
# Sunshine Coast Community Financial Services Limited

ABN 12 100 576 261

# ANNUAL REPORT 2013

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

# Contents

# Chairman's report

## For year ending 30 June 2013

It provides me with great pleasure to report that this financial year achieved the highest ever pre tax profit before payment of community benefits.

**Dividends**

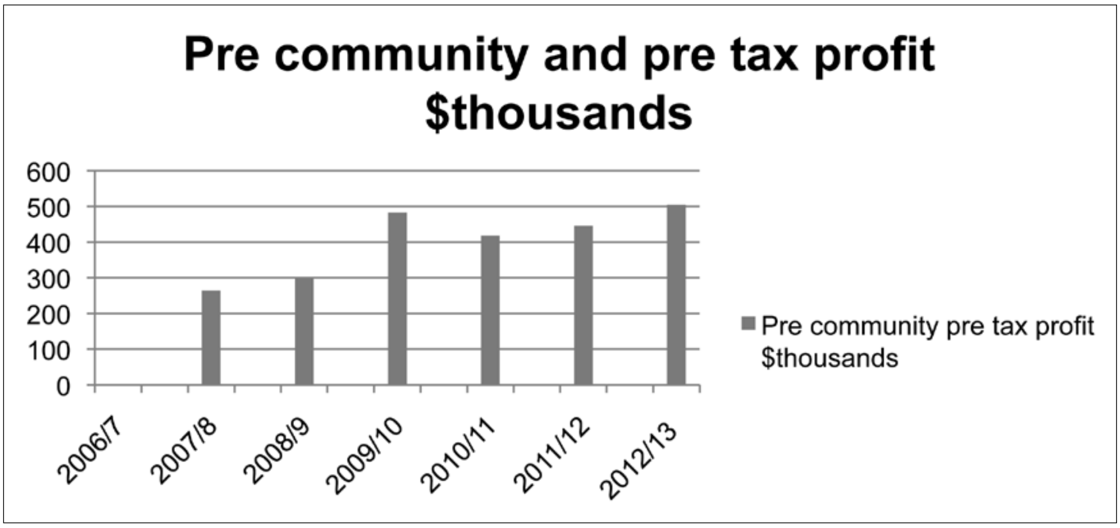
Our franchise agreement limits the rate of dividend to a specific formula before community contributions. Accordingly we are pleased to announce that our dividend for the financial year ended 30 June 2013 is 8.25 cents per share, fully franked. Whilst this is a touch below the previous year dividend, it is still a significant dividend and is the maximum allowable.

| | 20012/13 $ | 2011/12 $ | 2010/11 $ | 2009/10 $ | 2008/9 $ | 2007/8 $ |
|---|---|---|---|---|---|---|
| Profit before tax | 288,234 | 237,923 | 326,876 | 396,541 | 251,811 | 254,749 |
| Profit after tax | 199,904 | 163,186 | 224,514 | 279,029 | 169,294 | 171,583 |
| Earnings per share | 11.72 cents | 9.57cents | 13.17 cents | 16.38 cents | 9.93 cents | 10.07 cents |

**Pre tax and pre community contribution profit**

The pre tax profit chart below shows the growth in profit pre community contribution since 2006/7 when the first year of a very small profit was achieved.

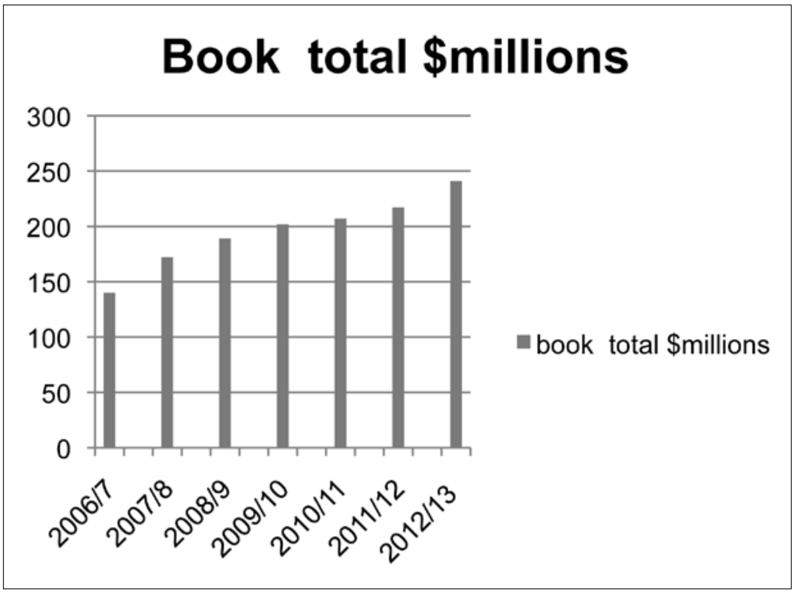
By any judgement this is an outstanding result given the market conditions and state of the economy in recent years, and is a great testament to the dedication of both our staff and Directors, but most of all the community who support us.

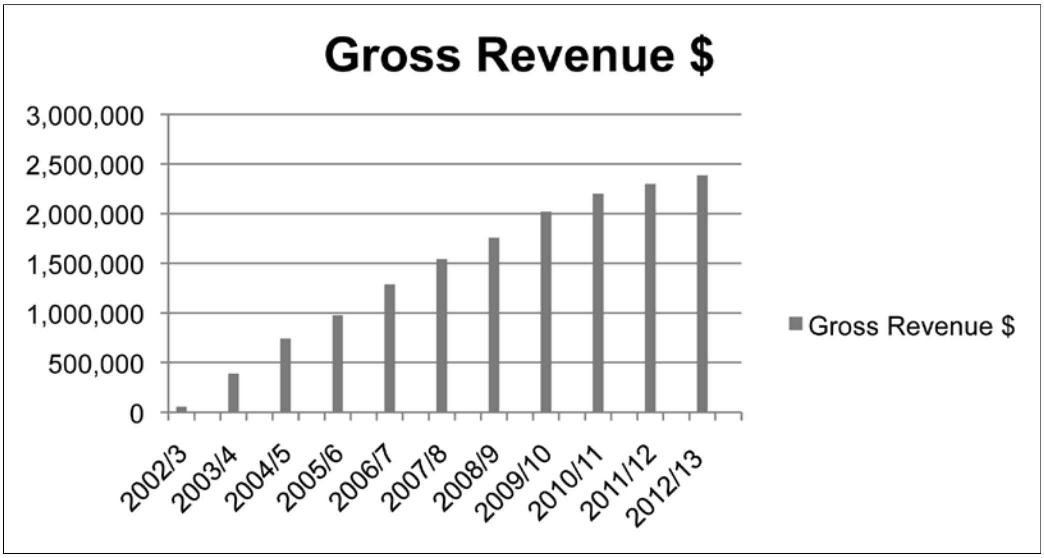


It is also very pleasing to report that our book has grown for the 10th straight year even through the challenges of the GFC. Our book total is essentially the sum of all loans and deposits of our customers.

