

Annual Report 2022

Sunshine Coast Community
Financial Services Limited

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

Sunshine Coast Community Financial Services Limited

Chair's Report for year ending 30 June 2022

Our Company Vision

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

Our Purpose

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

COVID-19 Update

COVID-19 continued to disrupt business during 21-22 FY including several staff leaving the company due to Bendigo Bank's mandated vaccination program. Branches operated to the best of their ability whilst dealing with staff shortages due to illness or staff being a close contact of someone with COVID-19. Staff were flexible during this time, moving between branches to ensure that at least one branch was open at any time. I would like to thank our dedicated staff who worked so hard to service customers during this trying period.

Management and Staff

In January 2022 we welcomed new Senior Branch Manager, Melanie Jackson. Melanie has had a long career with Bendigo Bank having worked her way up through the organisation. Melanie has been tasked with implementing the Board's strategic plan including a significant increase in book value and improving the number of products per customer.

Mark Gielis who has been with Bendigo Bank for almost 12 years, was promoted to Tewantin-Noosa Branch Manager in November 2021. Mark is proving to be a fantastic leader and motivator of the Tewantin-Noosa team.

Jamie Hall and the team at Marcoola have been recognised numerous times during the year for their excellent service and community involvement including receiving an Australia Day Award for Best Community Group. This is even more special as it is the first time a business has received this award.

The company has had a challenging time finding and retaining a Branch Manager for the Cooroy Branch. This was no reflection on the branch staff who have shown incredible resilience and patience during a difficult time. As a result, we need to regain momentum in the Cooroy community and 2023 will require a concerted effort to re-engage with the community and our customers.

In February 2022 we were advised that Bendigo Bank would no longer support the role of Local Engagement Officer. The Board decided to outsource the social media management component of this role and confirmed the appointment of Insight Social Media who will start work in the new financial year. Insight are a local business based in Noosa Junction and we look forward to working with them to reach our social media target market of people in their 20's and 30's, young families, and young entrepreneurs.

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Colleen Ginty, Board Administrator, took over the management of the Artists-in-Residence program and the Pop-Up Shop in the Tewantin-Noosa Branch, and the Artists-on-display in the Cooroy Branch. Colleen has proven to be an excellent organiser and has not only filled the galleries calendars months in advance but is also attracting excellent media coverage for both the artists and the branches.

I would like to thank Colleen for her hard work and commitment to SCCFSL.

Pomona Branch Closure

The closure of the Community Bank Pomona in April 2022 was a difficult but inevitable decision by directors. A 'perfect storm' occurred including staff leaving due to the vaccine mandate, an inability to attract new staff to the branch with high rental accommodation prices and a lack of housing availability in the area and the lease on the commercial building due for renewal at the end of June 2022. The branch made unsustainable losses each year of its operation with community support insufficient to justify its continuance.

Whilst, as directors, we serve our community, our priority must be to the financial stability of the company with shareholders front of mind.

Pomona customers were transferred to the Cooroy branch and staff worked hard to contact those customers, to welcome them to their newly domiciled branch and to assist them with their banking needs.

The Board

On 4th March 2022 Rick Cooper announced he would be stepping down as Chair of SCCFSL after 11 years in the role. During his time as Chair, Rick has overseen an extensive transformation in our Community Banks including;

- The negotiation and purchase of commercial buildings in Cooroy and Tewantin
- The renovation and transformation of the Cooroy and Tewantin-Noosa branches into 'Branches of the Future'.
- Guiding the business during 2 years of the COVID-19 pandemic
- Ensuring shareholder dividends continued despite the impact of COVID-19 and record low interest rates.
- Advocating tirelessly for the Community Bank across our region.

At the same meeting, Rick recommended I be nominated as Chair which was agreed unanimously. As a result, I stood down from the role of Company Secretary and David Green was elected unanimously as Company Secretary, thus meaning he would hold the dual role of Treasurer / Secretary.

I would like to thank my fellow directors for their support during this transition and particularly to Rick Cooper for his help and guidance. I have big shoes to fill.

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Community Contributions

The number of applications for funding were once again down this year predominantly due to the impact of COVID-19 on events. COVID-19 has allowed organisations to rethink the way they run events, or if indeed they continue to run them in the future.

For the 8th year we were the major sponsor of Pomona King of the Mountain with funds going towards the production of a movie titled *Still Running*, a history of the race. We also continued our support of Cooloola-Noosa Life Education program, the Noosa Arts Theatre and took on a new venture, the Coolool Wedge, an annual body surfing competition.

I would like to thank the Sponsorship & Marketing Committee Chair Elizabeth Reynolds for engaging with community groups and researching promotional opportunities for SCCFSL.

Total sponsorship funds distributed during 2021-22 was \$83,961 with a total of \$1,992,000 distributed to date. We look forward to breaking the \$2m mark in the 2022/23 financial year.

Statistics

Footings grew but did not quite reach our target of \$630m. FY2023 requires a re-set at the Cooroy Branch to improve overall company performance.

Statistical Snapshot

	Footings (Book value in \$M)	Footings Growth (\$M)	Account Numbers	Customer Numbers	Counter Transactions
2015/16	330	26	12,869	9,194	75,675
2016/17	360	30	13,463	9,492	75,861
2017/18	403	43	14,669	10,377	78,783
2018/19	456	53	16,125	11,016	82,295
2019/20	468	12	17,275	11,254	72,231
2020/21	556	87	18,478	11,906	71,486
2021/22	619	64	19,580	12,501	63,622

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Year-end 30th June 2022 Results

Profit after tax decreased for the second year in a row, down 14%. Revenue was up only \$22k despite footings growth of \$64m. Once again this was predominantly due to low margins on record low interest rates.

