Sunshine Coast Community Financial Services Limited

ABN: 12 100 576 261

Financial Report

For the year ended 30 June 2017

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The Directors present their report of the company for the financial year ended 30 June 2017.

Directors

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

Rick Cooper, Chairman	
Experience and expertise	Rick is the founding president of the Tewantin Community Association, and former principle of Elders Realestate Tewantin. Rick was appointed as a director in November 2006.
Other current directorships	Paymont Pty Ltd, Zedmont Pty Ltd, Woombye & Districts Community Enterprises Limited.
Former directorships in last 3 years	Nil.
Special responsibilities	Audit Committee.

Frederick Charles Broomhall	
Experience and expertise	Frederick has a Bachelor of Commerce and is a long tme property investor. He was appointed as director in May 2002.
Other current directorships	Jennifred Pty Ltd.
Former directorships in last 3 years	Nil.
Special responsibilities	Nil.

Sandy Bolton (Appointed 22/12/16)	
Experience and expertise	Sandy was appointed as a Director in 2016. She is a former Noosa Councillor, founding member of Innovate Noosa, sits on the Community Advisory Council to the PHN and holds a Grad Cert in Social Innovation.
Other current directorships	Nil.
Former directorships in last 3 years	Nil.
Special responsibilities	Nil.

Peter William Billinghurst, Secretary (Sadly passed away 10th May 2017)	
Experience and expertise	Peter was appointed as a director in May 2002, holds a Bachelor of Commerce and is a Chartered Accountant.
Other current directorships	Billinghurst Martin Pty Ltd, Cedar Street Services Pty Ltd.
Former directorships in last 3 years	Nil.
Special responsibilities	Audit Committee.

Jay Pashley	
Experience and expertise	Jay is the principal of North Shore Realty, and has been a director since February 2004.
Other current directorships	Jepadcap Pty Ltd, North Shore Projects Pty Ltd.
Former directorships in last 3 years	Nil.
Special responsibilities	Nil.

Directors (continued)

Debra Johnson (Resigned April 2017)	
Experience and expertise	Debra is the principal of building consultants Suncoast Green. Benra was appointed as a director in November 2008.
Other current directorships	Suncoast Green Pty Ltd
Former directorships in last 3 years	Nil.
Special responsibilities	Nil.

Elizabeth Reynolds	
Experience and expertise	Elizabeth is a retired solicitor who now owns and operates her own small business. Elizabeth was appointed a director from July 2014.
Other current directorships	Tourism Noosa Limited.
Former directorships in last 3 years	Nil.
Special responsibilities	Nil.

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

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

Directors' meetings

Attendances by each Director during the year were as follows:

	Board meetings		Audit committee meetings	
Director	**A**	**B**	**A**	**B**
Rick Cooper	10	9	2	2
Frederick Charles Broomhall	10	10	N/A	N/A
Sandy Bolton (Appointed 22/12/16)	8	8	N/A	N/A
Peter William Billinghurst	10	6	2	2
Jay Pashley	10	8	N/A	N/A
Debra Johnson (Resigned April 2017)	10	8	N/A	N/A
Elizabeth Reynolds	10	9	N/A	N/A

A - The number of meetings eligible to attend.
B - The number of meetings attended.
N/A - not a member of that committee.

Company Secretary

Peter Billinghurst has been the Company Secretary of Sunshine Coast Community Financial Services Limited since 2004. Peter's qualifications and experience include being a chartered accountant who has worked in the accounting industry for approximately 30 years.

Principal activities

The principal activities of the company during the course of the financial year were in providing **Community Bank®** branch

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

Review of operations

The profit of the company for the financial year after provision for income tax was $182,718 (2016 profit: $113,831), which is a 61% increase as compared with the previous year.

Dividends

A fully franked final dividend of 7 cents per share was declared and paid during the year for the year ended 30 June 2016. No dividend has been declared or paid for the year ended 30 June 2017 as yet.

Options

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

Significant changes in the state of affairs

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

Events subsequent to the end of the reporting period

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

Likely developments

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

Environmental regulations

The company is not subject to any significant environmental regulation.

Indemnifying Officers or Auditor

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

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.

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.

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set at page 7 of this financial report. No Officer of the company is or has been a partner of the Auditor of the company.

Non-audit services

The Board of Directors, in accordance with advice from the Audit Committee or Board, are satisfied that the provision of non audit services during the year is compatible with the general standard of independence for Auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed in Note 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 the integrity and objectivity of the Auditor; and

- none of the services undermine the general principles relating to Auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants* .