I am proud to report that Gross Revenue for the company has grown every year since inception.

The number of customer accounts as at 30 June was 10,235.




**General**

We have made some minor office improvements during the year with all three branches now having TV monitors which continually display photos of our community commitments.

For the first time we produced our own TV Commercials using our very own customer, the actor John Jarratt. Our commercial won the state Community Choice Award for Marketing and has had a measurable impact on activity when running.

It is pleasing to report that we is now partnering with the Sunshine Coast Council in regard to specific projects, some of which were identified at our community forums held previously. It is significant that more and more councils now recognise the value of **Community Bank®** branches to the community, and we look forward to more positive news in the near future.

Partnering with all levels of government provides a "value add" to community projects and enables funding to be more easily secured. Your Board has also allocated a substantial sum as seed money to assist partnering with the Federal Government to finance the much needed renovation of the Cooroy Hall. Hopefully there will be some news on that project over the next few months.

# Chairman's report (continued)

Together with dividends our community contribution is anticipated to reach $1.4 million by the end of 2013/14 and we are now the 6th biggest **Community Bank®** company in Australia.

We welcome Danielle Taylor who has been recently employed on a part time basis to manage our social media, internet and email strategy going forward under our amazing Community Connections and Marketing Manger, Ian Williams. We believe we are one of the first **Community Bank®** branches in the country to identify this exploding opportunity in such a specific way.

It is also pleasing to report that we will be expanding our Scholarship Program next year to offer a second high school graduate a $10,000 support package over two years to enable a student to attend university who otherwise could not.

I would like to offer my special thanks to our incredible SCCFSL Board Directors who, together with their committee chair responsibilities, continue to volunteer their time and energy so generously and unselfishly.

I would like to thank our Noosa District High School student Board Observers Simone Barker and Carlee Darben for their attendance and contribution. It is very rare for young people to have the opportunity to observe and participate in the Board meetings of a listed company and we would hope it provides them with some insight to benefit their careers in the future.

It was with sadness that we said farewell to Fiona Hutchings who was our Cooroy **Community Bank®** Branch Manger for many years and we welcome her replacement Geoff Edwards to the team. To our other Mangers Wayne Hoens and Judy Blackall and their fantastic staff, I offer the sincere thanks of the Board for a job very well done over the last 12 months of challenging economic conditions on the coast.

Finally I would like to thank the local press who have been wonderful in their ongoing support for our **Community Bank®** model, and to you our shareholders and customers for riding with us on this incredible journey.

Rick Cooper

**Rick Cooper**
**Chairman**

# Our staff

Marcoola **Community Bank®** Branch staff left to right: Julie Markillie, Lloyd Sloman, Judy Blackall, Carmen Knight and Stephen Hutchings.



Tewantin **Community Bank®** Branch staff left to right: Wayne Hoens, Kerri Wright, Sarah Vogler, Ben Baker and Simone Flavelle.


Cooroy **Community Bank®** Branch staff left to right: Geoff Edwards, Helen Whitby, Karl Doss, Barbara Schilds, Mark Gielis and Hayley Saunders.

# Cooroy Manager's report

## For year ending 30 June 2013

As the new Branch Manager, I am humbled by the welcoming response of the business community, our shareholders, our hardworking Board members, and more so our wonderful customers, many of whom have made the effort to call and let themselves be known since my arrival at Cooroy **Community Bank®** Branch in March.

I knew I had big shoes to fill with the departure of my predecessor Fiona Hutchings, and I'm sure everyone joins me in thanking her for her great achievements for the branch over the past six years.

Now it's my turn to steer the ship in the years ahead. My focus over my first three months leading up to the end of this financial year has been to maintain the momentum of growth, both in profits and footings. To this end, the full year's result is seen as a very solid achievement despite the parlous economic environment over the last 12 months.

The most significant area of achievement for last year was the branch's growth in footings from $89.5 milion in July 2012 to $97.2 million to June 2013. This momentum saw net income increase over the previous year by 18%.

These great results are testament to the staff who continued to provide excellent service to our customers over the year and I must congratulate each and every one of them for their efforts. Thank you to my Customer Relationship Officer (CRO) Hayley Saunders, for going well beyond the call of duty to ensure the branch functioned to the level expected by our customers, during the transition and change of management.

To the full time Customer Service Officers, Lucie Loginow (since deservedly promoted and moved on). To Karl Doss who has stepped up and has taken on Board the CRO role. Thanks too, to our part time team of Barbara Schilds and Helen Whitby, who we rely on to cover the gaps. Last but not least, Mark Gieles who has only recently joined us and has already made a great impression with the customers. Well done team, I could not ask for a better support team for the years ahead.

My thanks also go to the tireless efforts of our SCCFSL Board of Directors who volunteer their time to give guidance and support to the branch along with being great advocates of the **Community Bank®** model.

And finally, thanks also to Ian Williams, our Community Connection and Marketing Manager for his tireless efforts with the promotion of our unique banking model.

From speaking with the locals and business partners, in and around the Cooroy district, there is a general feeling of optimism as we move into the new financial year ahead. I know that the Cooroy **Community Bank®** Branch is even keener to continue delivering its promises of giving back to the community. It is both rewarding and a pleasure to be party to a **Community Bank®** branch that gives it all to the service of its customers and the community as a whole.

Our community projects and sponsorships are such an integral part of what we do. The groups we support are now too numerous to be individually mentioned however I want to thank them all for the opportunity to be apart of their event or project.

I look forward to the many successful years ahead.

**Geoff Edwards**
**Cooroy Manager**

# Marcoola Manager's report

## For year ending 30 June 2013

The financial year 2012/13 for Marcoola **Community Bank®** Branch was a year of a solid 10% + growth in the total business that our local community conducts with us. Our business growth to me means that we are achieving our goal of "Successful customers equals successful community".