Financial Snapshot 2008/09 onwards

	Shareholder Dividends Cents per Share	Community Benefit \$000	Gross Revenue \$000	Profit pre-tax/ Community Benefit \$000	Profit before Tax \$000	Profit After Tax \$000
2008/9	5	45	1,757	297	252	169
2009/10	7.5	86	2,021	483	397	279
2010/11	8	91	2,200	418	327	224
2011/12	9.5	220	2,298	446	226	163
2012/13	8.15	198	2,389	486	288	200
2013/14	7.64	159	2,316	320	161	111
2014/15	6	128	2,430	340	212	147
2015/16	7	140	2,545	311	171	114
2016/17	6.5	214	2,740	486	272	183
2017/18	5	163	2,965	462	300	215
2018/19	4.5	180	3,217	473	293	204
2019/20	4.5	207	3,309	528	322	229
2020/21	4	77	3,218	259	262	182
2021/22	TBA	84	3,240	328	244	156
	83.29	1,992				

Governance and Culture

The Board have had several director education sessions during the year to ensure we understand our responsibilities to shareholders, the business, and staff. Workplace Health & Safety was a large focus, ensuring staff did not suffer stress or burnout due to COVID-19 and associated staff shortages.

A culture of giving back and participating in community events has seen staff morale increase in the 2nd half of the FY. Service to the community has been highlighted in the responses given by staff when asked “what do you like most about your job?” by Insight Social Media. The consensus is that helping customers achieve their financial goals and supporting them with their banking needs provides a sense of purpose and satisfaction.

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With thanks

I would like to thank our Regional Manager Rohan Quirey and State Manager Gavin Holden for their support throughout the year and for understanding and helping foster our vision for SCCFSL.

Our board has had an unwavering focus on achieving our 3-year transformation and financial goals. Whilst COVID-19 may have stymied our plans slightly this FY we look forward to pushing ahead in FY2023.



Trish Radge, Chair
2nd September 2022



Melanie Jackson, Rick Cooper, Trish Radge, David Robertson (Bendigo Bank), Toby Bicknell, David Green, Guy Hamilton, Elizabeth Reynolds (front). Absent: Louise McNeich

Sunshine Coast Community Financial Services Limited

Senior Branch Manager's Report for year ending 30 June 2022

What an exciting and fulfilling first 6 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 6 months ago with COVID-19 ruling the day-to-day business and adjusting to the forever changing rules and mandates. The Community Bank Cooroy Branch was closed in January for 7 days due to COVID-19 illnesses. We closed the Community Bank Pomona Branch in April. Like so many industries, staff turnover and recruitment have proven to be challenging.

A highlight for me in the short time I've been in this role is the opportunity to work with such a driven board. The directors have a clear and decisive plan which is a great challenge to take on. I wish to thank Trish Radge, her team, and the various committees for their direction, trust, and guidance they have provided me.

The functionality and efficiency of the Lending Hub in Tewantin is on the improve and with the commitment from Selena Morris and Jason Badger, they are approving a high volume of lending from the branches with a faster turnaround times. The hard work from our Branch Managers and the lending hub team gave us a strong \$13M lending growth to finish the financial year. Our managers are the key contact for loan applications from the initial appointment to the very end of the loan process, and they continue to make customer service a high priority ensuring our customers have a great experience.

With many customers choosing to sell down in a buoyant housing market, our deposit funds have also performed very well with a record \$94M in growth achieved. This is a testament to our team's ability to stay well connected to both their customers and our communities even when deposit rates were nearly non-existent.

Business performance and profits have resulted in more funds being shared with our community. Our staff have continued to grow our brand, achieving many business opportunities through our many involvements with surf clubs, sporting clubs, local schools, and community groups.

Various opportunities have seen business banking referrals result in further growth to the SCCFSL business. At the end of the financial year we engaged an external social media company to manage our Facebook, Instagram and LinkedIn pages. From this we hope to gain more exposure in our local communities especially attracting a younger demographic to the bank.

I would like to thank the board's Business Administrator Colleen Ginty for her support and focus on the Tewantin Retail Pop Up space and in-house art displays. The art displays in the Community Bank Tewantin and Cooroy branches are rotated monthly and have proven to be a huge success and a valuable talking point for customers and staff.

Sunshine Coast Community Financial Services Limited

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-19 environment, our staff have continued to be reliable and focused. This has not been easy, but we all have the same vision in mind; supporting our community.

We hope that 2022/2023 brings a more stable environment for business and the community enabling us to thrive and achieve our business plan.

Melanie Jackson

Senior Branch Manager

Community Banks – Cooroy | Marcoola | Pomona | Tewantin Noosa



Stefan Vercoe (Cooroy), Jamie Hall (Marcoola), Trish Radge (Chair), Lynette Nilon (Tewantin-Noosa), Toby Bicknell (Director), Melanie Jackson (Senior Branch Manager), Kristin Stuber (Cooroy), Meredith Mason (Cooroy) at Pomona King of the Mountain.

Sunshine Coast Community Financial Services Limited

Cooroy Manager's Report for year ending 30 June 2022

Financial year 21/22 was again a rollercoaster thanks to COVID-19.

I was appointed to the role of Senior Branch Manager in January 2022 and at that time our Community Bank Cooroy and Pomona branches were temporarily closed due to COVID-19.

The Cooroy staff were very resilient over the second half of the financial year to cope so well after losing their Branch Manager to the COVID-19 vaccination policy, and then further staff resigning and leaving the banking industry.

In April 2022 SCCFSL and Bendigo Bank agreed to close the Community Bank Pomona branch due to staff shortages, lack of community support and limited customers.

This year we put \$13,500 back into the Pomona and Cooroy communities.

We were the major sponsor of the Bendigo Bank International Mountain Challenge at the King of the Mountain in Pomona. We were also the major sponsor of Tall Trees Art Exhibition at Cooran and we supported the Pomona State School.

Despite COVID-19 lockdowns we were able to still donate to several community groups in Cooroy including Cooroy Pony Club, Cooroy Dolphins Swimming Club, Cooroy Chamber of Commerce, Noosa District Rugby League Club, Cooroy Future Group Inc, the Life Education Van and the Cooroy Horse and Pony Club.

Growth was achieved in the first 6 months of the financial year. Home loan rate rises have seen loan discharges increase significantly in the second half of the financial year mainly due to people selling and not re-borrowing.

Branch results as of the 30 June 2022, saw a 19.99% increase in footings to \$243M which includes the transfer of Pomona's book.