Remuneration report

Remuneration policy

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

Remuneration benefits and payments

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.

Remuneration report(Continued)

Equity holdings of key management personnel

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

Name	Balance at 30 June 2016	Net change in holdings	Balance at 30 June 2017
Directors			
Rick Cooper	26,993	-	26,993
Frederick Broomhall	42,700	-	42,700
Sandy Bolton	-	-	-
Peter Billinghurst	8,201	-	8,201
Jay Pashley	1,051	-	1,051
Debra Johnson	20,000	-	20,000
Elizabeth Reynolds	15,000	-	15,000

Loans to key management personnel

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

Signed in accordance with a resolution of the Board of Directors at Cooroy on 13 September 2017.

Rick Cooper
Director

Level 2, 10-16 Forest Street
Bendigo, Victoria
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Auditor's Independence Declaration under section 307C of the *Corporations Act 2001* to the Directors of Sunshine Coast Community Financial Services Limited.

I declare that to the best of my knowledge and belief, during the year ended 30 June 2017 there has been no contraventions of:

(i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Kathie Teasdale
Partner
Richmond Sinnott & Delahunty
Dated: 13th September 2017

Sunshine Coast Community Financial Services Limited
ABN 12 100 576 261
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2017

	Note	2017 $	2016 $
Revenue	2	2,740,341	2,544,731
Expenses			
Employee benefits expense	3	(1,463,465)	(1,436,665)
Depreciation and amortisation	3	(101,892)	(107,416)
Finance costs	3	(45,508)	(44,791)
Bad and doubtful debts expense	3	(4,271)	(3,487)
Advertising and marketing expenses		(48,163)	(48,875)
Occupancy expenses		(153,460)	(138,837)
IT expenses		(98,652)	(101,437)
Professional fees		(90,194)	(81,159)
Other expenses		(248,660)	(270,873)
		(2,254,265)	(2,233,540)
Operating profit before charitable donations and sponsorships		**486,076**	**311,191**
Charitable donations and sponsorships		(213,776)	(140,135)
Profit before income tax		**272,300**	**171,056**
Income tax expense	4	(89,582)	(57,225)
Profit for the year		**182,718**	**113,831**
Other comprehensive income		-	-
Total comprehensive income for the year		**182,718**	**113,831**
Profit attributable to members of the company		182,718	113,831
Total comprehensive income attributable to members of the company		**182,718**	**113,831**
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents per share):			
- basic earnings per share	16	10.72	6.68

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

Sunshine Coast Community Financial Services Limited
ABN 12 100 576 261
Statement of FInancial Position
as at 30 June 2017

	Note	2017 $	2016 $
Assets			
Current assets			
Cash and cash equivalents	5	312,460	273,012
Trade and other receivables	6	247,707	220,734
Other assets	7	25,312	26,119
Total current assets		**585,479**	**493,746**
Non-current assets			
Property, plant and equipment	8	1,637,777	1,595,575
Intangible assets	9	127,097	88,572
Deferred tax assets	4	36,336	41,712
Total non-current assets		**1,801,210**	**1,725,859**
Total assets		**2,386,689**	**2,219,605**
Liabilities			
Current liabilities			
Trade and other payables	10	268,831	194,048
Current tax liability	4	28,036	32,725
Borrowings	11	8,990	16,975
Provisions	12	15,435	-
Total current liabilities		**321,292**	**243,748**
Non-current liabilities			
Borrowings	11	767,000	767,000
Total non-current liabilities		**767,000**	**767,000**
Total liabilities		**1,088,292**	**1,010,748**
Net assets		**1,298,397**	**1,208,857**
Equity			
Issued capital	13	1,623,067	1,623,067
Accumulated losses	14	(324,670)	(388,091)
Total equity		**1,298,397**	**1,234,976**

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

Sunshine Coast Community Financial Services Limited
ABN 12 100 576 261
Statement of Changes in Equity
for the year ended 30 June 2017