We finished the year with just over $70 million in business and even more pleasing is we grew the number of customers by 200. However, the most pleasing of all was our continued achievement of giving back our profits to the community. One of the highlights of the financial year was our $20,000 contribution to the North Shore Traders Association.

In partnership with Sunshine Coast Council, this donation was then used to complete the greatly anticipated Marcoola Streetscape Upgrade. This project has now created a "village atmosphere" with art, sculptures, open parkland and community space for all to enjoy our wonderful part of the world, and enjoy they did!

Marcoola **Community Bank®** Branch was integral in organising one of the biggest events ever held in the area of the branch, Marcoola Streetscape Celebration, which was held in April 2013.

The Marcoola Streetscape Celebration saw approx 1,200 of our community come out and stroll our shopping precinct, enjoy the Village Square and the live entertainment provided plus enjoy the many free activities for families such as the Jumping Castle and Face painting.

The highlight of this event was that the many community groups that Marcoola **Community Bank®** Branch support such as Marcoola Surf Life Saving Club, North Shore Comunity Centre, RSPCA Adopt a Pet Program, Cool Harmonies, Coolum Theatre Players and the Pacific Paradise State School attended the event to give of their time and talents. This is community giving back and I would like to personally thank these groups, you made this event the enormous success it was!

I continue to be supported by an amazing bunch of people including the Board of SCCFS Ltd and its Chairman, Rick Cooper. In particular, my local Board members, Jay Pashley and Debbie Johnson, a big thank you for working for the Marcoola **Community Bank®** Branch for no remuneration. To Ian Williams, our Community Connection and Marketing Manager, thank you for you many, many hours of work contributing to supporting not only this branch but all the community groups we work with.

My team of Lloyd, Carmen, Julie and Stephen have once again provided not only excellent customer service to our customers and community but have participated in many community events, thank you for we would not have achieved our growth without you.

To our shareholders and customers the very biggest thanks of all for continuing to support and do business with what is now the 5th largest bank in Australia. Bendigo and Adelaide Bank with its **Community Bank®** branch network must be doing something right to have grown from such humble beginnings to these lofty heights while still giving our profits back to our communities and remaining connected to them!

I look forward to an even more successful year that will be measured by the success of our community and customers.

Best wishes from your local Marcoola **Community Bank®** Branch Manager.

**Judy Blackall**
**Marcoola Manager**

# Tewantin Manager’s report

## For year ending 30 June 2013

The 2012/13 financial year has been a really good year at your Tewantin **Community Bank®** Branch. We have grown our deposits and our loans as well as achieving the majority of the benchmarks set to us by the Bendigo and Adelaide Bank. Our overall book increased by $8.5 million for the year and we now stand at $73.5 million in total footings. We opened a further 567 accounts during the year giving us a total number of accounts of 3,458.

You may recall in my report last year that I mentioned we achieved our first ever podium finish – third – in the Region’s Branch of the Year competition. Well - I am pleased to advise that this year we have gone one better and achieved the silver medal across the Region’s 12 branches. Next year is to be the gold!

Our committed and dedicated staff are the cornerstone of our success and I would like to thank them for their great efforts again this past year. They are - Simone Flavelle, Kerri Wright, Sarah Vogler, Ben Baker and Helen Whitby.

As a result of all their hard work this year and in particular achieving specific targets, Bendigo and Adelaide Bank has rewarded us all with a seafood dinner cruise for staff and their partners. Having won this inaugural challenge, we are now intent on making this an annual event.

I would like to thank our shareholders and our customers for their continued support as they not only choose to bank with us but also act as our advocates in their daily dealings by recommending our branch.

I would also like to thank our SCCFSL Board Directors for their tireless efforts and all the time they volunteer to support our branches and encouraging customers toward them. Also a thank you to our Community Connection and Marketing Manager, Ian Williams and all he does to get our message out there in our community.

The dollar benefit that we provide to our community continues to grow as we grow. This year we have added the Noosa Christian Outreach Church’s Christmas Carols to our list of long term sponsorships - RSPCA, Street Reach Van, Noosa Chorale, Tewantin and Noosaville State Schools and Noosa Arts Theatre to name just a few.

I am also pleased to advise that three of the projects identified in last year’s Community Forum have or will be shortly fully completed. These are the upgrade of the radio room of the Noosa Coastguard (July 2013), RYDA Noosa Program (August 2013) and a new van for Cooloola Noosa Life Education (planned for December 2013).

Our results this last year show that we are in a strong position as a business which is in spite of the economic environment which has been described as weak. Economies do operate in cycles and it is only a matter of time before we enter into an economic upswing.

We are well prepared for this eventuality and as we continue to grow and be successful in our business, larger profits will be generated and we will be able to assist more worthy causes in our community.

I am looking forward to the year ahead and I am very excited about our place in the future as Australia’s leading customer connected bank.

**Wayne Hoens**
**Tewantin Manager**

# Directors' report

## For the financial year ended 30 June 2013

Your Directors submit their 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:

| Name and position held | Qualifications | Experience and other Directorships |
|---|---|---|
| **Frederick Broomhall**<br>Director since May 2002<br>Director | B Com | Property Developer |
| **Rick Cooper**<br>Director since November 2006<br>Director | Management Diploma | Founding president of the Tewantin Community Association Former principal of Elders Real Estate Tewantin |
| **Leonard Daddow**<br>Director since May 2002<br>Director | | Principal of motor vehicle dealership |
| **Jay Pashley**<br>Director since February 2004<br>Director | B Bus | Principal of North Shore Realty |
| **Peter Billinghurst**<br>Director since May 2002<br>Director | B Bus CA | Chartered Accountant |
| **Debra Johnson**<br>Director since November 2008<br>Director | GAICD | Principal of Building Suncoast Green |
| **Geoffrey Thomas Nichols**<br>Director since May 2002<br>Director<br>(Resigned August 2012) | | Retired |
| **Diana Jane Henshall**<br>Director since November 2008<br>Director<br>(Resigned August 2012) | | Principal of Di Henshall Interiors |

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

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

**Principal activities**

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

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

**Review of operations**

The profit/(loss) of the company for the financial year after income tax was $199,904 (2012 profit: $154,974), which is a 29% increase as compared with the previous year.

