

Annual Report 2021

Sunshine Coast Community
Financial Services Limited

Community Bank
Cooroy, Marcoola, Pomona and
Tewantin-Noosa

ABN 12 100 576 261

Sunshine Coast Community Financial Services Limited

Chairman's Report for year ending 30 June 2021

Our Company Vision

To be the best customer connected bank in the communities in which we serve.

Our Purpose

To be **your** locally owned bank which supports **our** communities.

COVID-19 Update

Despite COVID restrictions and compliance, it has been very much business as usual for us.

In the months ahead we are looking forward to further easing of restrictions as our nation continues to be vaccinated. Social distancing has curtailed some of our planned community events, but hopefully we can resume planning events later in 2021.

Company Transformation

As the first Community Bank in Australia to transform into a customer focused bank of the future, we are pleased to report ongoing success in our efforts.

The company has been undergoing this change process for more than a year and we are progressing well.

- We welcomed Tristan Scott who joined us in September 2020 as group Senior Manager who has all but completed recruitment of our new staff.
- Whilst we are very sad to say farewell to our first successful Business Development Manager (BDM) Kerryn Vincart, we welcomed our second BDM Louise Curtis Kratzmann some months ago and just recently Kerryn's replacement Sara Di-Nuzzo who commences with us in September 2021.
- Our Local Engagement Officer (LEO) Zoe Reinke is now busily engaged with our various communities specialising in Digital media promotions, branch Pop Up Business displays and branch artwork helping local artists show their talents.
- Lisa Young heads our Loan Processing Centre and has been joined by Jason Badger who joined us earlier in the year. These appointments aim to free our staff from important paperwork, meaning there is more time for meaningful customer engagement.
- Under the direction of Deputy Chair Elizabeth Reynolds, the Company has successfully reorganised and simplified the process for handling sponsorship applications and approvals. Branch Managers have their own budgets for smaller grants while the board is responsible for the larger sponsorships through the

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Sponsorship and Marketing Committee (SMC). The board is now focussed on supporting sponsorships which leave a more lasting legacy.

- The branch operating rhythm has now moved its emphasis from transformation to growth mode. There is still some work to do in implementing this strategy, and we look forward to positive results as we improve our skills in customer engagement and sourcing new business.

The board is committed to future business growth which provides the financial resources to invest even more into our communities.

Director Changes

The board farewelled Tony Freeman during the year and would like to thank him for his time and commitment to the board. We wish him well in his future endeavours.

Statistics

The Footings, number of accounts and number of customers, all grew compared to the previous year.

The footings growth was a record and an outstanding result, and I thank all the staff and Directors for their contribution.

Statistical Data

	Footings (Book)	Footings Growth	Account Numbers	Customer Numbers	Counter Transactions
2015/16	330	26	12,869	9,194	75,675
2016/17	360	30	13,463	9,492	75,861
2017/18	403	43	14,669	10,377	78,783
2018/19	456	53	16,125	11,016	82,295
2019/20	468	12	17,275	11,254	75,231
2020/21	556	87	18,478	11,906	71,486

Year-end 30th June 2021 results

Our profit after tax decreased by some 21% compared to the previous year. Revenue was down by some \$91k despite the book growing by a record \$87mill or more than 18%. The

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profit reduction was mainly the impact of lower margin income resulting from record low interest rates.

Financial Snapshot since 2008/9 onwards

	Shareholder Dividends Cents per \$1 Share	Community Benefit \$000	Gross Revenue \$000	Profit pre tax/ Community Benefit \$000	Profit before Tax \$000	Profit After Tax \$000
2008/9	5	45	1,757	297	252	169
2009/10	7.5	86	2,021	483	397	279
2010/11	8	91	2,200	418	327	224
2011/12	9.5	220	2,298	446	226	163
2012/13	8.15	198	2,389	486	288	200
2013/14	7.64	159	2,316	320	161	111
2014/15	6	128	2,430	340	212	147
2015/16	7	140	2,545	311	171	114
2016/17	6.5	214	2,740	486	272	183
2017/18	5	163	2,965	462	300	215
2018/19	4.5	180	3,217	473	293	204
2019/20	4.5	207	3,309	528	322	229
2020/21	TBA	77	3,218	259	262	182
	79.29	1,908				

People

On behalf of the Board, I need to thank all our staff for their hard work and contribution to the business. Our staff spend many hours after work and weekends supporting community activities, and we really appreciate their efforts. The Board welcomes Jamie Hall as our new Branch Manager in Marcoola as well as Louise Marshall as Branch Manager Tewantin/Noosa. Congratulations to Samantha Atholwood for her promotion to Branch Manager Cooroy, and welcome to Lynette Nilon as Branch Manager Pomona. We congratulate Mark Gielis on his

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move to be Sam's deputy in Cooroy. The board welcomes all the other new staff who join us on our exciting journey ahead.

We are sorry to see Lou Vincart leave the Board Administration role to travel Australia with his wife Kerryn, and welcome Colleen Ginty as his successor.

After nearly ten years we said goodbye to Ian Williams our Community Connections Manager. I would personally like to thank Ian for his years of dedication and support and wish he and especially his family all the very best for the future.

Governance and Culture

Continuing effort has been made in many areas:

- a) ensuring our organisation has sufficient resources to manage growth plans.
- b) ensuring we have the right people, in the right numbers in the right roles.
- c) Ensuring our culture reflects Bendigo Bank's brand promise and importantly that we treat our customers in the fairest way possible.
- d) Continuing with our transformation to achieve our business goals.

The Board

We continuing to review the skill sets available to the Board against the priority objectives we have set, and I am grateful for all our highly skilled Directors who provide considerable time, expertise and significant effort on the business. As is best practice, a director succession plan has also been completed.

Your directors remain primarily as volunteers, and the amount of time and effort received from all our directors is enormously appreciated. As the size of the business, and its complexities, increase and as director workload and risks also increase over time, there does need to be a continual review of director compensation to ensure fairness.

I thank all the directors for their contribution, input, and many hours of work to ensure the continued wellbeing of the company, and especially those who chair Board Committees. I thank Deputy Chair Elizabeth Reynolds for stepping in so capably when necessary. Thanks also to Trish Radge for the seemingly endless tasks as Company Secretary, and David Green for being our hard-working Treasurer.

I would also like to thank our Board Administrator Lou Vincart for all his hard work and dedication over the last year.

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Controls and Risk Management

We adopt, and are reliant on, the process, standards and controls of Corporate Bendigo Bank. As both Bendigo Bank and the Board continue to work through our transformation program, we do aim to fully understand the risks that changes may create, and to ensure we understand the required checks and balances involved. To us, good governance and effective risk management is one key to ensuring our customers receive professional, but also safe services.

The Board monitors our reporting standards on a regular basis and now is more streamlined and efficient.

Our Community Engagement

Our community investment has now exceeded \$1.9million – a significant number generating substantial community benefits.

We attempt to invest these funds wisely and prefer to support projects which give a longer-term legacy for our communities.

Marketing

Corporate Bendigo Bank is continuing with its national re-branding plan both in traditional and digital markets. Customers have already noticed the exciting and colourful branding change on the Cooroy, Marcoola and Tewantin-Noosa external branch signage as part of this rebranding. Staff also have a new look with the company purchasing smart, yet more casual staff uniforms. We would hope this proactive campaign will increase customer preference and brand awareness. It is pleasing that Bendigo and Adelaide Bank is still listed as one of the top 10 most trusted brands in Australia.

Other thanks

Many thanks again must go to all our Corporate Staff in both State and National Bendigo Bank, who have helped and supported us over the last year. Specifically, I would like to thank our Regional Manager Rohan Quirey and State Manager Gavin Holden who have both provided us with significant support and resources.



Rick Cooper, Chair

Dated this 13th day of September 2021



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Senior Manager's Report for year ending 30 June 2021

What an exciting and fulfilling first 9 months in the business it has been. The Bendigo Community Model, and more specifically the group of branches that make up SCCFSL have certainly delivered for their customers in this financial year.

There were some obvious challenges when I arrived in the business but the opportunity to work with such a driven Board, with a clear and decisive plan, was a great challenge to take on. I wish to thank Rick Cooper, his team, and various sub-committees for their direction, trust, and guidance in my first year in the role.

With many key staff members already in strategic roles, recruitment of some new Branch Managers and Business Development Managers was priority number one. The team we have put together of Samantha Atholwood, Jamie Hall, Louise Marshall and Lynette Nilon to run our day-to-day branch operations is proving very reliable. The continued great work of Kerry Vincart in the BDM role has been enhanced by the recent arrival of Louise Curtis Kratzmann in recent months.