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2015		1,623,067	(399,667)	1,223,400
Profit for the year		-	113,831	113,831
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		**-**	**113,831**	**113,831**
Transactions with owners in their capacity as owners				
Dividends paid or provided	15	-	(102,255)	(102,255)
Balance at 30 June 2016		**1,623,067**	**(388,091)**	**1,234,976**
Balance at 1 July 2016		**1,623,067**	**(388,091)**	**1,234,976**
Profit for the year		-	182,718	182,718
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		**-**	**182,718**	**182,718**
Transactions with owners in their capacity as owners				
Dividends paid or provided	15	-	(119,297)	(119,297)
Balance at 30 June 2017		**1,623,067**	**(324,670)**	**1,298,397**

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

Sunshine Coast Community Financial Services Limited
ABN 12 100 576 261
Statement of Cash Flows
for the year ended 30 June 2017

	Note	2017 $	2016 $
Cash flows from operating activities			
Receipts from customers		2,981,631	2,772,952
Payments to suppliers and employees		(2,573,783)	(2,445,040)
Interest paid		(45,508)	(44,791)
Interest received		56	106
Income tax paid		(88,895)	(26,739)
Net cash provided by operating activities	17b	**273,501**	**256,488**
Cash flows from investing activities			
Purchase of property, plant and equipment		(106,771)	(12,061)
Net cash flows used in investing activities		**(106,771)**	**(12,061)**
Cash flows from financing activities			
Repayment of borrowings		(7,985)	(7,612)
Dividends paid		(119,297)	(102,255)
Net cash used in financing activities		**(127,282)**	**(109,867)**
Net increase in cash held		**39,448**	**134,560**
Cash and cash equivalents at beginning of financial year		273,012	138,452
Cash and cash equivalents at end of financial year	17a	**312,460**	**273,012**

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

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

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

The financial statements were authorised for issue by the Directors on 15 September 2017.

1. Summary of significant accounting policies

(a) Basis of preparation

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

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

Economic dependency

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

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

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

1. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

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

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

(b) Impairment of assets

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

(c) Goods and services tax (GST)

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

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

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

(d) New and amended accounting policies adopted by the company

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

(e) Comparative figures

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

1. Summary of significant accounting policies (continued)

(f) Critical accounting estimates and judgements

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

Estimation of useful lives of assets

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

Fair value assessment of non-current physical assets

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

Employee benefits provision

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

Income tax

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

Impairment

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

1. Summary of significant accounting policies (continued)

(g) New accounting standards for application in future periods

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

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

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

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

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

a) Financial assets that are debt instruments will be classified based on:
(i) the objective of the entity's business model for managing the financial assets; and
(ii) the characteristics of the contractual cash flows.

b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

c) Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.

d) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

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

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

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

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

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

1. Summary of significant accounting policies (continued)

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

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

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

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

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

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in

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

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

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

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

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

AASB 16:

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

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

2. Revenue

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

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

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

Interest, dividend and other income
Interest income is recognised on an accrual basis using the effective interest rate method.

Dividend and other revenue is recognised when the right to the income has been established.

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

	2017 $	2016 $
Revenue		
- service commissions	2,641,691	2,466,812
	2,641,691	2,466,812
Other revenue		
- interest received	56	106
- Consultancy income	57,024	38,673
- Rental Income	44,022	39,140
- Gain on disposal of plant and equipment	(4,150)	-
- other revenue	1,698	-
	98,650	77,919
Total revenue	**2,740,341**	**2,544,731**

3. Expenses

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

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

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

3. Expenses (continued)

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

Class of asset	*Rate*	*Method*
Buildings	2.50%	SL
Plant and equipment	7.5%-30%	SL & DV
Motor vehicles	18.75%	SL

SL = Straight line
DV = Diminishing value

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

	2017 **$**	**2016** **$**
Profit before income tax includes the following specific expenses:		
Employee benefits expense		
- wages and salaries	1,197,166	1,201,524
- superannuation costs	108,370	106,921
- other costs	157,929	128,220
	1,463,465	1,436,665
Depreciation and amortisation		
Depreciation		
- land and buildings	26,310	26,304
- plant and equipment	30,886	35,717
- motor vehicles	3,221	3,964
	60,417	65,985
Amortisation		
- franchise fees	41,475	41,431
Total depreciation and amortisation	101,892	107,416
Finance costs		
- Interest paid	45,508	44,791
Bad and doubtful debts expenses	4,271	3,487
Loss on disposal of property, plant and equipment	4,150	-
Auditors' remuneration		
Remuneration of the Auditor, Richmond, Sinnott & Delahunty, for:		
- Audit or review of the financial report	7,700	5,697
- Share registry services	13,985	4,800
	21,685	10,497