The net assets of the company have increased to $1,234,874 (2012: $1,188,351). The increase is largely due to trading profits for the year, less dividends paid.

**Dividends**

| | Year ended 30 June 2013 | |
|---|---|---|
| | **Cents per share** | **$** |
| Dividends paid in the year: | | |
| - As recommended in the prior year report | 9 | 153,381 |

**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 reporting date**

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.

**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

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.

#### Indemnifying Officers or Auditor

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

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

#### Directors' meetings

The number of Directors' meetings held during the year were 11. Attendances by each Director during the year were as follows:

| Director | Board meetings # | Audit committee meetings # |
|---|---|---|
| Frederick Broomhall | 7(11) | N/A |
| Rick Cooper | 9(11) | 2(2) |
| Leonard Daddow | 6(11) | N/A |
| Jay Pashley | 10(11) | N/A |
| Peter Billinghurst | 8(11) | 2(2) |
| Debra Johnson | 11(11) | N/A |
| Geoffrey Thomas Nichols (resigned August 2012) | 1(1) | N/A |
| Diana Jane Henshall (resigned August 2012) | 1(1) | N/A |

# The first number is the meetings attended while in brackets is the number of meetings eligible to attend.
N/A - not a member of that Committee.

#### 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. However, the Board believes that the company has adequate systems in place for the management of its environment requirements and is not aware of any breach of these environmental requirements as they apply to 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.

### Company Secretary

Peter Billinghurst 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.

### 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 the 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.

### Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set at page 13 of this financial report. No Officer of the company is or has been a partner of the Auditor of the company.

Signed in accordance with a resolution of the Board of Directors at Cooroy on 28 October 2013.

**Peter Billinghurst**
**Director**

# Auditor's independence declaration

Richmond Sinnott & Delahunty
Chartered Accountants

Level 2, 10-16 Forest Street
Bendigo, Victoria
PO Box 30, Bendigo, VIC 3552

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www.rsdadvisors.com.au

28 October 2013

The Directors
Sunshine Coast Community Financial Services Limited
PO Box 815
COOROY QLD 4563

Dear Directors

To the Directors of Sunshine Coast Community Financial Services Limited

**Auditor's Independence Declaration under section 307C of the Corporations Act 2001**

I declare that to the best of my knowledge and belief, during the year ended 30 June 2013 there has been:

(i) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) No contraventions of any applicable code of professional conduct in relation to the audit.

**P. P. Delahunty**
**Partner**
**Richmond Sinnott & Delahunty**

Richmond Sinnott & Delahunty
ABN 60 616 244 309
Liability limited by a scheme approved under Professional Standards Legislation

Partners:
Warren Sinnott
Cara Hall
Brett Andrews
Philip Delahunty
Kathie Teasdale
David Richmond

# Financial statements

## Statement of profit or loss and other comprehensive income for the year ended 30 June 2013

| | Notes | 2013 $ | 2012 $ |
|---|---|---|---|
| Revenue | 2 | 2,388,664 | 2,297,505 |
| Employee benefits expense | 3 | (1,133,748) | (1,092,420) |
| Depreciation and amortisation expense | 3 | (96,328) | (103,413) |
| Finance costs | 3 | (4,728) | (5,099) |
| Bad and doubtful debts expense | 3 | (1,751) | (12,206) |
| Rental expense | 3 | (172,255) | (139,400) |
| Other expenses | | (493,731) | (498,558) |
| **Operating profit/(loss) before charitable donations & sponsorships** | | **486,123** | **446,409** |
| Charitable donations and sponsorships | | (197,889) | (220,217) |
| **Profit/(loss) before income tax expense** | | **288,234** | **226,192** |
| Tax expense / (benefit) | 4 | 88,330 | 71,218 |
| **Profit/(loss) for the year** | | **199,904** | **154,974** |
| Other comprehensive income | | - | - |
| **Total comprehensive income** | | **199,904** | **154,974** |
| Profit/(loss) attributable to: | | | |
| Members of the company | | 199,904 | 154,974 |
| **Total** | | **199,904** | **154,974** |
| | | | |
| **Earnings per share (cents per share)** | | | |
| - basic for profit / (loss) for the year | 21 | 11.73 | 9.09 |
| - diluted for profit / (loss) for the year | 21 | 11.73 | 9.09 |

The accompanying notes form part of these financial statements.

## Statement of financial position as at 30 June 2013

| | Notes | 2013 $ | 2012 $ |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 6 | 673,451 | 701,032 |
| Trade and other receivables | 7 | 197,384 | 200,879 |
| **Total current assets** | | **870,835** | **901,911** |
| **Non-current assets** | | | |
| Property, plant and equipment | 8 | 380,281 | 435,969 |
| Deferred tax asset | 4 | 39,678 | 39,678 |
| Intangible assets | 9 | 139,739 | 40,130 |
| **Total non-current assets** | | **559,698** | **515,777** |
| **Total assets** | | **1,430,533** | **1,417,688** |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 10 | 141,107 | 157,118 |
| Borrowings | 11 | 16,939 | 12,212 |
| Current tax payable | 4 | 6,477 | 11,932 |
| **Total current liabilities** | | **164,523** | **181,262** |
| **Non current liabilities** | | | |
| Borrowings | 11 | 31,136 | 48,075 |
| **Total non current liabilities** | | **31,136** | **48,075** |
| **Total liabilities** | | **195,659** | **229,337** |
| **Net assets** | | **1,234,874** | **1,188,351** |
| **Equity** | | | |
| Issued capital | 13 | 1,623,067 | 1,623,067 |
| Retained earnings / (accumulated losses) | 14 | (388,193) | (434,716) |
| **Total equity** | | **1,234,874** | **1,188,351** |

The accompanying notes form part of these financial statements.