A significant highlight was the growth in deposit funds of over \$11M for Cooroy. The transfer of the Pomona deposit book contributed to a total growth amount of \$36M for the year. We also welcomed many new customers throughout the year, with the total number of customers growing to 5384 - which includes 893 from our Pomona customers.

The Cooroy staff and I would like to thank the directors of SCCFSL 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.

Sunshine Coast Community Financial Services Limited



Dayne Holzl, Meredith Mason, Kristin Stuber

To our valued shareholders and customers, I would like to offer my thanks for your continued support and advocacy over the past 20 years.

Mel Jackson

Senior Branch Manager

Sunshine Coast Community Financial Services Limited

Marcoola Manager's Report for year ending 30 June 2022

It's been another great year at our Community Bank Marcoola Branch.

Our success is measured not only by its financial contribution to the communities of the North Shore, but also through our branch's achievements working within the community itself.

It is built on the fact we do business and remain connected and relevant to our North Shore community. Our Community Bank Marcoola Branch staff are experienced; they go the extra mile to provide excellent customer service and I believe we provide excellent products and services directly at a local level.

The success of the year saw our overall business held under management exceed \$163 million, up \$35 million for the year.

We celebrate the fact that our Community Bank branch has now contributed more than \$700,000 and over 50 sponsorships and partnerships and that number will continue to grow as more locals learn more about community banking and the difference it makes for everyone.

The successful year continued when the Community Bank Marcoola Branch was awarded the Australia Day Award on the Sunshine Coast for "Best Community Group" for 2022. This was an amazing recognition from our Community on the Sunshine Coast.

Last year we were able to use the income generated from our growth to our community in an array of community events and partnerships.

Our Community Bank Marcoola partnered with Coolum Wedge, organisers of the Coolum Wedge international body surfing competition. The competition was held at Coolum Beach in March 2022 with over 100 participants and visitors on the days. They were welcomed with Bendigo Bank marquees, flags and Bendigo staff who volunteered on the day.

Our support for the Marcoola Surf Life Saving Club, Mudjimba Surf Club, Coolum Surf Club, Northshore Community Centre Christmas Event, Coolum Theatre Players, Coolum Hearts and Coolum Wedge were all highlights during a very busy year.

I continue to be supported by an amazing group of people including the SCCFSL Board and its Chairman, Trish Radge. We thank you for many, many hours of work contributing to supporting not only this branch but all the community groups we work with.

Sunshine Coast Community Financial Services Limited

Last but not least, my team of Donna, Stephen, Lloyd, Bronwyn and Maria all of whom work day in and day out ensuring our customers receive the best outcomes each and every time they drop into the branch or via phone call or email.



Donna White, Stephen Hutchings, Lloyd Sloman, Bronwyn Allan

To our shareholders and customers, the very biggest thanks of all for continuing to support and do business with the Community Bank Marcoola. I very much look forward to another successful year of being relevant and committed to our customers and community.

Jamie Hall

Branch Manager

Sunshine Coast Community Financial Services Limited

Tewantin Manager's Report for year ending 30 June 2022

If you were ever searching for a great example for the strength, commitment, and resilience of our community model, then the past financial year has delivered! Despite the ongoing, unprecedented times, our business remained strong and has continued to grow.

The Community Bank Tewantin-Noosa Branch had an amazing year the year before last 2020/2021, with overall growth of 22.45% We have exceeded last year's success with a growth of \$25,233,000, a massive 25% increase. We have seen our customer base steadily rise, with 4051 customers choosing to bank with us. This is directly attributed to our customer service, relationship building and community connections.

We have strengthened and established new relationships with community groups, resulting in an increase in deposit and lending enquiries. Our ability to support our community and not for profit groups increases each year. This year we supported our Surf Lifesaving clubs, Lions Club, Ryda, Sunshine Butterflies, You Turn, Katie Rose Hospice, Rotary Clubs and local schools just to name a few.

The SCCFSL Board have steered us to success and have set up the strategies and foundations to prosper into the future. Their drive to make a difference has been unwavering.

I became manager in November 2021 after Louise Marshall left the business. This coincided with the closure of another bank's branch in the Tewantin main street. Lynette Nilon and Maria Mitchell helped the branch cope with the influx of new customers seeking refuge at our branch. Our team was bolstered by Kate Cordwell, Nicole Nelson and Rhys Tieken joining the team. I would like to thank each person for their commitment and support.

A big thank you to everyone who has helped our team including Melanie Jackson our Senior Branch Manager and our lending hub team of Jason Badger and Selena Morris.

To our valued shareholders, I would like to offer my thanks for your continued support and advocacy.

We look forward to another successful year ahead.

Mark Gielis
Branch Manager

Back: Mark Gielis, Rhys Tieken
Front: Kate Cordwell, Nicole Nelson,
Lynette Nilon, Maria Mitchell



Community Bank Report 2022
BEN Message

July 2022

Community continues to be core to who we are at Bendigo and Adelaide Bank.

With your support, we are enabling community infrastructure to be built, strengthening the arts and culturally diverse communities, improving educational outcomes, and growing healthy places for Australians to live and work. On behalf of the Bank, thank you for continuing to play a vital role in supporting your community.

As we emerge from the pandemic and navigate a shifting economic landscape, the investments our Community Banks make in the future of the communities in which they operate has never been more important.

We are proud that more Australians are choosing to do their banking with Bendigo and Adelaide Bank – and importantly trust us with their financial needs. We are Australia’s most trusted bank (Roy Morgan, May 2022), an outcome that you have all contributed to and should feel proud of.

Our purpose has never been more important; we remain committed to continuing to feed into the prosperity of our customers and communities, and not off them.

Your ongoing support as a shareholder is essential to the success of your local community. Together, we will continue to grow sustainably and make a positive impact for generations to come.

Warmest regards,

A handwritten signature in black ink, appearing to read 'Justine Minne', with a large, stylized flourish at the end.

Justine Minne
Bendigo and Adelaide Bank



COMMUNITY BANK
NATIONAL COUNCIL

As a shareholder in your local Community Bank, you are part of this incredible social network that is playing an increasingly important role in the Australian economy.

The Community Bank network was a first mover in Australia with its unique social enterprise model. The first Community Bank opened its doors in 1998, and since then, the network has grown to 307 Community Bank branches.