4. Income tax

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

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

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

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

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

	2017 $	2016 $
a. The components of tax expense comprise:		
Current tax expense	84,206	59,259
Deferred tax expense	5,376	(51)
Under / (over) provision of prior years	-	(1,983)
	89,582	**57,225**
b. Prima facie tax payable		
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit before income tax at 30% (2016: 30%)	81,690	51,317
Add tax effect of:		
- Under / (over) provision of prior years	-	(1,983)
- Non-deductible expenses	7,892	7,891
Income tax attributable to the entity	**89,582**	**57,225**
The applicable weighted average effective tax rate is :	32.90%	33.45%
c. Current tax liability		
Current tax relates to the following:		
Current tax liabilities		
Opening balance	32,725	(3,105)
Income tax paid	(88,895)	(26,739)
Current tax	84,206	59,259
Under / (over) provision prior years	-	3,310
	28,036	**32,725**

4. Income tax (continued)

	2017 $	2016 $
d. Deferred tax asset		
Deferred tax relates to the following:		
Deferred tax assets balance comprises:		
Provision for employees	4,631	-
Accruals	1,410	4,745
Carried forward capital losses	39,678	39,678
	45,719	**44,423**
Deferred tax liabilities balance comprises:		
Prepayments	2,805	2,711
Property, plant & equipment	6,578	-
	9,383	2,711
Net deferred tax asset	**36,336**	**41,712**

	2017 $	2016 $
e. Deferred income tax included in income tax expense comprises:		
Decrease / (increase) in deferred tax assets	(1,298)	(114)
(Decrease) / increase in deferred tax liabilities	6,672	65
Under / (over) provision prior years	-	(1,985)
	5,374	**(2,034)**

5. Cash and cash equivalents

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

	2017 $	2016 $
Cash at bank and on hand	212,460	273,012
Short-term bank deposits	100,000	-
	312,460	**273,012**

The effective interest rate on short-term bank deposits was 2.05% (2016: -%); these deposits have an average maturity of 90 days.

6. Trade and other receivables

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

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

	2017 $	2016 $
Current		
Trade receivables	247,707	220,734
	247,707	**220,734**

Credit risk

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

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

6. Trade and other receivables (continued)

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

	Gross amount	Not past due	Past due but not impaired			Past due and impaired
			< 30 days	31-60 days	> 60 days	
2017	**$**	**$**	**$**	**$**	**$**	**$**
Trade receivables	247,707	247,707	-	-	-	-
Total	**247,707**	**247,707**	**-**	**-**	**-**	**-**
2016						
Trade receivables	220,734	220,734	-	-	-	-
Total	**220,734**	**220,734**	**-**	**-**	**-**	**-**

7. Other assets

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

	2017	2016
	$	$
Prepayments	9,351	9,037
Security bond	12,400	12,400
Other	3,561	4,682
	25,312	**26,119**

8. Property, plant and equipment

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

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

Plant and equipment

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

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

8. Property, plant and equipment (continued)

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

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

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

	2017 $	2016 $
Land and buildings		
At cost	1,396,995	1,317,160
Less accumulated depreciation	(52,614)	(26,304)
	1,344,381	1,290,856
Plant and equipment		
At cost	886,678	866,392
Less accumulated depreciation	(607,240)	(578,852)
	279,438	287,540
Motor vehicles		
At cost	45,692	45,692
Less accumulated depreciation	(31,734)	(28,513)
	13,958	17,179
Total property, plant and equipment	**1,637,777**	**1,595,575**

Movements in carrying amounts

	2017 $	2016 $
Land and buildings		
Balance at the beginning of the reporting period	1,290,856	1,317,160
Additions	79,835	-
Depreciation expense	(26,310)	(26,304)
Balance at the end of the reporting period	1,344,381	1,290,856
Plant and equipment		
Balance at the beginning of the reporting period	287,540	311,196
Additions	26,936	12,061
Disposals	(4,152)	-
Depreciation expense	(30,886)	(35,717)
Balance at the end of the reporting period	279,438	287,540
Motor vehicles		
Balance at the beginning of the reporting period	17,179	21,143
Depreciation expense	(3,221)	(3,964)
Balance at the end of the reporting period	13,958	17,179

8. Property, plant and equipment (continued)

	2017 $	2016 $
Total property, plant and equipment		
Balance at the beginning of the reporting period	1,595,575	1,649,499
Additions	106,771	12,061
Disposals	(4,152)	-
Depreciation expense	(60,417)	(65,985)
Balance at the end of the reporting period	**1,637,777**	**1,595,575**