## Statement of changes in equity for the year ended 30 June 2013

| | Notes | Issued Capital $ | Accumulated Losses $ | Total Equity $ |
|---|---|---|---|---|
| **Balance at 1 July 2011** | | **1,623,067** | **(453,351)** | **1,169,716** |
| Total comprehensive income for the year | | - | 154,974 | 154,974 |
| Transactions with owners, in their capacity as owners | | | | |
| Shares issued during the year | | - | - | - |
| Dividends paid or provided | 22 | - | (136,339) | (136,339) |
| **Balance at 30 June 2012** | | **1,623,067** | **(434,716)** | **1,188,351** |
| **Balance at 1 July 2012** | | **1,623,067** | **(434,716)** | **1,188,351** |
| Total comprehensive income for the year | | - | 199,904 | 199,904 |
| Transactions with owners, in their capacity as owners | | | | |
| Shares issued during the year | | - | - | - |
| Dividends paid or provided | 22 | - | (153,381) | (153,381) |
| **Balance at 30 June 2013** | | **1,623,067** | **(388,193)** | **1,234,874** |

The accompanying notes form part of these financial statements.

# Statement of cash flows
## for the year ended 30 June 2013

| | Notes | 2013<br>$ | 2012<br>$ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from clients | | 2,557,508 | 2,494,793 |
| Payments to suppliers and employees | | (2,206,597) | (2,207,814) |
| Income tax paid | | (93,785) | (119,754) |
| Interest paid | | (4,728) | (5,099) |
| Interest received | | 25,863 | 34,212 |
| **Net cash flows from/(used in) operating activities** | **15b** | **278,261** | **196,338** |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant & equipment | | (1,807) | (79,808) |
| Purchase of intangible assets | | (138,442) | - |
| **Net cash flows from/(used in) investing activities** | | **(140,249)** | **(79,808)** |
| **Cash flows from financing activities** | | | |
| Dividends paid | | (153,381) | (136,339) |
| Proceeds from borrowings | | - | 39,389 |
| Repayment of borrowings | | (12,212) | - |
| **Net cash flows from/(used in) financing activities** | | **(165,593)** | **(96,950)** |
| **Net increase/(decrease) in cash held** | | **(27,581)** | **19,580** |
| Cash and cash equivalents at start of year | | 701,032 | 681,452 |
| **Cash and cash equivalents at end of year** | **15a** | **673,451** | **701,032** |

The accompanying notes form part of these financial statements.

# Notes to the financial statements

## For year ended 30 June 2013

The 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 28 October 2013.

## Note 1. Summary of significant accounting policies

**(a) Basis of preparation**

The financial statements are general purpose financial statements, that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board 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 Australian Accounting Standards Board 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 (IFRS). Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

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

**(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.

## Note 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.

**(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 Australian Taxation Office (ATO). 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 inclusive of the amount of GST receivable or payable.

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

The GST components of investing and 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.

## Note 1. Summary of significant accounting policies (continued)

**(f) Employee benefits**

Provision is made for the company's liability for employee benefits arising from the services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy any vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows attributable to the employee benefits.

**(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 Profit or Loss and Other Comprehensive Income.

**(h) Cash**

Cash on hand and in banks are stated at nominal value. Bank overdrafts are shown as short term borrowings in current liabilities in the statement of financial position.

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**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Revenue comprises service commissions and other income received by the company.

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 expected to be collected within 12 months at the end of the reporting period are classified as current assets. 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 to the company and are recognised as a current liability.

**(k) New accounting standards and interpretations not yet adopted**

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:

## Note 1. Summary of significant accounting policies (continued)

**(k) New accounting standards and interpretations not yet adopted (continued)**

(i) AASB 9 Financial Instruments (2010), AASB 9 Financial Instruments (2009)

AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. AASB 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project that may result in limited amendments to the classification and measurement requirements of AASB 9 and add new requirements to address the impairment of financial assets and hedge accounting.

AASB 9 (2010 and 2009) are effective for annual periods beginning on or after 1 January 2015 with early adoption permitted. The adoption of AASB 9 (2010) is not expected to have an impact on the company's financial assets or financial liabilities.

(ii) AASB 13 Fair Value Measurement (2011)

AASB 13 provides a single source of guidance on how fair value is measured, and replaces the fair value measurement guidance that is currently dispersed throughout Australian Accounting Standards. Subject to limited exceptions, AASB 13 is applied when fair value measurements or disclosures are required or permitted by other AASBs. The company is currently reviewing its methodologies in determining fair values. AASB 13 is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

(iii) AASB 119 Employee Benefits (2011)

AASB 119 (2011) changes the definition of short-term and other long-term employee benefits to clarify the distinction between the two. For defined benefit plans, removal of the accounting policy choice for recognition of actuarial gains and losses is not expected to have any impact on the company. However, the company may need to assess the impact of the change in measurement principles of expected return on plan assets. AASB 119 (2011) is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

**(l) Loans and 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 or constructive obligation, as a result of past events, for which is probable that the outflow of economic benefits will result and the outflow can be reliably measured.

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

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.

## Note 1. Summary of significant accounting policies (continued)

**(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 changes 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.

Income tax

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

Fair value represents the amount for which an asset would be exchanged or a liability settled, between knowledgeable willing parties. Where available quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are applied to determine the fair value. Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less 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.

## Note 1. Summary of significant accounting policies (continued)

**(q) Financial instruments (continued)**

Classification and subsequent measurement (continued)

(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. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(ii) Financial liabilities

Non derivative financial liabilities are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

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 to be 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 debtor is experiencing significant financial difficulty, default or delinquency in payments, indications that they will enter bankruptcy or other financial reorganisation and changes in arrears or economic conditions that correlate with defaults.

Derecognition of financial instruments

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

## Note 2. Revenue and other income

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| **Revenue** | | |
| - services commissions | 2,362,801 | 2,263,293 |
| | **2,362,801** | **2,263,293** |
| **Other revenue** | | |
| - interest received | 25,863 | 34,212 |
| | **25,863** | **34,212** |
| **Total revenue** | **2,388,664** | **2,297,505** |

| | 2013 $ | 2012 $ |
|---|---|---|

## Note 3. Expenses

| | 2013 $ | 2012 $ |
|---|---|---|
| **Employee benefits expense** | | |
| - wages and salaries | 994,736 | 953,040 |
| - superannuation costs | 85,445 | 80,294 |
| - payroll tax | 45,247 | 52,799 |
| - workers' compensation costs | 8,320 | 6,287 |
| | **1,133,748** | **1,092,420** |
| **Depreciation of non-current assets:** | | |
| - plant and equipment | 57,495 | 63,859 |
| **Amortisation of non-current assets:** | | |
| - intangible assets | 38,833 | 39,554 |
| | **96,328** | **103,413** |
| **Finance costs:** | | |
| - Interest paid | 4,728 | 5,099 |
| Bad debts | 1,751 | 12,206 |
| **Administration expenses** | | |
| - Rent | 172,255 | 139,400 |
| - Information technology related costs | 107,007 | 100,881 |
| - Other administration expenses | 386,724 | 397,677 |