The functionality and efficiency of the Lending HUB in Tewantin is still on the improve but the commitment of Lisa, and more recently, Jason, has seen some very high lending volumes achieved within the business in 2021. The January to March quarter saw us achieve some very healthy growth with the overall business achieving Lending Growth of \$26.2M for the year. The management team have worked very hard to find a reliable operating and reporting rhythm to stay connected to each other and our customer through the loan approval process. The customer experience remains front of mind in all our dealings.

With many customers' choosing to sell down in a buoyant housing market, our Deposit Funds have also performed very well with a record \$60M in growth achieved. This is a testament to our teams' ability to stay well connected to both their customers and our communities. In many individual cases, we sit well positioned in waiting for the next financial decision that will need to be supported.

Business performance and profits result in more funds to be shared with our community. Our staff have continued to grow our brand and business opportunities through our many involvements with many Surf Clubs, Sporting Clubs, Local Schools, and Community Groups. Various opportunities have seen business banking referrals result in further growth to the SCCFSL business. We have also introduced a new role to our business this year. Zoe Reinke, in her capacity as our Local Engagement Officer, has worked tirelessly to grow our Tewantin Branch Social Media profile. Zoe's work with the Bendigo team and our Board to create our Retail Pop-Up space, has been well received by small business in the area. The rotation of local art in our Cooroy and Tewantin branches has also been widely appreciated by our community. Further challenges lie ahead for Zoe in 2021/2022, as we look to grow our social media presence and promote our Community Connect Platform.

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A satisfying year of performance, outcomes and community support cannot exist without people. I wish to acknowledge the loyalty and support of our customers and the commitment and passion of our staff. In a challenging COVID environment, our staff have continued to be reliable and focused. This has not been easy, and I do not take it for granted.

We hope that 2021/2022 brings a more fluent environment for business and community to thrive rather than survive. We hope to build steady momentum in everything we do to continue our community purpose.

Tristan Scott

Senior Manager

Community Banks – Cooroy | Marcoola | Pomona | Tewantin Noosa



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Cooroy Manager's Report for year ending 30 June 2021

What an amazing roller coaster ride we've had during the 2021 Financial Year! As the Manager of Cooroy Branch, my team and I are proud to have been an essential service provider to our local community throughout the challenges that COVID 19 presented.

Bendigo Bank and SCCFSL, unlike major Banks such as ANZ and CBA who have withdrawn *all* Branch and ATM services from Cooroy, continued to be available for our community, providing local Branch service from 9.30am to 5.00pm daily and an ATM for after-hours access.

As a result of our commitment, the branch had a very successful year, with overall growth of 15.56%, increasing our footings to over \$201M. A significant highlight being our growth in deposit funds of over \$24M. We also welcomed many new customers throughout the year with our total number of customers growing to 4,455.

Although many of our community partners, and indeed our branch, had to cancel planned functions or events through lockdowns, we continue to proudly support local community groups through donations and sponsorship as part of the strategic direction of our Board of Directors. The Board of SCCFSL's ethos is to support and strengthen our local communities. Being part of that, as the Manager of our Cooroy Branch, is very rewarding.

This year our significant community sponsorship included \$10,000 to Noosa District State High School's Mimburi expansion project and \$3000 to the Cooroora United Football Club.

The Cooroy staff and I would like to thank the members of the Board for the support they offer our Branch network, and the many hours of committed service they provide to ensuring a strong, sustainable, local Banking network.

To our valued shareholders and customers, I would like to offer my thanks for your continued support and advocacy. Next year is Cooroy Branch's 20th Anniversary of serving our local Community and the Team at our Branch and SCCFSL look forward to celebrating it with pride and ongoing success.

Samantha Atholwood
Branch Manager
Community Bank Cooroy



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Tewantin-Noosa Manager's Report for year ending 30 June 2021

Who would have thought we would have had a second year with COVID affecting us all so much. The 2020-2021 financial year has been in an interesting one. I started with the Tewantin Branch in February 2021, having moved up from Victoria to escape the lockdowns and enjoy the constant sunshine.

I am so proud of all the team who have contributed to the branch's success and continuance of taking care of our customers. It was through this care of our customers that saw Tewantin be rewarded as 3rd for the most compliments received Australia wide. This is a huge testament to how we care about our customers and the community. Kerri Wright won Staff Member of the Month for our State Award, being rewarded for going above and beyond for our customers.

The Tewantin Branch had an amazing year, with overall growth of 22.45% We have seen our customer base steadily rise compared to last year by 6.97%. As an essential service, we continued to open through the pandemic with a commitment to our customers.

We saw Westpac and ANZ leave Tewantin, leaving only one major bank in town. We believe we are the better big bank and the best in the street!



This year we gave back almost \$30,000 to the community including \$10,000 to the Noosa SLSC and \$5000 to both Noosa Arts Theatre and Noosa Coast Guard.

Thank you to all our staff including Kristin Stuber, Kerri Wright, Ella Dawes, Sue Bamford, Alison Mills and Maria Mitchell.

A big Thank You to everyone who has helped our team and myself including Tristan Scott our Senior

Manager, the SCCFSL Board who have been amazing, and all the other staff from our branch network. I would like to thank each person for their commitment and support.

Finally, I would like to thank all our customers and shareholders. We are here because of our customers and their referrals to our branch.

Louise Marshall

Branch Manager

Community Bank Tewantin Noosa

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Marcoola Manager's Report for year ending 30 June 2021

Success is measured by 5 pillars:

- strength of relationships
- achievement of goals set by the business
- continuing to grow the business
- stories told about you in the Community
- our Brand

2020 to 2021 – has seen Marcoola Community branch exceed these pillars of success. This was achieved by branch staff and by the support of our local community. From Mudjimba, Pacific Paradise, Bli Bli, the Coolum region, and from our local families and businesses here at Marcoola.



I started on the 4th of January as the new Branch Manager of Marcoola Community Bank and was able to compliment the hard work that was done by Kerry Vancart and Mark Gielis over the previous couple of years. Mark and Kerry, and the staff at Marcoola have laid a strong foundation that was able to see continuous growth in the last six months and set ourselves up for 2021/22 period. This saw our branch hit the ground running, and not lose momentum in the 12 months while we were in a pandemic.

Marcoola, with support from the community, has seen the local branch continue to be the preferred bank in the area.

The 'Strength of our relationships' and 'Stories told about us' has seen our community able to be supported over the last 12 months. We continue to provide a full-service bank, while others shut their doors to the community. We have provided community sponsorship of over \$20,000 in the past 12 months.

We have also assisted our communities each weekend with the use of branded marques for large and small events, EFTPOS services, and physical support from our staff. Our three surf lifesaving clubs at Coolum, Marcoola and Mudjimba receive our financial support and the strong business relationships continue each year. We have also financially supported and provided strong relationships with Coolum Business & Tourism, Coolum Hearts, North Shore Community Centre, Pacific Paradise and Coolum State schools P&Cs, Coolum Theatre Players, Twin Waters Residents Association... just to name a few.

The branch has seen significant growth of \$19.5M through a combination of increasing our lending and deposit book at end of the financial year. This represents a 13.64% increase in overall branch footings. This was a fantastic result considering the COVID 19 impacts and interest rate squeeze. The branch has contributed significant profitability through this period.

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This was not possible without the current team at Marcoola who adapted to new management, and they turned up every day during COVID 19 to help our customers through the financial stresses during this time. The team makes up of Stephen Hutchings, Donna White, Maria Mitchell and Bronwyn Allan, who all went above and beyond to help our customers. A special call out to Donna White who was internally promoted to Lending Specialist, to assist with the growth in lending at Marcoola branch over the past 12 months.

Thanks also to our broader team (Regional Management, Business banking, Protection specialist, Financial Planners etc), who helped contribute to the branch success.

We look forward to the board's strategy for further growth and remain confident that Marcoola is well placed in 2021/22 to achieve even greater results, which will ultimately lead to increased positive community contributions.

Jamie Hall

Branch Manager

Community Bank Marcoola



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Pomona Manager's Report for year ending 30 June 2021

The 2020/21 financial year has been an eventful and successful year at the Pomona Branch. We have had small challenges and triumphs over the twelve months as we grew the business in Pomona. We finished the period with an overall book value of \$38M which represents an increase of 21%, the highlight being a \$5.9M increase in Deposit Funds. We also improved our customer numbers by 12.9% to 829.

My primary focus in 2021/2022 is to encourage more Pomona locals to bank with Bendigo and ensure our branch business becomes independently profitable to the SCCFSL Group.

This financial year the Pomona Branch proudly supported the 2021 Pomona King of The Mountain event with sponsorship of \$5000 towards the COVID-safe event and documentary production.



The branch has two dedicated staff

members, Jackie Drummond and Trent Kirkwood, and I would like to acknowledge and thank them for their ongoing support and dedication to our customers and myself as a new manager in the branch.

Pomona Branch works closely with Cooroy Branch. Therefore, I also thank the staff and management of Cooroy Branch, Meredith Mason, Cindy Hazeldene, Alyson Mills, Mark Gielis, and especially Samantha Atholwood for all the assistance they have given myself and the branch over the last 12 months.