The network represents a diverse cross-section of Australia with 240 social enterprises, 70,000+ shareholders, 1600+ volunteer directors, 1600+ staff and 905,000 customers located in metro, regional, rural and remote locations across the country. It's not uncommon to visit a country town and see the Community Bank logo affixed to public amenities; at the front of schools, and on the perimeter of sporting clubs – such is the breadth and depth of our investments over the years.

The Community Bank network invests via grants, donations and sponsorships that connect with and care for generations of Australians. Funding programs range from sport, scholarships and school programs, through to community groups, cultural organisations and local councils. The Community Bank influence further extends to facilitating and attracting other partners to help subsidise much needed community projects.

The relationship with the Bank, which has been fashioned out of shared effort, risk and reward, is clearly a philosophy that works. Also supporting the network, is the Community Bank National Council (CBNC), which advocates and influences on behalf of the 240 community enterprises with its partners.

The three strategic pillars of the 22-23 CBNC strategy are to:

- Develop a community network strategy to ensure the ongoing sustainability of our community enterprises
- Advocate for and champion the uniqueness and value of our social enterprises
- Unite the network to leverage our community presence and amplify our community impact

All directors and shareholders should feel proud of the network which has collectively delivered enormous impact in our local communities.

We are community builders and investors with a national presence, whilst still retaining grass roots community connections. It's through this unique point of difference, and the commitment of our directors and shareholders, that we are well positioned to embrace the change that is upon us.

Next year our Community Bank network celebrates 25 years, but in many respects, it's only the beginning for our collective of social enterprises.

Warm regards

A handwritten signature in blue ink, appearing to read "Sarah Franklyn".

Sarah Franklyn
CBNC Chair

Sunshine Coast Community Financial Services Limited

ABN: 12 100 576 261

Financial Report

For the year ended

30 June 2022

Sunshine Coast Community Financial Services Limited

Directors' Report

The directors present their report together with the financial statements of the company for the financial year ended 30 June 2022

Directors

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

Patricia Radge

Non-executive director

Occupation: Business Manager

Qualifications, experience and expertise: B.Bus., Personnel Management Graduates course, Certificate of Governance Practice.

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: Chairperson, Finance and Audit Committee, Sponsorship and Marketing Committee, Human Resources Committee

Interest in shares: 23,800 ordinary shares

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: Sponsorship and Marketing Committee, Finance and Audit Committee, Human Resources 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: Secretary, Chairman - Finance and Audit Committee

Interest in shares: 10,000 ordinary shares

Louise McNeich

Non-executive director (appointed 27/09/2021)

Occupation: Accountant

Qualifications, experience and expertise: Louise has a Masters in Professional Accounting and Diploma in Financial Planning. She is a member of the CPA Australia. With 20 years experience working in accounting firms in Noosa and Mackay, she currently is the principal of a local accounting firm, which she has owned for the last 10 years.

Special responsibilities: Treasurer, Finance and Audit Committee

Interest in shares: nil share interest held

Elizabeth Reynolds

Non-executive director

Occupation: Retired Lawyer

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

Former directorships: Noosa Tourism Ltd

Special responsibilities: Deputy Chair, Chair Sponsorship and Marketing Committee

Interest in shares: nil share interest held

Sunshine Coast Community Financial Services Limited

Directors' Report

Directors (continued)

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

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

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 David Green. David was appointed to the position of secretary on 02/06/2022. The previous secretary was Patricia Radge.

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. The profit of the company for the financial year after provision for income tax was:

	Year ended 30 June 2022	Year ended 30 June 2021
	\$	\$
Profit after income tax	156,464	181,989
Other comprehensive income	-	587,750
Total comprehensive income	<u>156,464</u>	<u>769,739</u>

Sunshine Coast Community Financial Services Limited

Directors' Report

Operating and financial review

Overview of company

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

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.

Key Metrics

Five year summary of performance	Unit	2022	2021	2020	2019	2018
Operating revenue	\$	3,151,593	3,103,182	3,132,008	3,062,607	2,965,087
EBITDA	\$	569,590	559,138	653,978	485,888	485,888
Earnings before interest and tax	\$	316,644	341,030	431,904	373,528	371,705
Net profit after tax	\$	156,464	181,989	229,231	204,826	215,175
Total assets	\$	4,304,223	4,639,689	4,139,916	3,870,254	3,384,962
Total liabilities	\$	1,962,159	2,385,920	2,579,195	2,347,843	1,982,165
Total equity	\$	2,342,064	2,253,769	1,560,721	1,522,411	1,402,797
Net cash flow from operating activities	\$	373,763	386,771	591,218	950,068	353,654
Business footings ¹	\$m	619	556	468	456	403

Shareholder returns

Profit attributable to owners of the	\$	156,464	769,739	229,231	204,826	215,175
Basic earnings per share	¢	9.18	10.68	13.45	12.02	12.63
Dividends paid	\$	68,169	76,691	76,691	85,215	110,775
Dividends per share	¢	4.00	4.50	4.50	5.00	6.50
Net tangible assets per share	¢	145.95	137.76	82.00	77.13	68.67
Price earnings ratio	¢	9.18	10.68	13.45	12.02	12.63
Share price	¢	80.00	80.00	97.00	97.00	97.00

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

Returns to shareholders increased through both dividends and capital growth. Dividends for the 2022 financial year were fully franked and it is expected that dividends in the future years will continue to be fully franked.

Financial Position

The company continued to improve profitability for the financial year ended 30 June 2022 with lower revenues offset by 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 improved for the reporting year by \$45,277 for a year-end balance of \$97,483.

The company continues to build a resilient balance sheet, ending June 2022 with net assets of \$2,342,064.

Sunshine Coast Community Financial Services Limited

Directors' Report

Operating and financial review (continued)

Financial Position (continued)

The results for the 2021/22 financial year have been driven mainly by steady growth in mortgage lending resulting in revenue growth of 1.56% (2021: -0.92%). Net interest margin returns under the revenue share arrangement have decreased following official cash rate cuts by the Reserve Bank of Australia.

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.

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.