## Note 4. Tax expense

The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:

| | 2013 $ | 2012 $ |
|---|---|---|
| Prima facie tax on profit/(loss) before income tax at 30% (2012: 30%) | 86,470 | 67,858 |
| Add tax effect of: | | |
| - Adjustments in respect of current income tax of previous year | - | - |
| - Utilisation of previously unrecognised carried forward tax losses | - | - |
| - Non-deductible expenses | 1,860 | 3,360 |
| **Current income tax expense** | **88,330** | **71,218** |
| **Income tax attributable to the entity** | **88,330** | **71,218** |

| | 2013 $ | 2012 $ |
|---|---|---|

## Note 4. Tax expense (continued)

| | | |
|---|---|---|
| The applicable weighted average effective tax rate is | - | - |
| **Deferred tax asset** | | |
| **Future income tax benefits arising from capital tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.** | **39,678** | **39,678** |
| **Current tax payable** | **6,477** | **11,932** |

The applicable income tax rate is the Australian Federal tax rate of 30% (2012: 30%) applicable to Australian resident companies.

## Note 5. Auditors' remuneration

| | | |
|---|---|---|
| Remuneration of the Auditor for: | | |
| - Audit or review of the financial report | 4,928 | 4,750 |
| - Share registry | 3,404 | 4,798 |
| | **8,332** | **9,548** |

## Note 6. Cash and cash equivalents

| | | |
|---|---|---|
| **Cash at bank and on hand** | **673,451** | **701,032** |

## Note 7. Trade and other receivables

| | | |
|---|---|---|
| **Current** | | |
| Trade debtors | 190,357 | 192,872 |
| Prepayments | 7,027 | 8,007 |
| | **197,384** | **200,879** |

**Credit risk**

The company has no significant concentration of credit risk with respect to any single group or company of counterparties.

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

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

## Note 7. Trade and other receivables (continued)

**Credit risk (continued)**

| | Gross amount $ | Past due and impaired $ | Past due but not impaired < 30 days $ | Past due but not impaired 31-60 days $ | Past due but not impaired > 60 days $ | Not past due $ |
|---|---|---|---|---|---|---|
| **2013** | | | | | | |
| Trade receivables | 190,357 | - | - | - | - | 190,357 |
| Other receivables | 7,027 | - | - | - | - | 7,027 |
| **Total** | **197,384** | **-** | **-** | **-** | **-** | **197,384** |
| **2012** | | | | | | |
| Trade receivables | 192,872 | - | - | - | - | 192,872 |
| Other receivables | 8,007 | - | - | - | - | 8,007 |
| **Total** | **200,879** | **-** | **-** | **-** | **-** | **200,879** |

| | 2013 $ | 2012 $ |
|---|---|---|

## Note 8. Property, plant and equipment

| | 2013 $ | 2012 $ |
|---|---|---|
| **Plant and equipment** | | |
| At cost | 801,127 | 799,320 |
| Less accumulated depreciation | (466,228) | (419,206) |
| | **334,899** | **380,114** |
| **Motor Vehicle** | | |
| At cost | 75,055 | 75,055 |
| Less accumulated depreciation | (29,673) | (19,200) |
| | **45,382** | **55,855** |
| **Total written down amount** | **380,281** | **435,969** |
| **Movements in carrying amounts** | | |
| **Plant and equipment** | | |
| Balance at the beginning of the reporting period | 380,114 | 399,790 |
| Additions | 1,807 | 34,118 |
| Disposals | - | - |
| Depreciation expense | (47,022) | (53,794) |
| **Balance at the end of the reporting period** | **334,899** | **380,114** |

| | 2013 $ | 2012 $ |
|---|---|---|

## Note 8. Property, plant and equipment (continued)

| **Motor Vehicle** | | |
|---|---|---|
| Balance at the beginning of the reporting period | 55,855 | 20,230 |
| Additions | - | 45,691 |
| Disposals | - | - |
| Depreciation expense | (10,473) | (10,066) |
| **Balance at the end of the reporting period** | **45,382** | **55,855** |

## Note 9. Intangible assets

| **Franchise fee** | | |
|---|---|---|
| At cost | 456,213 | 317,771 |
| Less accumulated amortisation | (316,474) | (277,641) |
| **Total Intangible assets** | **139,739** | **40,130** |
| **Movements in carrying amounts** | | |
| **Franchise fee** | | |
| Balance at the beginning of the reporting period | 40,130 | 79,684 |
| Additions | 138,442 | - |
| Amortisation expense | (38,833) | (39,554) |
| **Balance at the end of the reporting period** | **139,739** | **40,130** |

## Note 10. Trade and other payables

| **Current** | | |
|---|---|---|
| Unsecured liabilities: | | |
| Trade creditors | 138,007 | 154,218 |
| Other creditors and accruals | 3,100 | 2,900 |
| | **141,107** | **157,118** |

## Note 11. Borrowings

| | | |
|---|---|---|
| Chattel Mortgage - Current | 16,939 | 12,212 |
| Chattel Mortgage - Non-current | 31,136 | 48,075 |
| | **48,075** | **60,287** |

## Note 12. Provisions

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

| | 2013 $ | 2012 $ |
|---|---|---|
| **Note 13. 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) |
| | **1,623,067** | **1,623,067** |
| # 31,250 shares issued for nil consideration as bonus shares. | | |
| **Movements in share capital** | | |
| Fully paid ordinary shares: | | |
| At the beginning of the reporting period | 1,704,238 | 1,704,238 |
| Shares issued during the year | - | - |
| **At the end of the reporting period** | **1,704,238** | **1,704,238** |

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At the shareholders' meetings each shareholder is entitled to one vote when a poll is called, or on a show of hands.

The company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the company's residual assets.