Finally, thank you to Tristan Scott our senior manager and the SCCFSL Board for supporting myself, the staff and branch at Pomona. The ongoing support of all involved, staff, the Board and community, will see the branch grow in the local community.

Lynette Nilon

Customer Relationship Manager
Community Bank Pomona

Sunshine Coast

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ABN: 12 100 576 261

Financial Report

For the year ended

30 June 2021

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Directors' Report

The directors present their report together with the financial statements of the company for the financial year ended 30 June 2021.

Directors

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

Rick Cooper

Non-executive director

Occupation: Retired

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

Special responsibilities: Chairman, Sponsorship and Marketing Committee, Finance and Audit Committee

Interest in shares: 30,093 ordinary shares

David Green

Non-executive director

Occupation: Company Director

Qualifications, experience and expertise: Retired accountant after practising in the Noosa Heads area for 29 years.

Special responsibilities: Treasurer, Chairman - Finance and Audit Committee

Interest in shares: 10,000 ordinary shares

Elizabeth Reynolds

Non-executive director

Occupation: Author Publisher

Qualifications, experience and expertise: Author, publisher, lawyer. Commercial lawyer and barrister LLB, successful author of children's books and courses in publishing books.

Former directorships: Noosa Tourism Ltd - Deputy Chair

Special responsibilities: Deputy Chair, Chair Sponsorship and Marketing Committee

Interest in shares: nil share interest held

Guy Hamilton

Non-executive director

Occupation: Board & Business Adviser

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

Special responsibilities: HR Committee

Interest in shares: nil share interest held

Patricia Radge

Non-executive director

Occupation: Business Manager

Qualifications, experience and expertise: B.Bus., Personnel Management Graduates course. Trish is owner and Business Manager of The Chartist, a stock market advisory service based in Noosa. Trish's expertise lies in compliance, business management and small business development.

Special responsibilities: Company Secretary, Finance and Audit Committee, Sponsorship and Marketing Committee

Interest in shares: 23,800 ordinary shares

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Directors' Report

Directors (continued)

Toby Bicknell

Non-executive director

Occupation: Human Resources Consultant

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

Special responsibilities: HR Committee

Interest in shares: nil share interest held

Tony Freeman

Non-executive director (resigned 31 January 2021)

Occupation: Retired Business Executive

Qualifications, experience and expertise: Tony has a background in consumer marketing with experience in financial service, food, fashion, pharmaceuticals, toiletries and furniture. He worked for some large local and international companies. Tony is President of his local resident's association and has been a member of Rotary for 29 years in Sydney, Brisbane and the Sunshine Coast.

Former directorships: Sunshine Coast Community Financial Services Limited

Special responsibilities: HR Committee, Sponsorship and Marketing Committee

Interest in shares: nil share interest held

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

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

Company Secretary

The company secretary is Patricia Radge. Patricia was appointed to the position of secretary on 1 June 2018.

Principal activity

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

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

Operating results

Operations have continued to perform in line with expectations in challenging market conditions. The profit of the company for the financial year after provision for income tax was:

	Year ended 30 June 2021	Year ended 30 June 2020
	\$	\$
Profit after income tax	181,989	229,231
Other comprehensive income	587,750	-
Total comprehensive income	<u>769,739</u>	<u>229,231</u>

During the year the company valued its Cooroy and Tewantin properties. The valuations resulted in an increment to the carrying amount of the properties resulting in a revaluation gain of \$587,750 in the Statement of Profit or Loss and Other Comprehensive Income.

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Directors' Report

Operating and financial review

Overview of the company

The company is a franchisee of Bendigo Bank providing financial products and services to individuals, businesses and organisations throughout the local area via the Sunshine Coast Community Bank. While the branches offer the full suite of Bendigo & Adelaide Bank Limited products and services, margin based earnings from firstly loans and then deposits are the predominant contributor to company results. In the current low interest rate environment margin based earnings are constrained and may continue to be so in the short term.

The general nature of the business market for the company remains challenging and issues commented upon for the prior three financial years continue to persist. The company continues to endure historically low cash rates set by the Reserve Bank of Australia that have resulted in a corresponding decline in interest paid on deposit accounts, continuing the trend of lower than anticipated margins for this product group. Moreover, the market competition for home and other loans has made it difficult to achieve budgeted targets. The company continues to encourage staff to actively pursue new customers and product offerings to offset the intense competition from major financial service providers in the marketplace.

The business has experienced solid growth on a volume basis over the period helped by the reduced physical branch presences of competitors in our community markets. Whilst not reflected in short term earnings the increased size of our balance sheet will be beneficial as interest rates return to more normal levels.

Key metrics

Five year summary of performance	Unit	2021	2020	2019	2018	2017
Operating revenue	\$	3,103,182	3,132,008	3,062,607	2,965,087	2,740,341
Earnings before interest, tax, depreciation, and amortisation	\$	559,138	653,978	485,888	485,888	419,700
Earnings before interest and tax	\$	341,030	431,904	373,528	371,705	317,808
Net profit after tax	\$	181,989	229,231	204,826	215,175	182,718
Total assets	\$	4,639,689	4,139,916	3,870,254	3,384,962	2,386,689
Total liabilities	\$	2,385,920	2,579,195	2,347,843	1,982,165	1,088,292
Total equity	\$	2,253,769	1,560,721	1,522,411	1,402,797	1,298,397
Net cash flow from operating activities	\$	386,771	591,218	950,068	353,654	273,501
Business footings ¹	\$m	556	468	456	403	360

Shareholder returns

Profit attributable to owners of the company	\$	769,739	229,231	204,826	215,175	182,718
Basic earnings per share	¢	10.68	13.45	12.02	12.63	10.72
Dividends paid	\$	76,691	76,691	85,215	110,775	119,297
Dividends per share	¢	4.50	4.50	5.00	6.50	7.00
Net tangible assets per share	¢	137.76	82.00	77.13	68.67	66.60
Price earnings ratio	¢	10.68	13.45	12.02	12.63	10.72
Share price	¢	80.00	97.00	97.00	97.00	90.00

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

Returns to shareholders increased through both dividends and capital growth. Dividends for 2021 were fully franked and it is expected that dividends in the future years will continue to be fully franked.

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Directors' Report

Operating and financial review (continued)

Financial position

The company profitability declined for the financial year ended 30 June 2021 with lower revenues as well as tighter cost control and as a result, the financial position of the company has also improved and remains relatively strong. Containment of costs during a period of lower margins remains a strong focus.

The cash and cash equivalents position of the company reduced for the reporting year by \$99,210 for a year-end balance of \$52,206 (2020: \$151,416). In addition, the company has access to \$400,000 through a redraw from prepayments to its mortgage facilities (\$300,000 as at 30 June 2020).

The company continues to build a resilient balance sheet, ending June 2021 with net assets of \$2,253,769 and borrowings (excluding leases) of \$1,422,657.

Drivers of business performance

Net interest margin returns under the revenue share agreement within the Franchise Agreement with Bendigo Bank have decreased following four official cash rate cuts by the Reserve Bank of Australia. Although the results for the 2020/21 financial year have been driven predominantly by strong growth in customer deposits and steady growth in mortgage lending, the resultant revenue declined by 0.9% during the period.

In addition, COVID-19 greatly impacted the Australian economy in the financial year. The immediate impact is not expected to be significant in the current reporting results. Future reporting periods may see an increase in bad debt charges.

Business strategies

To address the current stage of development of the business and in recognition of the current financial circumstances, both in the economy and the observed impact upon the Bendigo profit share model, the Board has determined to continue the focus upon five broad directions:

1. Strengthening our connection and level of engagement between important stakeholders and partners.
2. Strengthening our Directors role in our business structure and key customer and community segments.
3. Defining our future board skill and diversity mix and a structure that will deliver our Strategic Plan.
4. Focussing our business on the most profitable growth opportunities using our own local marketing plans.
5. Planning to achieve our future business performance expectations.
6. Increased staff training with a view to increase customer engagement and realisation of business opportunities.

Future outlook

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

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

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

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Directors' Report

Remuneration report

In line with the Company's growth strategy and the significant increase in commitments required by Directors a resolution was passed at the July 2020 Board Meeting for the Directors to receive an increase in expense reimbursements from \$300 per month to \$500 per month and for the Chairman's reimbursement to increase from \$500 per month to \$1000 per month. Reimbursements increased as of 1st August 2020.

Directors have the option not to accept the reimbursement or to direct the reimbursement to a local charity of their choice.

Non-executive directors do not receive performance-related compensation and are not provided with retirement benefits apart from statutory superannuation.