Remuneration report

Key management personal remuneration policy

In line with the significant increase in director's commitments a resolution was passed in January 2022 to increase director's fees to \$1,000 per month excluding superannuation.

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

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

Details of key management personnel

The directors of the company during the financial year were:

Patricia Radge
Rick Cooper
David Green
Elizabeth Reynolds
Guy Hamilton
Toby Bicknell
Louise McNeich

Sunshine Coast Community Financial Services Limited

Directors' Report

Remuneration report *(continued)*

Key management personnel compensation

Key management personnel compensation comprised the following.

	2022	2021
	\$	\$
Short-term employee benefits	47,150	31,500
Post-employment benefits	3,000	-
	<u>50,150</u>	<u>31,500</u>

Compensation of the company's key management personnel includes salaries and contributions to a superannuation fund.

Directors' interests

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

Dividends

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

	Year ended 30 June 2022	
	Cents per share	\$
Fully franked dividends provided for and paid in the year	4.00	68,169

Significant changes in the state of affairs

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

Sunshine Coast Community Financial Services Limited

Directors' Report

Indemnity 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.

Indemnity and insurance of auditor

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

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

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		Committee Meetings	
	<i>Eligible</i>	<i>Attended</i>	<i>Eligible</i>	<i>Attended</i>
Patricia Radge	11	11	18	16
Rick Cooper	11	11	18	17
David Green	11	10	18	11
Louise McNeich	9	8	18	7
Elizabeth Reynolds	11	10	18	7
Guy Hamilton	11	9	18	13
Toby Bicknell	11	9	18	12

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 28 to the accounts.

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

- all non-audit services have been reviewed by the board of directors to ensure they do not impact on the impartiality, integrity and objectivity of the auditor; and
- 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.

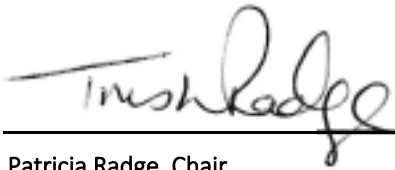
Sunshine Coast Community Financial Services Limited

Directors' Report

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



Patricia Radge, Chair

29 August 2022

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 2022, 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: 29 August 2022



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 2022

	Notes	2022 \$	2021 \$
Revenue from contracts with customers	8	3,151,593	3,103,182
Other revenue	9	88,562	114,252
Finance income	10	62	163
Employee benefit expenses	11d)	(1,928,571)	(1,958,623)
Advertising and marketing costs		(14,577)	(14,844)
Occupancy and associated costs		(84,134)	(80,118)
Systems costs		(137,639)	(156,107)
Depreciation and amortisation expense	11a)	(252,946)	(218,108)
Finance costs	11b)	(72,529)	(78,892)
Loss on disposal of assets		(66,762)	-
General administration expenses		(354,983)	(362,243)
Profit before community contributions and income tax expense		328,076	348,662
Charitable donations and sponsorships expense	11c)	(83,961)	(86,524)
Profit before income tax expense		244,115	262,138
Income tax expense	12b)	(87,651)	(80,149)
Profit after income tax expense		156,464	181,989
Items that will not be reclassified subsequently to profit or loss:			
Net gain on revaluation of land and buildings	24b)	-	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:		156,464	769,739
Earnings per share		¢	¢
- Basic and diluted earnings per share:	31a)	9.18	10.68

The accompanying notes form part of these financial statements

Sunshine Coast Community Financial Services Limited
Statement of Financial Position
as at 30 June 2022

	Notes	2022 \$	2021 \$
ASSETS			
Current assets			
Cash and cash equivalents	13a)	97,483	52,206
Trade and other receivables	14a)	167,736	84,750
Total current assets		265,219	136,956
Non-current assets			
Property, plant and equipment	15a)	3,794,486	3,963,008
Right-of-use assets	16a)	203,517	443,139
Intangible assets	17a)	41,001	96,586
Total non-current assets		4,039,004	4,502,733
Total assets		4,304,223	4,639,689
LIABILITIES			
Current liabilities			
Trade and other payables	19a)	89,236	121,414
Current tax liabilities	18a)	32,160	19,754
Loans and borrowings	20a)	204,498	221,243
Lease liabilities	21a)	18,881	33,690
Total current liabilities		344,775	396,101
Non-current liabilities			
Trade and other payables	19b)	-	14,502
Loans and borrowings	20b)	1,095,006	1,201,414
Lease liabilities	21b)	326,692	563,826
Provisions	22a)	9,442	19,516
Deferred tax liability	18b)	186,244	190,561
Total non-current liabilities		1,617,384	1,989,819
Total liabilities		1,962,159	2,385,920
Net assets		2,342,064	2,253,769
EQUITY			
Issued capital	23a)	1,623,067	1,623,067
Reserves	24b)	587,750	587,750
Retained earnings	25	131,247	42,952
Total equity		2,342,064	2,253,769

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 2022

	Notes	Issued capital \$	Reserves \$	Retained earnings \$	Total equity \$
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	30	-	-	(76,691)	(76,691)
Balance at 30 June 2021		1,623,067	587,750	42,952	2,253,769
Balance at 1 July 2021		1,623,067	587,750	42,952	2,253,769
Total comprehensive income for the year		-	-	156,464	156,464
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	30	-	-	(68,169)	(68,169)
Balance at 30 June 2022		1,623,067	587,750	131,247	2,342,064

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 2022

	Notes	2022 \$	2021 \$
Cash flows from operating activities			
Receipts from customers		3,481,183	3,566,748
Payments to suppliers and employees		(2,956,660)	(3,048,970)
Interest received		62	163
Interest paid		(71,260)	(77,955)
Income taxes paid		(79,562)	(53,215)
Net cash provided by operating activities	26	373,763	386,771
Cash flows from investing activities			
Payments for property, plant and equipment		(42,907)	(63,557)
Proceeds from sale of property, plant and equipment		1,234	-
Payments for intangible assets		(58,749)	(40,747)
Net cash used in investing activities		(100,422)	(104,304)
Cash flows from financing activities			
Repayment of loans and borrowings		(123,153)	(274,302)
Repayment of lease liabilities		(36,742)	(30,684)
Dividends paid	30	(68,169)	(76,691)
Net cash used in financing activities		(228,064)	(381,677)
Net cash increase/(decrease) in cash held		45,277	(99,210)
Cash and cash equivalents at the beginning of the financial year		52,206	151,416
Cash and cash equivalents at the end of the financial year	13a)	97,483	52,206

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 2022

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 29.