**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 Profit or Loss and Comprehensive Income.

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

| | 2013 $ | 2012 $ |
|---|---|---|

## Note 14. Accumulated losses

| | 2013 $ | 2012 $ |
|---|---|---|
| Balance at the beginning of the reporting period | (434,716) | (453,351) |
| Dividend paid or provided for | (153,381) | (136,339) |
| Profit/(loss) after income tax | 199,904 | 154,974 |
| **Balance at the end of the reporting period** | **(388,193)** | **(434,716)** |

## Note 15. Statement of cash flows

| | 2013 $ | 2012 $ |
|---|---|---|
| **(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 | 673,451 | 701,032 |
| less Bank overdraft | - | - |
| **As per the statement of cash flow** | **673,451** | **701,032** |
| **(b) Reconciliation of profit / (loss) after tax to net cash provided from/(used in) operating activities** | | |
| Profit / (loss) after income tax | 199,904 | 154,974 |
| Non cash items | | |
| - Depreciation | 57,495 | 63,859 |
| - Amortisation | 38,833 | 39,554 |
| Changes in assets and liabilities | | |
| - (Increase) decrease in receivables | 3,495 | 6,116 |
| - (Increase) decrease in income tax payable | (5,455) | (48,536) |
| - Increase (decrease) in payables | (16,011) | (19,629) |
| **Net cash flows from/(used in) operating activities** | **278,261** | **196,338** |

## Note 16. Related party transactions

The company's main related parties are as follows:

**(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.

## Note 16. Related party transactions (continued)

**(b) Other related parties**

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

**(c) Transactions with key management personnel and related parties**

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.

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.

**(d) Key management personnel shareholdings**

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

| | 2013 | 2012 |
|---|---|---|
| Frederick Broomhall | 26,674 | 26,674 |
| Rick Cooper | 26,993 | 26,993 |
| Leonard Daddow | 8,201 | 8,201 |
| Jay Pashley | 20,000 | 20,000 |
| Peter Billinghurst | 1,051 | 1,051 |
| Debra Johnson | 15,000 | 15,000 |
| Geoffrey Thomas Nichols (resigned August 2012) | 12,513 | 12,513 |
| Diana Jane Henshall (resigned August 2012) | - | - |

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.

## Note 17. Events after the reporting period

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

## Note 18. Contingent liabilities and assets

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

## Note 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 and Adelaide Bank Limited who account for 100% of the revenue (2012: 100%).

## Note 20. Company details

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

| | 2013 $ | 2012 $ |
|---|---|---|

## Note 21. Earnings per share

Basic earnings per share amounts are calculated by dividing profit / (loss) 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 / (loss) 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:

| | 2013 $ | 2012 $ |
|---|---|---|
| **Profit/(loss) after income tax expense** | **199,904** | **154,974** |
| **Weighted average number of ordinary shares for basic and diluted earnings per share** | **1,704,238** | **1,704,238** |

## Note 22. Dividends paid or provided for on ordinary shares

**(a) Dividends paid during the year**

| | 2013 $ | 2012 $ |
|---|---|---|
| **Unfranked dividends 9 cents per share (2012: 8 cents per share)** | **(153,381)** | **(136,339)** |

## Note 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 as detailed in the accounting policies are as follows:

| | Note | 2013 $ | 2012 $ |
|---|---|---|---|
| **Financial assets** | | | |
| Cash & cash equivalents | 6 | 673,451 | 701,032 |
| Trade and other receivables | 7 | 190,357 | 192,872 |
| **Total financial assets** | | **863,808** | **893,904** |

## Note 23. Financial risk management (continued)

| | Note | 2013 $ | 2012 $ |
|---|---|---|---|
| **Financial liabilities** | | | |
| Trade and other payables | 10 | 141,107 | 157,118 |
| Borrowings | 11 | 48,075 | 60,287 |
| **Total financial liabilities** | | **189,182** | **217,405** |

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.

Credit risk is managed through maintaining procedures that ensure, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness and their financial stability is monitored and assessed on a regular basis. 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.

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 statement of financial position.

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 and therefore credit risk is considered minimal.

| | 2013 $ | 2012 $ |
|---|---|---|
| **Cash and cash equivalents:** | | |
| **A rated** | **673,451** | **701,032** |

## Note 23. Financial risk management (continued)

**(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 | Note | Total $ | Within 1 year $ | 1 to 5 years $ | Over 5 years $ |
|---|---|---|---|---|---|
| **Financial liabilities due** | | | | | |
| Trade and other payables | 10 | (141,107) | (141,107) | – | – |
| Loans and borrowings | 11 | (48,075) | (16,370) | (31,705) | – |
| **Total expected outflows** | | **(189,182)** | **(157,477)** | **(31,705)** | **–** |
| **Financial assets - realisable** | | | | | |
| Cash & cash equivalents | 6 | 673,451 | 673,451 | – | – |
| Trade and other receivables | 7 | 190,357 | 190,357 | – | – |
| **Total anticipated inflows** | | **863,808** | **863,808** | **–** | **–** |
| **Net (outflow)/inflow financial instruments** | | **674,626** | **706,331** | **(31,705)** | **–** |

| 30 June 2012 | Note | Total $ | Within 1 year $ | 1 to 5 years $ | Over 5 years $ |
|---|---|---|---|---|---|
| **Financial liabilities due** | | | | | |
| Trade and other payables | 10 | (157,118) | (157,118) | – | – |
| Loans and borrowings | 11 | (60,287) | (12,212) | (48,075) | – |
| **Total expected outflows** | | **(217,405)** | **(169,330)** | **(48,075)** | **–** |
| **Financial assets - realisable** | | | | | |
| Cash & cash equivalents | 6 | 701,032 | 701,032 | – | – |
| Trade and other receivables | 7 | 192,872 | 192,872 | – | – |
| **Total anticipated inflows** | | **893,904** | **893,904** | **–** | **–** |
| **Net (outflow)/inflow financial instruments** | | **676,499** | **724,574** | **(48,075)** | **–** |

## Note 23. Financial risk management (continued)

**(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 the risk 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.

The weighted average interest rates of the company's interest-bearing financial assets are as follows:

| **Financial assets** | **2013**<br>% | **2012**<br>% |
|---|---|---|
| Cash and cash equivalents (net of bank overdrafts) | 3.01% | 4.11% |

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.

| | **Profit**<br>**$** | **Equity**<br>**$** |
|---|---|---|
| **Year ended 30 June 2013** | | |
| +/- 1% in interest rates (interest income) | 6,254 | 6,254 |
| | **6,254** | **6,254** |
| **Year ended 30 June 2012** | | |
| +/- 1% in interest rates (interest income) | 6,407 | 6,407 |
| | **6,407** | **6,407** |

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.

