of these financial statements

Sunshine Coast Community Financial Services Limited
ABN 12 100 576 261
Statement of Changes in Equity
For the year ended 30 June 2013

	<u>Notes</u>	2012 \$	2012 \$
ISSUED CAPITAL			
Balance at start of year		1,623,067	1,623,067
Issue of share capital		-	-
Share issue costs		<u>-</u>	<u>-</u>
Balance at end of year		<u><u>1,623,067</u></u>	<u><u>1,623,067</u></u>
ACCUMULATED LOSSES			
Balance at start of year		(434,715)	(453,351)
Profit after income tax expense		201,914	154,975
Dividends paid	23	<u>(153,382)</u>	<u>(136,339)</u>
Balance at end of year		<u><u>(386,183)</u></u>	<u><u>(434,715)</u></u>

The accompanying notes form part of these financial statements

Sunshine Coast Community Financial Services Limited
ABN 12 100 576 261
Notes to the Financial Statements
for the year ended 30 June 2013

1. Summary of significant accounting policies

(a) Basis of preparation

Sunshine Coast Community Financial Services Limited ('the Company') is domiciled in Australia. The financial statements for the year ending 30 June 2013 are presented in Australian dollars. The company was incorporated in Australia and the principal operations involve providing community banking services.

The financial statements are general purpose financial statements, that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The company is a for profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

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

The financial statements require judgements, estimates and assumptions to be made that affect the application of accounting policies. Actual results may differ from these estimates.

(b) Income tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income 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 income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

Sunshine Coast Community Financial Services Limited
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Notes to the Financial Statements
for the year ended 30 June 2013

1. Summary of significant accounting policies (continued)

(c) Property, plant and equipment

Property, plant and equipment are brought to account at cost or at independent directors' valuation, less, where applicable, any accumulated depreciation or amortisation. Items of property, plant and equipment, including buildings but excluding freehold land, are depreciated over their useful life to the entity commencing from the date of acquisition/revaluation. All property, plant and equipment is depreciated using the diminishing value method, with rates ranging from 2.5% to 30% per annum.

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Revaluations

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

Fair value is determined by reference to market based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

(d) Impairment of assets

At each reporting date, the company assesses whether there is any indication that an asset is impaired. Where an indicator of impairment exists, the company makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Sunshine Coast Community Financial Services Limited
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Notes to the Financial Statements
for the year ended 30 June 2013

1. Summary of significant accounting policies (continued)

(e) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(f) Employee benefits

The provision for employee benefits to wages, salaries and annual leave represents the amount which the company has a present obligation to pay resulting from employees' services provided up to the reporting date. The provision has been calculated on undiscounted amounts based on wage and salary rates expected to be paid and includes related on-costs.

The company contributes to a defined contribution plan. Contributions to employee superannuation funds are charged against income as incurred.

(g) Intangibles

Establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the Statement of Comprehensive Income.

(h) Cash

Cash on hand and in banks are stated at nominal value.

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

(i) Revenue

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of goods and services tax (GST).

(j) Receivables and payables

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days. Receivables are recognised and carried at original invoice amount less a provision for any uncollected debts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed

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Notes to the Financial Statements
for the year ended 30 June 2013

to the company.

1. Summary of significant accounting policies (continued)

(k) New accounting standards for application in future periods

Australian Accounting Standards that have been recently issued or amended but not yet effective have not been adopted in the preparation of these financial statements. These changes have been assessed by Directors and determined they will not have a material impact on the company's financial statements.

(l) Borrowings

All loans are measured at the principal amount. Interest is recognised as an expense as it accrues.

(m) Provisions

Provisions are recognised when the company has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

(n) Share capital

Issued and paid up capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(o) Comparative figures

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

(p) Critical accounting estimates and judgements

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

Estimation of useful lives of assets

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

Sunshine Coast Community Financial Services Limited
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Notes to the Financial Statements
for the year ended 30 June 2013

1. Summary of significant accounting policies (continued)

(p) Critical accounting estimates and judgements (continued)

Income tax

The company is subject to income tax. Significant judgement is required in determining the provision for income tax.

Impairment

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

(q) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to the profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method or cost. Where available quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised costs is calculated as the amount which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

(i) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

(ii) Financial liabilities

Non derivative financial liabilities are subsequently measured at amortised cost.