<u>Non-executive director remuneration</u>	2021 \$	2020 \$
Rick Cooper	5,400	5,450
David Green	5,800	3,600
Elizabeth Reynolds	6,300	3,800
Guy Hamilton	5,800	3,600
Patricia Radge	300	3,600
Toby Bicknell	5,800	3,600
Tony Freeman	2,100	3,600
	31,500	27,250

Directors' interests

	Fully paid ordinary shares		
	Balance at start of the year	Changes during the year	Balance at end of the year
Rick Cooper	30,093	-	30,093
David Green	10,000	-	10,000
Elizabeth Reynolds	-	-	-
Guy Hamilton	-	-	-
Patricia Radge	-	23,800	23,800
Toby Bicknell	-	-	-
Tony Freeman	-	-	-

Dividends

During the financial year, the following dividends were provided for and paid. The dividends have been provided for in the financial statements.

	Cents per share	Total amount \$
Final fully franked dividend	4.50	76,691

Sunshine Coast Community Financial Services Limited

Directors' Report

Significant changes in the state of affairs

Since January 2020, COVID-19 has developed and spread globally. In response, the Commonwealth and State Government introduced a range of social isolation measures to limit the spread of the virus. Such measures have been revised, as appropriate, based on case numbers and the level of community transmission. Whilst there has been no significant changes on the companies financial performance so far, uncertainty remains on the future impact of COVID-19 to the company's operations.

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

Events since the end of the financial year

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

Indemnification and insurance of directors and officers

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

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

Directors' meetings

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

	Board Meetings		Sub-committee Meetings	
	<i>Eligible</i>	<i>Attended</i>	<i>Eligible</i>	<i>Attended</i>
Rick Cooper	11	10	18	18
David Green	11	11	11	11
Elizabeth Reynolds	11	11	7	7
Guy Hamilton	11	10	-	-
Patricia Radge	11	11	18	16
Toby Bicknell	11	11	1	1
Tony Freeman	5	5	4	3

Sunshine Coast Community Financial Services Limited

Directors' Report

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

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

Non audit services

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

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

- all non-audit services have been reviewed by the Finance Committee to ensure they do not impact on the impartiality, 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*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing risks and rewards.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 8.

Signed in accordance with a resolution of the directors at Tewantin, Queensland.



Rick Cooper, Chair

Dated this 8th day of September 2021



61 Bull Street
Bendigo VIC 3550
afs@afsbendigo.com.au
03 5443 0344

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

As lead auditor for the audit of Sunshine Coast Community Financial Services Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 8 September 2021

Joshua Griffin
Lead Auditor



Sunshine Coast Community Financial Services Limited
Statement of Profit or Loss and Other
Comprehensive Income
for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Revenue from contracts with customers	8	3,103,182	3,132,008
Other revenue	9	114,252	177,042
Finance income	10	163	337
Employee benefit expenses	11c)	(1,958,623)	(1,778,769)
Charitable donations, sponsorship, advertising and promotion		(101,368)	(206,603)
Occupancy and associated costs		(80,118)	(90,728)
Systems costs		(156,107)	(154,118)
Depreciation and amortisation expense	11a)	(218,108)	(222,074)
Finance costs	11b)	(78,892)	(109,708)
General administration expenses		(362,243)	(425,191)
Profit before income tax expense		262,138	322,196
Income tax expense	12a)	(80,149)	(92,965)
Profit after income tax expense		181,989	229,231
Items that will not be reclassified subsequently to profit or loss:			
Net gain on revaluation of land and buildings	25b)	587,750	-
Other comprehensive income for the year, net of income tax		587,750	-
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		769,739	229,231
Earnings per share		¢	¢
- Basic and diluted earnings per share:	32a)	10.68	13.45

The accompanying notes form part of these financial statements

Sunshine Coast Community Financial Services Limited
Statement of Financial Position
as at 30 June 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	13	52,206	151,416
Trade and other receivables	14a)	84,750	112,071
Current tax assets	18a)	-	233
Total current assets		136,956	263,720
Non-current assets			
Property, plant and equipment	15a)	3,963,008	3,240,849
Right-of-use assets	16a)	443,139	472,140
Intangible assets	17a)	96,586	152,215
Deferred tax asset	18b)	-	10,992
Total non-current assets		4,502,733	3,876,196
Total assets		4,639,689	4,139,916
LIABILITIES			
Current liabilities			
Trade and other payables	19a)	121,414	144,858
Current tax liabilities	18a)	19,754	-
Loans and borrowings	20a)	221,243	224,917
Lease liabilities	21a)	33,690	30,600
Employee benefits	23a)	-	39,683
Total current liabilities		396,101	440,058
Non-current liabilities			
Trade and other payables	19b)	14,502	59,329
Loans and borrowings	20b)	1,201,414	1,472,041
Lease liabilities	21b)	563,826	589,187
Provisions	22a)	19,516	18,580
Deferred tax liability	18b)	190,561	-
Total non-current liabilities		1,989,819	2,139,137
Total liabilities		2,385,920	2,579,195
Net assets		2,253,769	1,560,721
EQUITY			
Issued capital	24a)	1,623,067	1,623,067
Reserves	25b)	587,750	-
Retained earnings/(accumulated losses)	26	42,952	(62,346)
Total equity		2,253,769	1,560,721

The accompanying notes form part of these financial statements

Sunshine Coast Community Financial Services Limited
Statement of Changes in Equity
for the year ended 30 June 2021

	Notes	Issued capital	Revaluation reserve	Retained earnings / (accumulated losses)	Total equity
		\$	\$	\$	\$
Balance at 1 July 2019		1,623,067	-	(214,886)	1,408,181
Total comprehensive income for the year		-	-	229,231	229,231
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	31a)	-	-	(76,691)	(76,691)
Balance at 30 June 2020		1,623,067	-	(62,346)	1,560,721
Balance at 1 July 2020		1,623,067	-	(62,346)	1,560,721
Total comprehensive income for the year		-	-	181,989	181,989
Other comprehensive income:					
Net gain on revaluation of land and buildings		-	587,750	-	587,750
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	31a)	-	-	(76,691)	(76,691)
Balance at 30 June 2021		1,623,067	587,750	42,952	2,253,769

The accompanying notes form part of these financial statements

Sunshine Coast Community Financial Services Limited
Statement of Cash Flows
for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers		3,566,748	3,594,586
Payments to suppliers and employees		(2,965,233)	(2,774,661)
Interest received		163	337
Interest paid		(48,897)	(76,917)
Lease payments (interest component)	11b)	(29,058)	(32,697)
Lease payments not included in the measurement of lease liabilities	11d)	(83,737)	(81,967)
Income taxes paid		(53,215)	(37,463)
Net cash provided by operating activities	27	386,771	591,218
Cash flows from investing activities			
Payments for property, plant and equipment		(63,557)	(798,793)
Payments for intangible assets		(40,747)	(89,930)
Net cash used in investing activities		(104,304)	(888,723)
Cash flows from financing activities			
Proceeds from loans and borrowings		-	585,000
Repayment of loans and borrowings		(274,302)	(406,590)
Lease payments (principal component)		(30,684)	(26,609)
Dividends paid	31a)	(76,691)	(76,691)
Net cash provided by/(used in) financing activities		(381,677)	75,110
Net cash decrease in cash held		(99,210)	(222,395)
Cash and cash equivalents at the beginning of the financial year		151,416	373,811
Cash and cash equivalents at the end of the financial year	13	52,206	151,416

The accompanying notes form part of these financial statements

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1 Reporting entity

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

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

Further information on the nature of the operations and principal activity of the company is provided in the directors' report. Information on the company's related party relationships is provided in Note 30.

Note 2 Basis of preparation and statement of compliance

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

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

These financial statements for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 8 September 2021.

Note 3 Changes in accounting policies, standards and interpretations

There are a number of amendments to accounting standards issued by the AASB that became mandatorily effective for accounting periods beginning on or after 1 July 2020, and are therefore relevant for the current financial year. The amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Note 4 Summary of significant accounting policies

The company has consistently applied the following accounting policies to all periods presented in these financial statements.

a) Revenue from contracts with customers

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

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

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 4 Summary of significant accounting policies *(continued)*

a) Revenue from contracts with customers *(continued)*

Revenue is recognised on an accruals basis, at the fair value of consideration specified in the franchise agreement. Under AASB 15 *Revenue from Contracts with Customers* (AASB 15), revenue recognition for the company's revenue stream is as follows:

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

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

Revenue calculation

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

The revenue earned by the company is dependent on the business that it generates. It may also be affected by other factors, such as economic and local conditions, for example, interest rates.

Margin

Margin is arrived at through the following calculation:

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

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

Commission

Commission revenue is in the form of commission generated for products and services sold. This commission is recognised at a point in time which reflects when the company has fulfilled its performance obligation.

The company receives trailing commission for products and services sold. Ongoing trailing commission payments are recognised on receipt as there is insufficient detail readily available to estimate the most likely amount of income without a high probability of significant reversal in a subsequent reporting period. The receipt of ongoing trailing commission income is outside the control of the company, and is a significant judgement area.