# 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 of the company as set out on pages 14 to 34 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 2013 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.

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

**Peter Billinghurst**
**Director**

Signed at Cooroy on 28 October 2013.

# Independent audit report

Richmond Sinnott & Delahunty
Chartered Accountants

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Bendigo, Victoria
PO Box 30, Bendigo, VIC 3552

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***INDEPENDENT AUDITOR'S REPORT***
***TO THE MEMBERS OF SUNSHINE COAST COMMUNITY FINANCIAL SERVICES LIMITED***

**Report on the Financial Report**

We have audited the accompanying financial report of Sunshine Coast Community Financial Services Limited, which comprises the statement of financial position as at 30 June 2013, 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, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company at the year's end.

*Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

*Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

*Independence*

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

*Auditor's Opinion*

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 2013 and of its performance for the year ended on that date; and

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

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

*Report on the remuneration report*

We have audited the remuneration report included in the directors' report for the year ended 30 June 2013. 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.

*Auditor's Opinion*

In our opinion, the remuneration report of Sunshine Coast Community Financial Services Limited for the year ended 30 June 2013, complies with section 300A of the Corporations Act 2001.

**RICHMOND SINNOTT & DELAHUNTY**
Chartered Accountants

**P. P. Delahunty**
Partner

Dated at Bendigo, 28 October 2013

# NSX report

## For the year ended 30 June 2013

Additional information required by the NSX and not shown elsewhere in the report is as follows.

(a) The information is current as at the 28 October 2013.

(b) There are no material differences between the entities Annexure 3A and the financial statements contained in the annual report.

(c) Corporate Governance Statement

The Board manages and monitors the business on behalf of the shareholders to whom they are accountable.

The Board recognises the importance of strong corporate governance. The Board has developed a policies and procedures manual which is subject to ongoing review. This framework will assist with governing the company into the future by providing accountability and guiding principles for future decision making. The Board has an audit committee. The Board has conducts Board performance appraisals and strategic planning sessions.

**Composition of the Board**

The Directors in office at the date of this statement are:

| Name | Position |
|---|---|
| Peter William Billinghurst | Secretary |
| Jay Pashley | Director |
| Leonard Harold Daddow | Director |
| Debra Megan Johnson | Director |
| Frederick Charles Broomhall | Director |
| Richard John Cooper | Director |

The Board meets monthly and follows meeting guidelines to ensure that all Directors have all of the necessary information to participate in discussion on all agenda items.

**Board responsibilities**

The Board acts on behalf of and is accountable to the shareholders of the company and as such it seeks to identify the expectations of its shareholders. The Board also reviews its regulatory and ethical expectations and obligations. In addition the Board is responsible for identifying areas of significant business risk and ensuring that arrangements are in place to adequately manage those risks.

The Board is also responsible for ensuring that its management activities are aligned with its future goals and appropriate strategies to mitigate material business risks. The mechanisms in place that assist the Board to meet these objectives are:

- Board approval of a business plan for each branch which encompasses the company's vision and mission statements. Ongoing review and adjustments to the business plans to ensure future growth and success. Conducting strategic and business planning workshops.
- Formation of a policies and procedures manual to give the Board a clear framework for its administrative decisions.
- Implementation of operating plans and budgets and monitoring progress against budgets both internally and industry performance guidelines.
- Attending state and national conferences with representatives from other **Community Bank®** branches in the network.

- Provision of training opportunities for Directors to assist them with the discharge of their obligations.
- Conduct of various sub committee meetings.

**Monitoring of the Board's performance**

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner the performance of all Directors is reviewed by the Chairman. Directors are subject to a peer review process. Directors whose performance is unsatisfactory would be asked to retire.

(d) There are no substantial shareholders as each shareholder only has one vote regardless of the number of shares.

(e) There are 709 shareholders of ordinary shares in the company.

(f) There is one vote per shareholder.

(g) Distribution of equity securities

The number of shareholders, by size of holding, are:

| Range | Number of shareholders |
|---|---|
| 1 to 1,000 | 379 |
| 1,001 to 5,000 | 262 |
| 5,001 to 10,000 | 40 |
| 10,001 to 100,000 | 28 |
| **Total** | **709** |

(h) The number of non marketable parcels less than $500 was 14.

(i) Ten largest shareholders

The names of the ten largest shareholders of quoted shares are:

| Shareholder | Number of fully paid shares held |
|---|---|
| Thomas Leigh Pty Ltd as trustee for <The Waring Family Superannuation Fund A/C> | 57,109 |
| Murray William & Lyndal Jane Brown as trustee for <Hinternoosa Super Fund A/C> | 45,501 |
| Richard Everritt Thorne | 44,025 |
| George William Perry | 41,000 |
| Winpar Holdings Limited | 33,725 |
| Jill Maree Killen | 30,000 |
| Northern Suburbs Secretarial Services Pty Ltd as trustee for <Juleton A/C> | 30,000 |
| Monika Wicklandt | 27,500 |
| Zedmont Pty Ltd as trustee for <Cooper Collins Super Fund Ac> | 26,993 |
| Jennifred Pty Ltd as trustee for <Broomhall Super Fund A/C> | 26,774 |

(j) The name of the entity's Secretary is Peter William Billinghurst.

(k) Address and telephone number of registered office

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

(l) Address and telephone number at which securities register is kept

Richmond Sinnott & Delahunty
172 – 176 McIvor Road Bendigo, VIC 3552.
Phone (03) 5443 1177

**5 Year summary of performance**

| | 2009 $ | 2010 $ | 2011 $ | 2012 $ | 2013 $ |
|---|---|---|---|---|---|
| Gross Revenue | 1,756,592 | 2,020,666 | 2,200,361 | 2,297,504 | 2,388,664 |
| Net Profit before tax | 251,811 | 396,541 | 326,876 | 226,192 | 288,234 |
| Total Assets | 1,016,192 | 1,195,298 | 1,412,607 | 1,426,579 | 1,430,533 |
| Total Liabilities | 94,383 | 122,278 | 242,892 | 238,227 | 195,659 |
| Total Equity | 921,807 | 1,073,018 | 1,169,715 | 1,188,352 | 1,234,874 |
| Earnings per share | 9.99¢ | 16.37¢ | 13.17¢ | 9.57¢ | 11.72 ¢ |



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