9. Intangible assets

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

	2017 $	2016 $
Franchise fee		
At cost	604,926	524,926
Less accumulated amortisation	(477,829)	(436,354)
	127,097	**88,572**

Movements in carrying amounts

	2017	2016
Franchise fee		
Balance at the beginning of the reporting period	88,572	130,003
Additions	80,000	-
Amortisation expense	(41,475)	(41,431)
Balance at the end of the reporting period	**127,097**	**88,572**

10. Trade and other payables

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

	2017 $	2016 $
Current		
Unsecured liabilities:		
Trade creditors	248,723	133,902
Other creditors and accruals	7,986	27,362
GST Payable	12,122	32,784
	268,831	**194,048**

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

11. Borrowings

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

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

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

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

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

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

	2017 $	2016 $
Current		
Secured liabilities		
Chattel lease	8,990	16,975
	8,990	**16,975**
Non-current		
Secured liabilities		
Bank loan	767,000	767,000
	767,000	**767,000**
Total borrowings	**775,990**	**783,975**

11. Borrowings (continued)

(a) Bank loans

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

(b) Lease liabilities

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

12. Provisions

Short-term employee benefits

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

The liability for annual leave is recognised in the provision for employee benefits. All other short term employee benefit obligations are presented as payables.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurement for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

	2017 $	2016 $
Current		
Employee benefits	15,435	-
Total provisions	**15,435**	**-**

13. Share capital

Ordinary shares are classified as equity.

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

	2017 $	2016 $
1,672,988 Ordinary shares fully paid	1,672,988	1,672,988
31,250 Bonus shares issued for no consideration	-	-
Less: Equity raising costs	(49,921)	(49,921)
	1,623,067	**1,623,067**

Movements in share capital

	2017 $	2016 $
Fully paid ordinary shares:		
At the beginning of the reporting period	1,704,238	1,704,238
Shares issued during the year	-	-
At the end of the reporting period	**1,704,238**	**1,704,238**

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

Capital management

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

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

(i) the Distribution Limit is the greater of:
  (a) 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
  (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

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

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

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

14. Accumulated losses

	2017	2016
	$	$
Balance at the beginning of the reporting period	(388,091)	(399,667)
Profit after income tax	182,718	113,831
Dividends paid	(119,297)	(102,255)
Balance at the end of the reporting period	**(324,670)**	**(388,091)**

15. Dividends paid or provided for on ordinary shares

	2017	2016
	$	$
Dividends paid or provided for during the year		
Ffinal fully franked ordinary dividend of 7 cents per share (2016: 6 cents per share) franked at the tax rate of 30% (2016: 30%).	119,297	102,255

A provision is made for the amount of any dividends declared, authorised and no longer payable at the discretion of the entity on or before the end of the financial year, but not distributed at balance date.

16. Earnings per share

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

	2017	2016
	$	$
Basic earnings per share (cents)	10.72	6.68
Earnings used in calculating basic earnings per share	182,718	113,831
Weighted average number of ordinary shares used in calculating basic earnings per share.	1,704,238	1,704,238

17. 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:

	2017 $	2016 $
Cash and cash equivalents (Note 6)	312,460	273,012
As per the Statement of Cash Flow	**312,460**	**273,012**

(b) Reconciliation of cash flow from operations with profit after income tax

	2017 $	2016 $
Profit after income tax	182,718	113,831
Non-cash flows in profit		
- Depreciation	60,417	65,985
- Amortisation	41,475	41,431
- Bad debts	4,271	3,487
- Net loss on disposal of property, plant & equipment	4,150	-
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	(31,242)	(29,623)
- (increase) / decrease in prepayments and other assets	807	1,137
- (Increase) / decrease in deferred tax asset	5,376	(2,034)
- Increase / (decrease) in trade and other payables	(6,417)	26,444
- Increase / (decrease) in current tax liability	(4,689)	35,830
- Increase / (decrease) in provisions	15,435	-
Net cash flows from operating activities	**272,301**	**256,488**

18. Key management personnel and related party disclosures

(a) Key management personnel

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

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

(b) Other related parties

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

18. Key management personnel and related party disclosures (continued)

(c) Transactions with key management personnel and related parties

Other than detailed below, no key management personnel or related party has entered into any contracts with the company. No Director fees have been paid as the positions are held on a voluntary basis.