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset is deemed impaired if and only if, there is objective evidence of impairment as a result of one or more events (a loss event) having occurred, which has an impact on the estimated future cash flows of the financial asset. In the case of financial assets carried at amortised cost, loss events may include indications that the debtors are experiencing significant financial difficulty or changes in economic conditions.

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Notes to the Financial Statements
for the year ended 30 June 2013

2. Revenue

	2013	2012
	\$	\$
Revenue from continuing activities		
- services commissions	2,362,801	2,263,292
	<u>2,362,801</u>	<u>2,263,292</u>
Other revenue		
- interest received	25,863	34,212
	<u>25,863</u>	<u>34,212</u>
	<u>2,388,664</u>	<u>2,297,504</u>

3. Expenses

Employee benefits expense		
- wages and salaries	941,309	953,039
- superannuation costs	80,294	80,294
- payroll tax	45,257	52,799
- workers' compensation costs	6,287	6,287
	<u>1,073,147</u>	<u>1,092,419</u>
Depreciation of non-current assets:		
- plant and equipment	57,495	63,859
Amortisation of non-current assets:		
- intangible assets	39,291	39,554
	<u>96,786</u>	<u>103,413</u>
Finance costs:		
- Interest paid	4,728	5,099
Administration expenses		
- Rent	154,839	139,400
- Information technology related costs	107,006	100,881
- Other administration expenses	461,048	397,677
- Bad debts	1,751	12,206
	<u>724,644</u>	<u>650,164</u>

4. Income tax expense

The prima facie tax on profit before income tax is reconciled to the income tax expense as follows:

Prima facie tax on profit before income tax at 30%	87,306	66,918
Add / (less) tax effect of:		
- Non-deductible / (other deductible) expenses	1,800	4,299
<i>Current income tax expense</i>	<u>89,106</u>	<u>71,217</u>
Income tax expense	<u>89,106</u>	<u>71,217</u>

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Notes to the Financial Statements
for the year ended 30 June 2013

4. Income tax expense (continued)

Deferred tax assets

Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.

	2013	2012
	\$	\$
Income tax losses	<u>-</u>	<u>-</u>
Capital tax losses	<u>39,678</u>	<u>39,678</u>
Current tax payable	<u>23,481</u>	<u>35,420</u>

5. Auditors' remuneration

Remuneration of the auditor for:

- Audit or review of the financial report	4,750	4,750
- Share registry services	4,798	4,798
	<u>9,548</u>	<u>9,548</u>

6. Cash and cash equivalents

Cash at bank and on hand	<u>671,879</u>	<u>701,032</u>
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The effective interest rate on short term bank deposits was 4.8%

7. Receivables

Trade debtors	<u>190,357</u>	<u>190,632</u>
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8. Other financial assets

Prepayments	<u>7,059</u>	<u>8,007</u>
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9. Property, plant and equipment

Plant and equipment

At cost	801,126	799,320
Less accumulated depreciation	<u>(466,227)</u>	<u>(419,206)</u>
	<u>334,899</u>	<u>380,114</u>

Motor Vehicle

At cost	75,055	75,055
Less accumulated depreciation	<u>(29,673)</u>	<u>(19,200)</u>
	<u>45,382</u>	<u>55,855</u>

Total written down amount	<u>380,281</u>	<u>435,969</u>
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Sunshine Coast Community Financial Services Limited
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Notes to the Financial Statements
for the year ended 30 June 2013

9. Property, plant and equipment (continued)

	2013	2012
	\$	\$
Movements in carrying amounts		
<i>Plant and equipment</i>		
Carrying amount at beginning of year	380,114	399,790
Additions	1,807	34,118
Disposals	-	-
Depreciation expense	(47,022)	(53,794)
Carrying amount at end of year	<u>334,899</u>	<u>380,114</u>
<i>Motor Vehicles</i>		
Carrying amount at beginning of year	55,855	20,230
Additions		45,691
Disposals	-	-
Depreciation expense	(10,473)	(10,066)
Carrying amount at end of year	<u>45,382</u>	<u>55,855</u>

10. Intangible assets

<i>Franchise Fee</i>		
At cost	460,826	317,771
Less accumulated amortisation	(316,962)	(277,641)
	<u>143,864</u>	<u>40,130</u>

11. Payables

Trade creditors	121,778	128,489
Other creditors and accruals	2,900	2,900
	<u>124,678</u>	<u>131,389</u>

12. Provisions

All branch staff are employees of Bendigo and Adelaide Bank Ltd.