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, financial instruments, and equity financial assets that are measured at revalued amounts or fair values at the end of each reporting period. The financial report is presented in Australian dollars and all values are rounded to the nearest dollar, unless otherwise stated.

These financial statements for the year ended 30 June 2022 were authorised for issue in accordance with a resolution of the directors.

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 2021, 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 2022

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 2022

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.

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.

b) Other revenue

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.

<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.
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 2022

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

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.

d) Employee benefits

Bendigo Bank seconded employees to work for 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.

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2022

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

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 2022

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.

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using straight-line and/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	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 appropriate.

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.

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2022

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

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 2022.

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.

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 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.

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2022

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

m) Leases (*continued*)

As a lessee (continued)

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.

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 sublease is less than the head lease term, the sublease does not meet the definition of a finance sublease 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.

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2022

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.

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 30 June 2022 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 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.

a) Credit risk

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

The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank. The company monitors credit worthiness through review of credit ratings of the bank.

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2022

Note 6 Financial risk management (continued)

b) Liquidity risk

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

Exposure to liquidity risk

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

30 June 2022

<u>Non-derivative financial liability</u>	<u>Carrying amount</u>	<u>Not later than 12 months</u>	<u>Contractual cash flows</u>	
			<u>Between 12 months and five years</u>	<u>Greater than five years</u>
Bank loans	1,299,504	204,498	706,200	388,806
Lease liabilities	345,573	33,677	141,731	272,879
Trade payables	89,236	89,236	-	-
	<u>1,734,313</u>	<u>327,411</u>	<u>847,931</u>	<u>661,685</u>

30 June 2021

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

The company held cash and cash equivalents of \$97,483 at 30 June 2022 (2021: \$52,206). 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 \$350,000 through a redraw from prepayments to its mortgage facilities (\$400,000 as at 30 June 2021).

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2022

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:

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

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2022 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

	2022	2021
	\$	\$
- Margin income	2,655,243	2,611,349
- Fee income	244,228	252,071
- Commission income	252,122	239,762
	<u>3,151,593</u>	<u>3,103,182</u>

Note 9 Other revenue

	2022	2021
	\$	\$
- Rental income	48,750	46,693
- Market development fund income	29,999	64,376
- Other income	9,813	3,183
	<u>88,562</u>	<u>114,252</u>

Note 10 Finance income

	2022	2021
	\$	\$
- Term deposits	<u>62</u>	<u>163</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 2022

Note 11 Expenses

a) Depreciation and amortisation expense	2022	2021
	\$	\$
<i>Depreciation of non-current assets:</i>		
- Buildings	62,771	43,176
- Leasehold improvements	23,933	20,978
- Plant and equipment	56,729	60,910
	<u>143,433</u>	<u>125,064</u>
<i>Depreciation of right-of-use assets</i>		
- Leased land and buildings	53,928	37,415
<i>Amortisation of intangible assets:</i>		
- Franchise fee	55,585	55,629
Total depreciation and amortisation expense	<u>252,946</u>	<u>218,108</u>
b) Finance costs		
- Bank loan interest paid or accrued	46,352	48,898
- Lease interest expense	24,908	29,058
- Unwinding of make-good provision	1,269	936
	<u>72,529</u>	<u>78,892</u>
Finance costs are recognised as expenses when incurred using the effective interest rate.		
c) Charitable donations, sponsorship, advertising and promotion		
The overarching philosophy of the Community Bank model, is to support the local community in which the company operates. This is achieved by circulating the flow of financial capital into the local economy through community contributions (such as sponsorships, grants and donations).		
	2022	2021
	\$	\$
- Direct sponsorships, grants and donations	83,961	86,524
	<u>83,961</u>	<u>86,524</u>
d) Employee benefit expenses		
Wages and salaries	1,571,285	1,596,797
Contributions to superannuation contribution plans	160,958	146,622
Other expenses	196,328	215,204
	<u>1,928,571</u>	<u>1,958,623</u>
e) Recognition exemption		
The company pays for the right to use information technology equipment. 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.		
	2022	2021
	\$	\$
Expenses relating to low-value leases	64,805	78,169
	<u>64,805</u>	<u>78,169</u>

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2022

Note 12 Income tax expense

a) Amounts recognised in profit or loss	2022	2021
	\$	\$
<i>Current tax expense</i>		
- Current tax	92,259	74,586
- Movement in deferred tax	(4,316)	201,339
- Property, plant and equipment at FVTOCI	-	(195,918)
- Reduction in company tax rate	-	214
- Changes in estimates related to prior years	(292)	(72)
	<u>87,651</u>	<u>80,149</u>
b) <i>Prima facie</i> income tax reconciliation		
Operating profit before taxation	244,115	262,138
Prima facie tax on profit from ordinary activities at 25% (2021: 26%)	61,029	68,156
Tax effect of:		
- Non-deductible expenses	17,736	11,851
- Temporary differences	13,494	(5,421)
- Movement in deferred tax	(4,316)	201,339
- Investments at FVTOCI	-	(195,918)
- Reduction in company tax rate	-	214
- Under/(over) provision of income tax in the prior year	(292)	(72)
	<u>87,651</u>	<u>80,149</u>

Note 13 Cash and cash equivalents

a) Cash and cash equivalents	2022	2021
	\$	\$
- Cash at bank and on hand	82,722	37,489
- Term deposits	14,761	14,717
	<u>97,483</u>	<u>52,206</u>

In addition, the company has access to \$350,000 through a redraw from prepayments to its mortgage facilities (\$400,000 as at 30 June 2021).