During the year, the company purchased goods and services under normal terms and conditions, from related parties as follows:

Name of related party	Description of goods / services provided	Value $
Billinghurst Martin Pty Ltd - related party of director Peter Billinghurst	Accounting Services	18,000

Sunshine Coast Community Financial Services Limited has not accepted the Bendigo and Adelaide Bank Limited's **Community Bank®** Directors Privileges package.

(d) Key management personnel shareholdings

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

	2017	2016
Rick Cooper	26,993	26,993
Frederick Broomhall	42,700	42,700
Sandy Bolton	-	-
Peter Billinghurst	8,201	8,201
Jay Pashley	1,051	1,051
Debra Johnson	20,000	20,000
	113,945	**113,945**

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

(e) Other key management transactions

There has been no other transactions involving equity instruments other than those described above.

19. Events after the reporting period

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

20. Contingent liabilities and contingent assets

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

21. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in four areas being Cooroy, Marcoola, Tewantin and Pomona, Queensland. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2016: 100%).

22. Commitments

Operating lease commitments

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

	2017 $	2016 $
Payable:		
- no later than 12 months	82,514	89,449
- between 12 months and five years	61,886	233,985
- greater than five years	-	-
Minimum lease payments	**144,400**	**323,434**

The property leases are a non-cancellable leases with a five year terms, with rent payable monthly in advance and with CPI increases each year.

Chattel lease commitments

Finance lease liabilities are payable exclusive of GST as follows:

	2017 $	2016 $
Payable:		
- no later than 12 months	9,376	17,253
- between 12 months and five years	-	-
- greater than five years	-	-
Minimum lease payments	**9,376**	**17,253**
Less future interest charges	(386)	(276)
Finance lease liability	**8,990**	**16,977**

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

Capital commitments

During 2016-17, the company entered into a contract to purchase a freehold property at 114 Poinciana Avenue, Tewantin for $1.025m. This agreement is due to settle on 29 September 2017. The initial deposit has been paid before year end and has been recognised as property at 30 June 2017.

23. Company details

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

24. Financial risk management

Financial risk management policies

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

Specific financial risk exposure and management

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

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

	Note	2017 $	2016 $
Financial assets			
Cash and cash equivalents	5	312,460	273,012
Trade and other receivables	6	247,707	220,734
Total financial assets		**560,167**	**493,746**
Financial liabilities			
Trade and other payables	10	268,831	194,048
Borrowings	11	775,990	783,975
Total financial liabilities		**1,044,821**	**978,023**

(a) Credit risk

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

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

Credit risk exposures

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

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

24. Financial risk management (continued)

(a) Credit risk (continued)

None of the assets of the company are past due (2016: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets not past due.

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

(b) Liquidity risk

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

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

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

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

Financial liability and financial asset maturity analysis:

30 June 2017	**Weighted average interest rate**	**Total**	**Within 1 year**	**1 to 5 years**	**Over 5 years**
	%	**$**	**$**	**$**	**$**
Financial assets					
Cash and cash equivalents	1.99%	312,460	312,460	-	-
Trade and other receivables	-%	247,707	247,707	-	-
Total anticipated inflows		560,167	560,167	-	-
Financial liabilities					
Trade and other payables	-%	268,831	268,831	-	-
Borrowings	5.63%	775,990	8,990	767,000	-
Total expected outflows		1,044,821	277,821	767,000	-
Net inflow / (outflow) on financial instruments		**(484,654)**	**282,346**	**(767,000)**	**-**

24. Financial risk management (continued)

(b) Liquidity risk (continued)

30 June 2016	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets					
Cash and cash equivalents	2.05%	273,012	273,012	-	-
Trade and other receivables	-%	220,734	220,734	-	-
Total anticipated inflows		493,746	493,746	-	-
Financial liabilities					
Trade and other payables	-%	194,048	194,048	-	-
Borrowings	5.99%	783,975	16,975	49,550	717,450
Total expected outflows		978,023	211,023	49,550	717,450
Net inflow / (outflow) on financial instruments		**(484,277)**	**282,723**	**(49,550)**	**(717,450)**

(c) Market risk

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

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

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

Sensitivity analysis

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

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

Year ended 30 June 2017	Profit $	Equity $
+/- 1% in interest rates (interest income)	3,125	3,125
+/- 1% in interest rates (interest expense)	(7,760)	(7,760)
	(4,635)	**(4,635)**

24. Financial risk management (continued)

(c) Market risk (continued)

Year ended 30 June 2016

+/- 1% in interest rates (interest income)	2,730	2,730
+/- 1% in interest rates (interest expense)	(7,840)	(7,840)
	2,730	2,730

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

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

Fair value estimation
The fair values of financial assets and liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position.