Fee income

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

Core banking products

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

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 4 Summary of significant accounting policies *(continued)*

a) Revenue from contracts with customers *(continued)*

Ability to change financial return

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

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

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

b) Other revenue

The company's activities include the generation of income from sources other than the core products under the franchise agreement. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and can be reliably measured.

<u>Revenue</u>	<u>Revenue recognition policy</u>
Rental income	Rental income from investment properties, including property owned and right-of-use assets leased, is accounted for on a straight-line basis over the lease term. If not received at balance date, revenue is reflected on the balance sheet as a receivable and carried at its recoverable amount.
Discretionary financial contributions (also "Market Development Fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

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

Discretionary financial contributions

In addition to margin, commission and fee income, and separate from the franchise agreement, Bendigo Bank has also made MDF payments to the company.

The amount has been based on the volume of business attributed to a branch. The purpose of the discretionary payments is to assist with local market development activities, including community sponsorships and grants. It is for the board to decide how to use the MDF.

The payments from Bendigo Bank are discretionary and may change the amount or stop making them at any time. The company retains control over the funds, the funds are not refundable to Bendigo Bank.

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 4 Summary of significant accounting policies *(continued)*

b) Other revenue *(continued)*

Cash flow boost

In response to the COVID-19 outbreak, Boosting Cash Flow for Employers (Coronavirus Economic Response Package) Act 2020 (CFB Act) was enacted. The purpose was to provide temporary cash flow to small and medium sized businesses that employ staff and have been affected by the economic downturn associated with COVID-19.

The amounts received are in relation to amounts withheld as withholding tax reported in the activity statement. This essentially subsidises the company's obligation to remit withholding tax to the Australian Taxation Office. For reporting purposes, the amounts subsidised are recognised as revenue.

The amounts are not assessable for tax purposes and there is no obligation to repay the amounts.

c) Economic dependency - Bendigo Bank

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank.

The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry.

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

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

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

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

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

- the design, layout and fit out of the Community Bank premises
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- security and cash logistic controls
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations.

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 4 Summary of significant accounting policies (continued)

d) Employee benefits

Bendigo Bank second employees to work for the company and manages them on behalf of the company. Bendigo Bank charges the cost of these employees through the monthly profit share arrangement. The company recognises these expenses when recording the monthly invoice. No annual leave or long service leave liabilities are recognised for the company as these are Bendigo Bank employees.

e) Taxes

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current income tax

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

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for all deductible temporary differences, carried-forward tax losses, and unused tax credits to the extent that it is probable that future taxable profits will be available against which they can be used.

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

Deferred tax is measured at the rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the entity intends to settle its tax assets and liabilities on a net basis.

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except when the amount of GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue or expense item.

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 taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

f) Cash and cash equivalents

For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise cash on hand and deposits held with banks.

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 4 Summary of significant accounting policies *(continued)*

g) Property, plant and equipment

Items of property, plant and equipment are measured at cost or fair value as applicable, less accumulated depreciation. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

Some properties comprise a portion that is held to earn rentals and another portion is held to provide services or for administrative purposes. Where the portion held to earn rentals is insignificant the property is included in property, plant and equipment.

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using straight-line or diminishing value method over their estimated useful lives, and is recognised in profit or loss. Land is not depreciated.

The estimated useful lives of property, plant and equipment for the current and comparative periods are as follows:

<u>Asset class</u>	<u>Method</u>	<u>Useful life</u>
Building	Straight-line	40 years
Leasehold improvements	Straight-line and diminishing value	5 to 40 years
Plant and equipment	Straight-line and diminishing value	2 to 40 years

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

h) Intangible assets

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

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

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

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

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

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

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 4 Summary of significant accounting policies (*continued*)

i) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The company's financial instruments include trade debtors and creditors, cash and cash equivalents, borrowings and lease liabilities.

Trade receivables are initially recognised at the transaction price when they originated. All other financial assets and financial liabilities are initially measured at fair value plus, transaction costs (where applicable) when the company becomes a party to the contractual provisions of the instrument. These assets and liabilities are subsequently measured at amortised cost using the effective interest method.

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the rights are transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and rewards associated with the asset. Financial liabilities are derecognised when its contractual obligations are discharged, cancelled, or expire. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company currently has a legally enforceable right to set off the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

j) Impairment

Non-derivative financial assets

Expected credit losses (ECL) are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received. At each reporting date, the entity recognises the movement in the ECL (if any) as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The company's trade receivables are limited to the monthly profit share distribution from Bendigo Bank, which is received 10 business days post month end. Due to the reliance on Bendigo Bank the company has reviewed credit ratings provided by Standard & Poors, Moody's and Fitch Ratings to determine the level of credit exposure to the company. The company also performed a historical assessment of receivables from Bendigo Bank and found no instances of default. As a result no ECL has been made in relation to trade receivables as at 30 June 2021.

Non-financial assets

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

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

k) Issued capital

Ordinary shares are 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.

l) Provisions

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

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 4 Summary of significant accounting policies (continued)

m) Leases

At inception of a contract, the company assesses whether a contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration and obtain substantially all the economic benefits from the use of that asset.

As a lessee

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the company's incremental borrowing rate.

The company determines its incremental borrowing rate by obtaining interest rates from funding sources and where necessary makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise fixed or variable lease payments that depend on an index or rate and lease payments in a renewal option if the company is reasonably certain to exercise that option. For leases of property the company has elected not to separate lease and non-lease components when calculating the lease liability.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if the company changes its assessment of whether it will exercise an extension option or if there is a revised in-substance fixed lease payment.

The company assesses at the lease commencement date whether it is reasonably certain to exercise extension options. The company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

Where the company is a lessee for the premises to conduct its business, extension options are included in the lease term except when the company is reasonably certain not to exercise the extension option. This is due to the significant disruption of relocating premises and the loss on disposal of leasehold improvements fitted out in the demised leased premises.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Short-term leases and leases of low-value assets

The company has elected not to recognise right-of-use assets and lease liabilities for leases of short-term leases and low-value assets, including IT equipment. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

A short-term lease is a lease that, at commencement date, has a lease term of 12 months or less.

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 4 Summary of significant accounting policies *(continued)*

m) Leases *(continued)*

As a lessor

When the company acts as a lessor, it determines at lease inception whether each lease is a finance or operating lease.

To classify each lease, the company makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the company considers certain indicators such as whether the lease is for the major part of the economic life of the asset. Given the term of the lease is less than the useful life of the asset, the lease does not meet the definition of a finance lease and as such is an operating lease.

During the lease term the company recognises lease income in other revenue when earned. Depreciation on the property is recognised under property, plant and equipment.

n) Fair value measurement

Some of the company's assets and liabilities are measured at fair value for financial reporting purposes. The board of directors determine the appropriate valuation techniques and inputs for fair value measurements.

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

Note 5 Significant accounting judgements, estimates, and assumptions

In preparing these financial statements, management has made judgements and estimates that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

a) Judgements

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

<u>Note</u>	<u>Judgement</u>
- Note 21 - leases:	
a) control	a) whether a contract is or contains a lease at inception by assessing whether the company has the right to direct the use of the identified asset and obtain substantially all the economic benefits from the use of that asset;
b) lease term	b) whether the company is reasonably certain to exercise extension options, termination periods, and purchase options;
c) discount rates	c) judgement is required to determine the discount rate, where the discount rate is the company's incremental borrowing rate if the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is determined with reference to factors specific to the company and underlying asset including the amount, the lease term, economic environment and other relevant factors.

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 5 Significant accounting judgements, estimates, and assumptions *(continued)*

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 30 June 2021 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

<u>Note</u>	<u>Assumptions</u>
- Note 18 - recognition of deferred tax assets	availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;
- Note 15 - estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
- Note 15 - fair value	determining the fair value less costs to sell of the disposal group on the basis of quoted market price at the close of business at the end of the reporting period.
- Note 23 - long service leave	key assumptions on attrition rate and pay increases through promotion and inflation;
- Note 22 - make-good provision	key assumptions on future cost estimates in restoring the leased premises in accordance with the lease agreement.