13. Borrowings

Current

Chattel Mortgage	<u>16,939</u>	<u>16,939</u>
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Non-current

Chattel Mortgage	<u>30,686</u>	<u>43,348</u>
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14. Share capital

1,672,988 Ordinary Shares fully paid of \$1 each	1,672,988	1,672,988
31,250 Ordinary Shares fully paid of \$1 each #	-	-
Less: Equity raising costs	(49,921)	(49,921)
	<u>1,623,067</u>	<u>1,623,067</u>

31,250 shares issued for nil consideration as bonus shares.

The company has issued share capital amounting to 1,704,238 ordinary shares.

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Notes to the Financial Statements
for the year ended 30 June 2013

15. Accumulated losses	2013	2012
	\$	\$
Balance at the beginning of the financial year	(434,715)	(453,351)
Dividend paid or provided for	(153,381)	(136,339)
Profit after income tax	201,914	154,975
Balance at the end of the financial year	<u>(386,182)</u>	<u>(434,715)</u>

16. Statement of cash flows

(a) Cash and cash equivalents balances as shown in the statement of financial position can be reconciled to that shown in the statement of cash flows as follows

As per the statement of financial position	671,879	701,032
less Bank overdraft		-
As per the statement of cash flow	<u>671,879</u>	<u>701,032</u>

(b) Reconciliation of profit / (loss) after tax to net cash provided from/(used in) operating activities

Profit / (loss) after income tax	201,914	154,974
Non cash items		
- Depreciation	57,495	63,860
- Amortisation	39,291	39,554
Changes in assets and liabilities		
- (Increase) decrease in receivables	(275)	6,116
- (Increase) decrease in income tax payable	(11,939)	(48,536)
- Increase (decrease) in payables	(17,426)	(19,629)
Net cash flows from/(used in) operating activities	<u>269,060</u>	<u>196,339</u>

17. Director and related party disclosures

Frederick Charles Broomhall
Leonard Harold Daddow
Rick Cooper
Peter William Billinghamurst
Jay Pashley
Geoffrey Thomas Nicholls
Debra Megan Johnson
Diana Jane Henshall

Other than detailed below no director or related entity has entered into a material contract with the company.

Billinghurst Martin Pty Ltd of which Peter Billinghamurst is a partner received a fee of \$12,018 (2012: \$11,205) for accounting services provided to Sunshine Coast Community Financial Services for the year ended 30 June 2013.

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17. Director and related party disclosures (continued)

Directors shareholdings	2013	2012
Frederick Charles Broomhall	32,350	32,350
Leonard Harold Daddow	8,201	8,201
Rick Cooper	26,993	26,993
Peter William Billinghamurst	1,051	1,051
Jay Pashley	20,000	20,000
Geoffrey Thomas Nicholls	12,513	12,513
Debra Megan Johnson	15,000	15,000
Diana Jane Henshall	-	-

There was no movement in director shareholdings during the year. Other than detailed below each share held has a paid up value of \$1 and is fully paid. The above holdings are held personally or in associated entities.

The following directors shares were issued for \$0 as part of the original bonus issue:

Frederick Charles Broomhall	-	200
Leonard Harold Daddow	-	200
Peter William Billinghamurst	-	100
Geoffrey Thomas Nicholls	-	548

18. Events after the reporting period

Since balance date, the world financial markets have shown volatility that may have an impact on investment earnings in the 2013/2014 financial year. The company continues to maintain a conservative investment strategy to manage the exposure to market volatility.

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

19. Contingent liabilities and assets

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

19. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in one geographic area being Sunshine Coast, Queensland. The company has a franchise agreement in place with Bendigo & Adelaide Bank Limited who account for 100% of the revenue (2012: 100%).

21. Corporate information

Sunshine Coast Community Financial Services Ltd is a Company limited by shares incorporated in Australia whose shares are publicly traded on the Bendigo Stock Exchange.

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

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22. Earnings per share

2013
\$

2012
\$

Basic earnings per share amounts are calculated by dividing profit after income tax by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing profit after income tax by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of any dilutive options or preference shares).