Differences between fair values and the carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied to the market since their initial recognition by the company.

	2017		2016	
	Carrying amount $	Fair value $	Carrying amount $	Fair Value $
Financial assets				
Cash and cash equivalents (i)	312,460	312,460	273,012	273,012
Trade and other receivables (i)	247,707	247,707	220,734	220,734
Total financial assets	**560,167**	**560,167**	**493,746**	**493,746**
Financial liabilities				
Trade and other payables (i)	268,831	268,831	194,048	194,048
Borrowings	775,990	775,990	783,975	783,975
Total financial liabilities	**1,044,821**	**1,044,821**	**978,023**	**978,023**

(i) Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amounts are equivalent to their fair values.

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

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

1. The financial statements and notes, as set out on pages 8 to 35 are in accordance with the Corporations Act 2001 and:

   (i) comply with Australian Accounting Standards which, as stated in accounting policy Note 1(a) to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

   (ii) give a true and fair view of the company's financial position as at 30 June 2017 and of the performance for the year ended on that date;

2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

3. The audited remuneration disclosures set out in the remuneration report section of the Directors' report comply with Accounting Standard *AASB124 Related Party Disclosures* and the *Corporations Regulations 2001.*

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

Rick Cooper
Director

Signed at Cooroy on 13 September 2017.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS 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, which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion:

(a) the 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 2017 and of its performance for the year then ended; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001;* and

(b) the financial report also complies with the International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements related to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the entity 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* (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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

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 or the year ended 30 June 2017. 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 Audit Addressed the Matter
Taxation	
The application of taxation legislation to the Company's accounts is inherently complex and requires judgement to be exercised in relation to estimating tax exposures and quantifying provisions and liabilities. Further disclosure regarding Taxation can be found at Note 1(f) *Critical Accounting Estimates and Judgements* and Note 4 *Income Tax*.	We have performed the following procedures: • Reviewed the income taxation calculations prepared and are satisfied that the calculations are in accordance with the accounting standards and applicable income tax legislation. • Tested the assumptions and forecast taxable income supporting deferred tax assets • Considered the appropriateness of the Company's disclosures regarding current tax matters • Assessed the consistency of assumptions used in estimating provisions and liabilities.
Employee Provisions	
The valuation of employee entitlements are subject to complex estimation techniques and significant judgement. Assumptions required for wage growth and CPI movements, coupled with the estimated likelihood of employees reaching unconditional services is estimated. A small change in assumptions can have a material impact on the financial statements. Further disclosure regarding Employee Provisions can be found at Note 1(f) *Critical Accounting Estimates and Judgements* and Note 14 *Provisions.*	We have performed the following procedures: • Reviewed the employee entitlement calculations and are satisfied that they calculations are in accordance with applicable accounting standards. • Tested the accuracy of the calculations and models used to calculate employee entitlement provisions. • Evaluated the assumptions applied in calculating employee entitlements such as the discount rate and the probability of long service leave vesting conditions being met.

Director's Responsibility for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group 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 to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. 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. Misstatements 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.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

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

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.

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

We 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.

We 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 obtain sufficient appropriate audit evidence regarding the financial information of the entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. 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, related safeguards.

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.

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 2017, 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 do not express any form of assurance conclusion thereon. On connection with our audit of the financial report, our responsibility is to read the other information, 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 material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

REPORT ON THE AUDIT OF THE REMUNERATION REPORT

Auditor's Opinion on the Remuneration Report

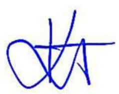
We have audited the remuneration report included in pages 5 to 6 of the director's report for the year ended 30 June 2017. The directors of the Company are responsible for the preparation and presentation of the remuneration report and in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

In our opinion, the remuneration report of Sunshine Coast Community Financial Services Limited, for the year ended 30 June 2017 is in accordance with s300A of the *Corporations Act 2001*

Responsibilities for the Remuneration Report

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.

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants



Kathie Teasdale
Partner
Bendigo
Dated: 13th September 2017