Note 6 Financial risk management

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

Risk management is carried out directly by the board of directors. Risk management for banking services provided by Bendigo Bank is undertaken by Bendigo Bank.

a) Credit risk

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

The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank. The company monitors credit worthiness through review of credit ratings of the bank. Credit risk for banking products and services is managed by Bendigo Bank.

b) Liquidity risk

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

Exposure to liquidity risk

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

<u>Non-derivative financial liability</u>	<u>Carrying amount</u>	<u>Total</u>	<u>Contractual cash flows</u>		
			<u>Not later than 12 months</u>	<u>Between 12 months and five years</u>	<u>Greater than five years</u>
Bank loans	1,422,657	1,422,657	221,243	667,452	533,962
Lease liabilities	597,516	790,893	61,525	253,923	475,445
Trade payables	135,916	135,916	121,414	14,502	-
	<u>2,156,089</u>	<u>2,349,466</u>	<u>404,182</u>	<u>935,877</u>	<u>1,009,407</u>

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 6 Financial risk management (continued)

b) Liquidity risk (continued)

Exposure to liquidity risk (continued)

30 June 2020

<u>Non-derivative financial liability</u>	<u>Carrying amount</u>	<u>Total</u>	<u>Contractual cash flows</u>		
			<u>Not later than 12 months</u>	<u>Between 12 months and five years</u>	<u>Greater than five years</u>
Bank loans	1,696,958	1,696,958	224,917	736,021	736,021
Lease liabilities	619,787	839,452	59,543	246,709	533,200
Trade payables	204,187	204,187	144,858	59,329	-
	<u>2,520,932</u>	<u>2,740,597</u>	<u>429,318</u>	<u>1,042,059</u>	<u>1,269,221</u>

c) Market risk

Market risk

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

The company has no exposure to any transactions denominated in a currency other than Australian dollars.

Price risk

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

Cash flow and fair value interest rate risk

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

The company held cash and cash equivalents of \$52,206 at 30 June 2021 (2020: \$151,416). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

In addition, the company has access to \$400,000 through a redraw from prepayments to its mortgage facilities (\$300,000 as at 30 June 2020).

Note 7 Capital management

The board's policy is to maintain a strong capital base so as to sustain future development of the company. The board of directors monitor the return on capital and the level of distributions to shareholders. Capital is represented by total equity as recorded in the statement of financial position.

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

The distribution limit is the greater of:

- 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
- subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the company over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 7 Capital management *(continued)*

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 2021 can be seen in the statement of profit or loss and other comprehensive income.

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

Note 8 Revenue from contracts with customers

	2021	2020
	\$	\$
- Margin income	2,611,349	2,659,013
- Fee income	252,071	238,601
- Commission income	239,762	234,394
	<u>3,103,182</u>	<u>3,132,008</u>

Note 9 Other revenue

	2021	2020
	\$	\$
- Rental income	46,693	46,421
- Market development fund income	64,376	97,500
- Cash flow boost	-	30,888
- Other income	3,183	2,233
	<u>114,252</u>	<u>177,042</u>

Note 10 Finance income

	2021	2020
	\$	\$
- Term deposits	<u>163</u>	<u>337</u>

Finance income is recognised when earned using the effective interest rate method.

Sunshine Coast Community Financial Services Limited
Notes to the Financial Statements
for the year ended 30 June 2021

Note 11 Expenses

a) Depreciation and amortisation expense	2021	2020
	\$	\$
<i>Depreciation of non-current assets:</i>		
- Buildings	43,176	43,181
- Leasehold improvements	20,978	19,879
- Plant and equipment	60,910	62,409
- Motor vehicles	-	1,728
	<u>125,064</u>	<u>127,197</u>
<i>Depreciation of right-of-use assets</i>		
- Leased land and buildings	<u>37,415</u>	<u>35,183</u>
<i>Amortisation of intangible assets:</i>		
- Franchise fee	<u>55,629</u>	<u>59,694</u>
Total depreciation and amortisation expense	<u>218,108</u>	<u>222,074</u>

b) Finance costs

- Bank loan interest paid or accrued	48,898	76,917
- Lease interest expense	29,058	32,697
- Unwinding of make-good provision	936	94
	<u>78,892</u>	<u>109,708</u>

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

c) Employee benefit expenses

Wages and salaries	1,596,797	1,486,901
Contributions to superannuation contribution plans	146,622	136,116
Expenses related to long service leave	-	(849)
Other expenses	215,204	156,601
	<u>1,958,623</u>	<u>1,778,769</u>

d) Recognition exemption

The company pays for the right to use information technology equipment and office plants. The underlying assets have been assessed as low value and exempted from recognition under AASB 16 accounting. Expenses relating to low-value exempt leases are included in system costs expenses and general administration expenses.

	2021	2020
	\$	\$
Expenses relating to low-value leases	78,169	76,579
Expenses relating to variable lease payments	5,568	5,388
	<u>83,737</u>	<u>81,967</u>

e) Other expenses

- Sale of property, plant and equipment	<u>-</u>	<u>14,914</u>
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Sunshine Coast Community Financial Services Limited
Notes to the Financial Statements
for the year ended 30 June 2021

Note 12 Income tax expense

a) Amounts recognised in profit or loss	2021	2020
	\$	\$
<i>Current tax expense</i>		
- Current tax	74,586	64,569
- Movement in deferred tax	201,339	(15,677)
- Property, plant and equipment at FVTOCI	(195,918)	-
- Adjustment to deferred tax on AASB 16 retrospective application	-	43,329
- Reduction in company tax rate	214	634
- Changes in estimates related to prior years	(72)	110
	<u>80,149</u>	<u>92,965</u>
b) Prima facie income tax reconciliation		
Operating profit before taxation	262,138	322,196
Prima facie tax on profit from ordinary activities at 26% (2020: 27.5%)	68,156	88,604
Tax effect of:		
- Non-deductible expenses	11,851	12,109
- Non-assessable income	-	(8,494)
- Temporary differences	(5,421)	(27,650)
- Movement in deferred tax	201,339	(15,677)
- Investments at FVTOCI	(195,918)	-
- Leases initial recognition	-	43,329
- Reduction in company tax rate	214	634
- Under/(over) provision of income tax in the prior year	(72)	110
	<u>80,149</u>	<u>92,965</u>

Note 13 Cash and cash equivalents

	2021	2020
	\$	\$
- Cash at bank and on hand	37,489	136,845
- Term deposits	14,717	14,571
	<u>52,206</u>	<u>151,416</u>

In addition, the company has access to \$400,000 through a redraw from prepayments to its mortgage facilities (\$300,000 as at 30 June 2020).

Note 14 Trade and other receivables

a) Current assets	2021	2020
	\$	\$
Trade receivables	68,759	96,229
Prepayments	13,491	13,342
Other receivables and accruals	2,500	2,500
	<u>84,750</u>	<u>112,071</u>

Sunshine Coast Community Financial Services Limited
Notes to the Financial Statements
for the year ended 30 June 2021

Note 15 Property, plant and equipment

a) Carrying amounts	2021	2020
	\$	\$
<i>Land</i>		
At fair value	665,000	645,000
<i>Buildings</i>		
At fair value	2,490,843	1,727,177
Less: accumulated depreciation	(185,843)	(142,667)
	<u>2,305,000</u>	<u>1,584,510</u>
<i>Leasehold improvements</i>		
At cost	724,766	695,476
Less: accumulated depreciation	(64,732)	(43,754)
	<u>660,034</u>	<u>651,722</u>
<i>Plant and equipment</i>		
At cost	831,546	797,279
Less: accumulated depreciation	(498,572)	(437,662)
	<u>332,974</u>	<u>359,617</u>
Total written down amount	<u>3,963,008</u>	<u>3,240,849</u>
b) Reconciliation of carrying amounts		
<i>Land</i>		
Carrying amount at beginning	645,000	645,000
Revaluation increment	20,000	-
	<u>665,000</u>	<u>645,000</u>
<i>Buildings</i>		
Carrying amount at beginning	1,584,510	1,627,691
Revaluation increment	763,666	-
Depreciation	(43,176)	(43,181)
	<u>2,305,000</u>	<u>1,584,510</u>
<i>Leasehold improvements</i>		
Carrying amount at beginning	651,722	551,492
Additions	29,290	120,109
Depreciation	(20,978)	(19,879)
	<u>660,034</u>	<u>651,722</u>
<i>Plant and equipment</i>		
Carrying amount at beginning	359,617	361,710
Additions	34,267	75,230
Disposals	-	(14,914)
Depreciation	(60,910)	(62,409)
	<u>332,974</u>	<u>359,617</u>
Total written down amount	<u>3,963,008</u>	<u>3,240,849</u>

Sunshine Coast Community Financial Services Limited
Notes to the Financial Statements
for the year ended 30 June 2021

Note 15 Property, plant and equipment (continued)

c) Changes in estimates

During the financial year, the company assessed estimates used for property, plant and equipment including useful lives, residual values, and depreciation methods. There were no changes in estimates for the current reporting period.

d) Fair value

The fair value of land and buildings was determined by external, independent property valuers, having recognised professional qualifications and recent experience in the location and category of the property being valued. Independent valuers provide the fair value of the company's investment property portfolio every 3 years.

The company's Cooroy and Tewantin properties were independently valued effective 28 June 2021 by Herron Todd White. The valuations resulted in an increment to the carrying amount of the properties resulting in a net of tax revaluation gain of \$587,750 in the Statement of Profit or Loss and Other Comprehensive Income.