The following reflects the income and share data used in the basic and diluted earnings per share computations:

Profit after income tax expense	<u>201,914</u>	<u>154,975</u>
Weighted average number of ordinary shares for basic and diluted earnings per share	<u>1,704,238</u>	<u>1,704,238</u>

23. Dividends paid or provided for on ordinary shares

(a) Dividends paid during the year

Previous year final		
Franked Dividend 9c (2012 unfranked 8c)	<u>(153,381)</u>	<u>(136,339)</u>

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23. Financial risk management

The company's financial instruments consist mainly of deposits with banks, account receivables and payables, bank overdraft and loans.

The totals for each category of financial instruments measured in accordance with AASB 139 are as follows:

	Note	2013 \$	2012 \$
Financial Assets			
Cash & cash equivalents	6	671,879	701,032
Receivables	7	190,357	190,632
Total Financial Assets		<u>862,236</u>	<u>891,664</u>
Financial Liabilities			
Payables	11	124,678	131,389
Total Financial Liabilities		<u>124,678</u>	<u>131,389</u>

Financial Risk Management Policies

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

Specific Financial Risk Exposure and Management

The company has exposure to credit risk, liquidity risk and market risk from their use of financial instruments. There have been no substantive changes in the types of risks the company is exposed to, how the risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

(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. For the company it arises from receivables and cash assets.

The maximum exposure to credit risk at reporting date to recognised financial assets is the carrying amount of those assets as disclosed in the Statement of Financial Position and notes to the financial statements. The company's maximum exposure to credit risk at reporting date was:

	Carrying Amount	
	2013 \$	2012 \$
Cash and cash equivalents	671,879	701,032
Receivables	190,357	190,632
	<u>862,236</u>	<u>891,664</u>

The company's exposure to credit risk is limited to Australia by geographic area. The majority of receivables are due from Bendigo and Adelaide Bank Limited.

None of the assets of the company are past due (2012: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets not past due.

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

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(b) Liquidity risk

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

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

Financial liability and financial asset maturity analysis

30 June 2013	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
Financial Liabilities due for payment				
Payables	(124,678)	(124,678)	-	-
Loans and borrowings	-	-	-	-
Total expected outflows	<u>(124,678)</u>	<u>(124,678)</u>	<u>-</u>	<u>-</u>
Financial Assets - cashflow realisable				
Cash & cash equivalents	671,879	671,879	-	-
Receivables	190,357	190,357	-	-
Total anticipated inflows	<u>862,236</u>	<u>862,236</u>	<u>-</u>	<u>-</u>
Net (Outflow)/Inflow on financial instruments	<u>737,558</u>	<u>737,558</u>	<u>-</u>	<u>-</u>
30 June 2012	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
Financial Liabilities due for payment				
Payables	(131,389)	(131,389)	-	-
Loans and borrowings	-	-	-	-
Total expected outflows	<u>(131,389)</u>	<u>(131,389)</u>	<u>-</u>	<u>-</u>
Financial Assets - cashflow realisable				
Cash & cash equivalents	701,032	701,032	-	-
Receivables	190,632	190,632	-	-
Total anticipated inflows	<u>891,664</u>	<u>891,664</u>	<u>-</u>	<u>-</u>
Net (Outflow)/Inflow on financial instruments	<u>760,275</u>	<u>760,275</u>	<u>-</u>	<u>-</u>

Financial assets pledged as collateral

There are no material amounts of collateral held as security as at June 30 2013 and June 30 2012.

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(c) Market risk

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

Interest rate risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company reviews the exposure to interest rate risk as part of the regular board meetings.

Sensitivity analysis

At the reporting date the interest rate profile of the company's interest bearing financial instruments was:

	<u>Carrying Amount</u>	
	<u>2013</u>	<u>2012</u>
	<u>\$</u>	<u>\$</u>
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	-	-
Floating rate instruments		
Financial assets	-	-
Financial liabilities	-	-

Fair value sensitivity analysis for fixed rate instruments

The company does not account for any fixed interest rate financial assets or liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have no impact on profit or retained earnings. For the analysis performed on the same basis as at 30 June 2012 there was also no impact. As at both dates this assumes all other variables remain constant.

The company has no exposure to fluctuations in foreign currency.

(d) Price risk

The company is not exposed to any material price risk.

Fair values

The fair values of financial assets and liabilities approximate the carrying values as disclosed in the Statement of Financial Position. Fair value is the amount at which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction. The company does not have any unrecognised financial instruments at year end.

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Capital management

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

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

- (i) the Distribution Limit is the greater of:
 - (a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and
 - (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and
- (ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2013 can be seen in the Statement of Comprehensive Income.

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