Note 14 Trade and other receivables

a) Current assets	2022	2021
	\$	\$
Trade receivables	155,390	68,759
Prepayments	9,846	13,491
Other receivables and accruals	2,500	2,500
	<u>167,736</u>	<u>84,750</u>

Sunshine Coast Community Financial Services Limited
Notes to the Financial Statements
for the year ended 30 June 2022

Note 15 Property, plant and equipment

a) Carrying amounts	2022	2021
	\$	\$
<i>Land</i>		
At fair value	665,000	665,000
<i>Buildings</i>		
At fair value	2,490,843	2,490,843
Less: accumulated depreciation and impairment	(248,614)	(185,843)
	<u>2,242,229</u>	<u>2,305,000</u>
<i>Leasehold improvements</i>		
At cost	619,776	724,766
Less: accumulated depreciation and impairment	(44,292)	(64,732)
	<u>575,484</u>	<u>660,034</u>
<i>Plant and equipment</i>		
At cost	842,148	831,546
Less: accumulated depreciation and impairment	(530,375)	(498,572)
	<u>311,773</u>	<u>332,974</u>
Total written down amount	<u>3,794,486</u>	<u>3,963,008</u>
b) Reconciliation of carrying amounts		
<i>Land</i>		
Carrying amount at beginning	665,000	645,000
Revaluation increment	-	20,000
	<u>665,000</u>	<u>665,000</u>
<i>Buildings</i>		
Carrying amount at beginning	2,305,000	1,584,510
Revaluation increment	-	763,666
Depreciation	(62,771)	(43,176)
	<u>2,242,229</u>	<u>2,305,000</u>
<i>Leasehold improvements</i>		
Carrying amount at beginning	660,034	651,722
Additions	-	29,290
Disposals	(60,617)	-
Depreciation	(23,933)	(20,978)
	<u>575,484</u>	<u>660,034</u>

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2022

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

b) Reconciliation of carrying amounts <i>(continued)</i>	2022	2021
	\$	\$
<i>Plant and equipment</i>		
Carrying amount at beginning	332,974	359,617
Additions	42,907	34,267
Disposals	(7,379)	-
Depreciation	(56,729)	(60,910)
	<u>311,773</u>	<u>332,974</u>
Total written down amount	<u>3,794,486</u>	<u>3,963,008</u>

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 investment property 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 to 5 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	2022	2021
	\$	\$
<i>Leased land and buildings</i>		
At cost	416,399	720,420
Less: accumulated depreciation and impairment	(212,882)	(277,281)
Total written down amount	<u>203,517</u>	<u>443,139</u>
b) Reconciliation of carrying amounts		
<i>Leased land and buildings</i>		
Carrying amount at beginning	443,139	472,140
Remeasurement adjustments	(185,694)	8,414
Depreciation	(53,928)	(37,415)
Total written down amount	<u>203,517</u>	<u>443,139</u>

Sunshine Coast Community Financial Services Limited
Notes to the Financial Statements
for the year ended 30 June 2022

Note 17 Intangible assets

a) Carrying amounts	2022	2021
	\$	\$
<i>Franchise fee</i>		
At cost	723,067	803,067
Less: accumulated amortisation and impairment	(682,066)	(706,481)
Total written down amount	<u>41,001</u>	<u>96,586</u>
b) Reconciliation of carrying amounts		
<i>Franchise fee</i>		
Carrying amount at beginning	96,586	152,215
Amortisation	(55,585)	(55,629)
	<u>41,001</u>	<u>96,586</u>
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	2022	2021
	\$	\$
Income tax payable	<u>32,160</u>	<u>19,754</u>
b) Deferred tax		
<i>Deferred tax assets</i>		
- expense accruals	975	900
- make-good provision	2,361	4,879
- lease liability	86,393	149,379
- carried-forward capital losses	33,065	33,065
Total deferred tax assets	<u>122,794</u>	<u>188,223</u>
<i>Deferred tax liabilities</i>		
- deductible prepayments	2,129	2,577
- property, plant and equipment	256,030	265,422
- right-of-use assets	50,879	110,785
Total deferred tax liabilities	<u>309,038</u>	<u>378,784</u>
Net deferred tax assets (liabilities)	<u>(186,244)</u>	<u>(190,561)</u>
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	<u>(4,317)</u>	<u>201,553</u>

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2022

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	2022 \$	2021 \$
Trade creditors	5,283	11,727
Other creditors and accruals	83,953	109,687
	<u>89,236</u>	<u>121,414</u>
b) Non-current liabilities		
Other creditors and accruals	-	14,502
	<u>-</u>	<u>14,502</u>

Note 20 Loans and borrowings

a) Current liabilities	2022 \$	2021 \$
Current portion of secured bank loans	<u>204,498</u>	<u>221,243</u>
b) Non-current liabilities		
Secured bank loans	<u>1,095,006</u>	<u>1,201,414</u>
c) Terms and repayment schedule		

	Nominal interest rate	Year of maturity	30 June 2022		30 June 2021	
			Face value	Carrying value	Face value	Carrying value
Secured bank loans	3.26% - 3.52%	2033 - 2035	1,299,504	1,299,504	1,422,657	1,422,657

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 had 2 x 5 year renewal options available which, however the company chose to close the branch at 30 June 2022. As such, the lease term end date used in the calculation of the lease liability is June 2022.

Sunshine Coast Community Financial Services Limited
Notes to the Financial Statements
for the year ended 30 June 2022

Note 21 Lease liabilities (continued)

	2022	2021
	\$	\$
a) Current lease liabilities		
Property lease liabilities	33,677	61,525
Unexpired interest	(14,796)	(27,835)
	<u>18,881</u>	<u>33,690</u>
b) Non-current lease liabilities		
Property lease liabilities	414,610	729,368
Unexpired interest	(87,918)	(165,542)
	<u>326,692</u>	<u>563,826</u>
c) Reconciliation of lease liabilities		
Balance at the beginning	597,516	619,787
Remeasurement adjustments	(215,200)	8,413
Lease interest expense	24,908	29,058
Lease payments - total cash outflow	(61,651)	(59,742)
	<u>345,573</u>	<u>597,516</u>
d) Maturity analysis		
- Not later than 12 months	33,677	61,525
- Between 12 months and 5 years	141,731	253,923
- Greater than 5 years	272,879	475,445
Total undiscounted lease payments	<u>448,287</u>	<u>790,893</u>
Unexpired interest	(102,714)	(193,377)
Present value of lease liabilities	<u>345,573</u>	<u>597,516</u>

Remeasurement adjustments

During the current financial year the company closed the Pomona branch. As such a remeasurement of the right-of-use asset, lease liability and make-good provision occurred using the closure date of 30 June 2022.