Note 16 Right-of-use assets

a) Carrying amounts

	2021	2020
	\$	\$
<i>Leased land and buildings</i>		
At cost	720,420	712,006
Less: accumulated depreciation	(277,281)	(239,866)
Total written down amount	<u>443,139</u>	<u>472,140</u>

b) Reconciliation of carrying amounts

<i>Leased land and buildings</i>		
Carrying amount at beginning	472,140	-
Initial recognition on transition	-	679,796
Accumulated depreciation on adoption	-	(204,683)
Remeasurement adjustments	8,414	32,210
Depreciation	(37,415)	(35,183)
Total written down amount	<u>443,139</u>	<u>472,140</u>

Note 17 Intangible assets

a) Carrying amounts

	2021	2020
	\$	\$
<i>Franchise fee</i>		
At cost	803,067	803,067
Less: accumulated amortisation	(706,481)	(650,852)
Total written down amount	<u>96,586</u>	<u>152,215</u>

b) Reconciliation of carrying amounts

<i>Franchise fee</i>		
Carrying amount at beginning	152,215	211,909
Amortisation	(55,629)	(59,694)
Total written down amount	<u>96,586</u>	<u>152,215</u>

Sunshine Coast Community Financial Services Limited
Notes to the Financial Statements
for the year ended 30 June 2021

Note 17 Intangible assets (continued)

c) Changes in estimates

During the financial year, the company assessed estimates used for intangible assets including useful lives, residual values, and amortisation methods. There were no changes in estimates for the current reporting period.

Note 18 Tax assets and liabilities

a) Current tax	2021	2020
	\$	\$
Income tax payable/(refundable)	19,754	(233)
b) Deferred tax		
<i>Deferred tax assets</i>		
- expense accruals	900	3,579
- employee provisions	-	10,318
- make-good provision	4,879	4,831
- lease liability	149,379	161,144
- carried-forward capital losses	33,065	34,388
Total deferred tax assets	188,223	214,260
<i>Deferred tax liabilities</i>		
- deductible prepayments	2,577	2,159
- property, plant and equipment	265,422	78,353
- right-of-use assets	110,785	122,756
Total deferred tax liabilities	378,784	203,268
Net deferred tax assets (liabilities)	(190,561)	10,992
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	201,553	(28,396)
Movement in deferred tax charged to Statement of Changes in Equity	-	43,329

Note 19 Trade creditors and other payables

Where the company is liable to settle an amount within 12 months of reporting date, the liability is classified as current. All other obligations are classified as non-current.

a) Current liabilities	2021	2020
	\$	\$
Trade creditors	11,727	11,597
Other creditors and accruals	109,687	133,261
	121,414	144,858
b) Non-current liabilities		
Other creditors and accruals	14,502	59,329

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 20 Loans and borrowings

a) Current liabilities		2021	2020			
		\$	\$			
Secured bank loans		221,243	224,917			
b) Non-current liabilities						
Secured bank loans		1,201,414	1,472,041			
c) Terms and repayment schedule						
	Nominal interest rate	Year of maturity	30 June 2021		30 June 2020	
			Face value	Carrying value	Face value	Carrying value
Secured bank loans	3.26% - 3.52%	2033 - 2035	1,422,657	1,422,657	1,696,958	1,696,958

Note 21 Lease liabilities

Lease liabilities were measured at amounts equal to the present value of enforceable future payments of the term reasonably expected to be exercised, discounted at the appropriate incremental borrowing rate on the adoption date. The discount rate used on recognition was 5.39%.

The company has applied judgement in estimating the remaining lease term including the effects of any extension options reasonably expected to be exercised, applying hindsight where appropriate.

The company's lease portfolio includes:

- Marcoola branch The lease agreement commenced in April 2009. A 5 year renewal options was exercised in April 2019. The company has 2 x 5 year renewal options available which, for AASB 16: Leases purposes they are reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is March 2034.
- Pomona branch The lease agreement commenced in April 2017 for an initial term of 5 years. The company has 2 x 5 year renewal options available which, for AASB 16: Leases purposes they are reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is March 2032.

a) Current lease liabilities		2021	2020
		\$	\$
Property lease liabilities		61,525	59,543
Unexpired interest		(27,835)	(28,943)
		33,690	30,600
b) Non-current lease liabilities			
Property lease liabilities		729,368	779,909
Unexpired interest		(165,542)	(190,722)
		563,826	589,187
c) Reconciliation of lease liabilities			
Balance at the beginning		619,787	-
Initial recognition on AASB 16 transition		-	632,672
Remeasurement adjustments		8,413	13,724
Lease interest expense		29,058	32,697
Lease payments - total cash outflow		(59,742)	(59,306)
		597,516	619,787

Sunshine Coast Community Financial Services Limited
Notes to the Financial Statements
for the year ended 30 June 2021

Note 21 Lease liabilities (continued)

d) Maturity analysis	2021	2020
	\$	\$
- Not later than 12 months	61,525	59,543
- Between 12 months and 5 years	253,923	246,709
- Greater than 5 years	475,445	533,200
Total undiscounted lease payments	<u>790,893</u>	<u>839,452</u>
Unexpired interest	(193,377)	(219,665)
Present value of lease liabilities	<u><u>597,516</u></u>	<u><u>619,787</u></u>

Note 22 Provisions

a) Non-current liabilities	2021	2020
	\$	\$
Make-good on leased premises	<u>19,516</u>	<u>18,580</u>

In accordance with the branch lease agreements, the company must restore the leased premises to their original condition before the expiry of the lease term. The company has estimated the provision based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process. The leases are due to expire per below at which time it is expected the face-value costs to restore the premises will fall due.

<u>Lease</u>	<u>Lease term expiry date per AASB 16</u>	<u>Estimated provision</u>
Marcoola	March 2034	\$15,800
Pomona	March 2032	\$18,680

Note 23 Employee benefits

a) Current liabilities	2021	2020
	\$	\$
Provision for annual leave	-	20,608
Provision for long service leave	-	19,075
	<u>-</u>	<u>39,683</u>

During the financial year the sole employee for the company was made redundant. As a result all employees at the end of the financial year are seconded from Bendigo Bank.

Note 24 Issued capital

a) Issued capital	2021		2020	
	Number	\$	Number	\$
Ordinary shares - fully paid	1,672,988	1,672,988	1,672,988	1,672,988
Bonus shares - fully paid	31,250	-	31,250	-
Less: equity raising costs	-	(49,921)	-	(49,921)
	<u>1,704,238</u>	<u>1,623,067</u>	<u>1,704,238</u>	<u>1,623,067</u>

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 24 Issued capital (continued)

b) Rights attached to issued capital

Ordinary shares

Voting rights

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

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

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

Dividends

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

Transfer

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

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

Prohibited shareholding interest

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

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

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

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

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

Sunshine Coast Community Financial Services Limited
Notes to the Financial Statements
for the year ended 30 June 2021

Note 24 Issued capital (continued)

b) Rights attached to issued capital (continued)

Prohibited shareholding interest (continued)

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

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

Note 25 Reserves

a) Nature and purpose of reserves

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

b) Disaggregation of reserve balances, net of tax

		Revaluation reserve	
	Note	2021 \$	2020 \$
Balance at beginning of reporting period		-	-
Revaluation of property plant and equipment	15d)	587,750	-
Balance at end of reporting period		<u>587,750</u>	<u>-</u>

Note 26 Retained earnings (accumulated losses)

	Note	2021 \$	2020 \$
Balance at beginning of reporting period		(62,346)	(100,656)
Adjustment for transition to AASB 16		-	(114,230)
Net profit after tax from ordinary activities		181,989	229,231
Dividends provided for or paid	31a)	(76,691)	(76,691)
Balance at end of reporting period		<u>42,952</u>	<u>(62,346)</u>

Sunshine Coast Community Financial Services Limited
Notes to the Financial Statements
for the year ended 30 June 2021

Note 27 Reconciliation of cash flows from operating activities

	2021 \$	2020 \$
Net profit after tax from ordinary activities	181,989	229,231
Adjustments for:		
- Depreciation	162,479	162,380
- Amortisation	55,629	59,694
- Loss on disposal of non-current assets	-	14,914
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	27,321	(36,413)
- (Increase)/decrease in other assets	11,225	84,544
- Increase/(decrease) in trade and other payables	(27,523)	73,207
- Increase/(decrease) in employee benefits	(39,683)	7,507
- Increase/(decrease) in provisions	936	95
- Increase/(decrease) in tax liabilities	14,398	(3,941)
Net cash flows provided by operating activities	<u>386,771</u>	<u>591,218</u>

Note 28 Financial instruments

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

	Note	2021 \$	2020 \$
Financial assets			
Cash and cash equivalents	13	37,489	136,845
Term deposits	13	14,717	14,571
Trade and other receivables	14	71,259	98,729
		<u>123,465</u>	<u>250,145</u>
Financial liabilities			
Trade and other payables	19	135,916	204,187
Secured bank loans	20	1,422,657	1,696,958
Lease liabilities	21	597,516	619,787
		<u>2,156,089</u>	<u>2,520,932</u>

Note 29 Auditor's remuneration

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

	2021 \$	2020 \$
<i>Audit and review services</i>		
- Audit and review of financial statements (AFS)	6,000	2,400
- Audit and review of financial statements (RSD)	-	4,000
<i>Non audit services</i>		
- General advisory services	3,120	2,315
Total auditor's remuneration	<u>9,120</u>	<u>8,715</u>

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 30 Related parties

a) Details of key management personnel

The directors of the company during the financial year were:

Rick Cooper
David Green
Elizabeth Reynolds
Guy Hamilton
Patricia Radge
Toby Bicknell
Tony Freeman

b) Key management personnel compensation

	2021 \$	2020 \$
Key management personnel compensation comprised the following.		
Short-term employee benefits	31,500	27,250

Compensation of the company's key management personnel includes salaries and contributions to a post-employment superannuation contribution plan.

c) Related party transactions

No director or related entity has entered into a material contract with the company.

Note 31 Dividends provided for or paid

a) Dividends provided for and paid during the period

The following dividends were provided for and paid to shareholders during the reporting period as presented in the Statement of Changes in Equity and Statement of Cash Flows.

	30 June 2021		30 June 2020	
	Cents	\$	Cents	\$
Fully franked dividend	4.50	76,691	4.50	76,691

The tax rate at which dividends have been franked is 26% (2020: 27.5%).

b) Franking account balance

	2021 \$	2020 \$
<i>Franking credits available for subsequent reporting periods</i>		
Franking account balance at the beginning of the financial year	285,744	277,371
Franking transactions during the financial year:		
- Franking credits (debits) arising from income taxes paid (refunded)	53,215	37,463
- Franking debits from the payment of franked distributions	(26,946)	(29,090)
Franking account balance at the end of the financial year	312,013	285,744
Franking transactions that will arise subsequent to the financial year end:		
- Franking credits (debits) that will arise from payment (refund) of income tax	34,635	13,336
Franking credits available for future reporting periods	346,648	299,080

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

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 32 Earnings per share

a) Basic and diluted earnings per share

The calculation of basic and diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	2021	2020
	\$	\$
Profit attributable to ordinary shareholders	181,989	229,231
	Number	Number
Weighted-average number of ordinary shares	1,704,238	1,704,238
	Cents	Cents
Basic and diluted earnings per share	10.68	13.45

Note 33 Commitments

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

Note 34 Contingencies

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

Note 35 Subsequent events

There have been no significant events occurring after the reporting period which may affect either the company's operations or the results of those operations or the company's state of affairs.

Sunshine Coast Community Financial Services Limited

NSX report

for the year ended 30 June 2021

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

Shareholding

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

<u>Number of shares held</u>	<u>Number of shareholders</u>	<u>Number of shares held</u>
1 to 1,000	652	222,188
1,001 to 5,000	239	500,499
5,001 to 10,000	36	254,359
10,001 to 100,000	32	727,192
100,001 and over	-	-
Total shareholders	959	1,704,238

Equity securities

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

There are no substantial shareholders (holding more than 5% of voting rights) as each shareholder is entitled to 1 vote. Normally holding more than 5% of total issued shares would create a substantial shareholder, but this is not applicable due to the voting restrictions for the company.

There are no restricted securities on issue.

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

Ten largest shareholders

The following table shows the 10 largest shareholders.

<u>Shareholder</u>	<u>Number of fully paid shares held</u>	<u>Percentage of issued capital</u>
MR MURRAY WILLIAM BROWN + MRS LYNDAL JANE BROWN <HINTERNOOSA SUPER FUND A/C>	92,776	5.44
SCIPPIO NOMINEES PTY LTD	59,025	3.46
MS ALISON DIANNE COMBER	50,774	2.98
THOMAS LEIGH PTY LTD <THE WARING FAMILY SUPERANNUATION FUND AC>	37,324	2.19
WINPAR HOLDINGS LIMITED	33,725	1.98
ZEDMONT PTY LTD <COOPER COLLINS SUPER FUND AC>	30,093	1.77
WILLEY MCBRYDE PTY LTD <THE WILLEY MCBRYDE SUPERANNUATION FUND>	30,000	1.76
JAMES HOWARD BELL	25,000	1.47
RAINMAKER TRADING PTY LIMITED <THE RADGE FAMILY SUPERANNUATION FUND>	23,800	1.40
MS ELAINE KATHLEEN FAGGOTTER	21,000	1.23
	403,517	23.68

Sunshine Coast Community Financial Services Limited

NSX report

for the year ended 30 June 2021

Registered office and principal administrative office

The registered office of the company is located at:

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

The principal administrative office of the company is located at:

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

Security register

The security register (share register) is kept at:

RSD Registry
PO Box 30
Bendigo VIC 3552
Phone: (03) 5445 4222

Company Secretary

The company secretary is Patricia Radge. Patricia was appointed to the position of secretary on 1 June 2018.

Qualifications, experience and expertise: Patricia holds a Bachelor of Business and her experience includes managing a small financial services company since April 2000.

Corporate governance

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

- (a) Members of the Finance Committee are: David Green, Rick Cooper and Patricia Radge.
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

Annexure 3

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

Sunshine Coast Community Financial Services Limited

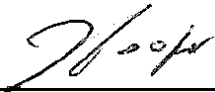
Directors' Declaration

In accordance with a resolution of the directors of Sunshine Coast Community Financial Services Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are 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 2021 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB 124 *Related Party Disclosures* and the *Corporations Regulations 2001*.

This declaration is made in accordance with a resolution of the board of directors.



Rick Cooper, Chair

Dated this 8th day of September 2021

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

Report on the Audit of the Financial Report

Opinion

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

- Statement of financial position as at 30 June 2021
- Statement of profit or loss and other comprehensive income
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements, including a summary of significant accounting policies
- The directors' declaration of the company.

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

- i. giving a true and fair view of the company's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

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

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

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



Key Audit Matters

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

Key audit matter	How our audit addressed the matter
<p>Revenue Share Model The company is a franchise of Bendigo Bank. The franchise agreement provides for a share of interest, fee, and commission revenue earned by the company. Interest margin share is based on a funds transfer pricing methodology which recognises that income is derived from deposits held, and that loans granted incur a funding cost. Fees are based on the company's current fee schedule and commissions are based on the agreements in place. All margin revenue is recorded as non-interest income when the company's right to receive the payment is established.</p> <p>The company receives the Revenue Share from Bendigo Bank via a monthly profit share statement.</p> <p>Our key audit matter was focused on the following areas of risk:</p> <ul style="list-style-type: none"> ▪ Revenue is recognised appropriately and in line with AASB 15 Revenue from Contracts with Customers. ▪ Reliance on third party auditor EY to review the revenue share model. 	<p>In responding to the identified key audit matter, we completed the following audit procedures:</p> <ul style="list-style-type: none"> ▪ We have obtained the monthly profit share statements from the entire year and analytically assess the existence, accuracy and completeness of revenue. ▪ EY complete a Community Bank Revenue Share Arrangements report on factual findings bi-annually, which we review and determine that the scope and testing procedures were sufficient to enable reliance on the monthly profit share reports specifically relating to revenue. <p>Key observation We are satisfied that the revenue share model has been sufficiently reviewed by an external auditor and the reliance can be placed on the monthly profit share reports. The company's accounting policy relating to the revenue share model is detailed at note 4 a) to the financial statements.</p>

There are no other key audit matters to disclose for the 30 June 2021 audit.



Other Information

The company usually prepares an annual report that will include the financial statements, directors' report and declaration and our independence declaration and audit report (the financial report). The annual report may also include "other information" on the entity's operations and financial results and financial position as set out in the financial report, typically in a Chairman's report and Manager's report, and reports covering governance and shareholder matters.

The directors are responsible for the other information. The annual report is expected to be made available to us after the date of this auditor's report.

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

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

If we identify that a material inconsistency appears to exist when we read the annual report (or become aware that the other information appears to be materially misstated), we will discuss the matter with the directors and where we believe that a material misstatement of the other information exists, we will request management to correct the other information.

Responsibilities of the Directors for the Financial Report

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

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

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

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

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.

Report on the Remuneration Report

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Sunshine Coast Community Financial Services Limited for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

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.



Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 8 September 2021



Joshua Griffin
Lead Auditor



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Email: Tewantin-NoosaMailbox@bendigoadelaide.com.au

Web: <https://www.bendigobank.com.au/branch/qld/community-bank-tewantin-noosa/>

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ABN: 13 100 576 261

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Tewantin QLD 4565

Email: secretary@bendigosunshinecoast.com.au

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