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2022

Note 22 Provisions

a) Non-current liabilities	2022 \$	2021 \$
Make-good on leased premises	9,442	19,516

In accordance with the branch lease agreement, the company must restore the leased premises to the original condition before the expiry of the lease term. The company has estimated the provision for the Marcoola branch to be \$15,800 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 lease is due to expire in March 2034 at which time it is expected the face-value costs to restore the premises will fall due.

b) Reconciliation of make-good provision	2022 \$	2021 \$
Balance at the beginning	19,516	18,580
Present value unwinding	1,269	936
Provision remeasurements	29,507	-
Settlement of provision	(40,850)	-
	9,442	19,516

During the financial year, the company closed the Pomona branch and settled the make good costs for the branch.

Note 23 Issued capital

a) Issued capital	2022		2021	
	Number	\$	Number	\$
Ordinary shares - fully paid	1,672,988	1,672,988	1,672,988	1,672,988
Bonus shares - fully paid (1:4)	31,250	-	31,250	-
Less: equity raising costs	-	(49,921)	-	(49,921)
	1,704,238	1,623,067	1,704,238	1,623,067

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.

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2022

Note 23 Issued capital (continued)

b) Rights attached to issued capital (continued)

Ordinary shares (continued)

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

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.

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.

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2022

Note 24 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	
	2022	2021
	\$	\$
Balance at beginning of reporting period	587,750	-
Revaluation of property plant and equipment	-	587,750
Balance at end of reporting period	<u>587,750</u>	<u>587,750</u>

Note 25 Retained earnings

	2022	2021
	\$	\$
Balance at beginning of reporting period	42,952	(62,346)
Net profit after tax from ordinary activities	156,464	181,989
Dividends provided for or paid	(68,169)	(76,691)
Balance at end of reporting period	<u>131,247</u>	<u>42,952</u>

Note 26 Reconciliation of cash flows from operating activities

	2022	2021
	\$	\$
Net profit after tax from ordinary activities	156,464	181,989
Adjustments for:		
- Depreciation	197,361	162,479
- Amortisation	55,585	55,629
- (Profit)/loss on disposal of non-current assets	66,761	-
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	(82,986)	27,321
- (Increase)/decrease in other assets	-	11,225
- Increase/(decrease) in trade and other payables	12,025	(27,523)
- Increase/(decrease) in employee benefits	-	(39,683)
- Increase/(decrease) in provisions	(39,536)	936
- Increase/(decrease) in tax liabilities	8,089	14,398
Net cash flows provided by operating activities	<u>373,763</u>	<u>386,771</u>

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2022

Note 27 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	2022 \$	2021 \$
Financial assets			
Cash and cash equivalents	13a)	82,722	37,489
Term deposits	13a)	14,761	14,717
Trade and other receivables	14a)	157,890	71,259
		<u>255,373</u>	<u>123,465</u>
Financial liabilities			
Trade and other payables	19	89,236	135,916
Secured bank loans	20	1,299,504	1,422,657
Lease liabilities	21	345,573	597,516
		<u>1,734,313</u>	<u>2,156,089</u>

Note 28 Auditor's remuneration

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

	2022 \$	2021 \$
<i>Audit and review services</i>		
- Audit and review of financial statements	6,200	6,000
<i>Non audit services</i>		
- General advisory services	3,520	3,120
Total auditor's remuneration	<u>9,720</u>	<u>9,120</u>

Note 29 Related parties

a) Related party transactions

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

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2022

Note 30 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 2022		30 June 2021	
	Cents	\$	Cents	\$
Fully franked dividend	4.00	68,169	4.50	76,691
Total dividends provided for and paid during the financial year	4.00	68,169	4.50	76,691

The tax rate at which dividends have been franked is 25% (2021: 26%).

b) Franking account balance

	2022	2021
	\$	\$
<i>Franking credits available for subsequent reporting periods</i>		
Franking account balance at the beginning of the financial year	312,013	285,744
Franking transactions during the financial year:		
- Franking credits (debits) arising from income taxes paid (refunded)	76,382	53,215
- Franking debits from the payment of franked distributions	(22,723)	(26,946)
Franking account balance at the end of the financial year	365,672	312,013
Franking transactions that will arise subsequent to the financial year end:		
- Franking credits (debits) that will arise from payment (refund) of income tax	32,160	34,635
Franking credits available for future reporting periods	397,832	346,648

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%.

Note 31 Earnings per share

a) Based 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.

	2022	2021
	\$	\$
Profit attributable to ordinary shareholders	156,464	181,989
	Number	Number
Weighted-average number of ordinary shares	1,704,238	1,704,238
Basic and diluted earnings per share	9.18	10.68

Note 32 Commitments

a) Other commitments

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

Sunshine Coast Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2022

Note 33 Contingencies

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

Note 34 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

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

Shareholding

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

<u>Number of shares held</u>	Number of shareholders	Number of shares held
1 to 1,000	348	218,688
1,001 to 5,000	235	493,324
5,001 to 10,000	34	243,859
10,001 to 100,000	32	748,367
100,001 and over	-	-
Total shareholders	<u>649</u>	<u>1,704,238</u>

Shareholders holding less than a marketable parcel of shares (\$500 in value)

251	-
-----	---

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

There are no restricted securities on issue.

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

Ten largest shareholders

The following table shows the 10 largest shareholders including equal holdings.

<u>Shareholder</u>	Number of fully paid shares held	Percentage of issued capital
MRS LYNDAL JANE BROWN	92,776	5.44
SCIPIO NOMINEES PTY LTD	80,200	4.71
MS ALISON DIANNE COMBER	50,774	2.98
THOMAS LEIGH PTY LTD <THE WARING FAMILY SUPERANNUATION FUND 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
	<u>424,692</u>	<u>24.92</u>

Sunshine Coast Community Financial Services Limited

NSX report

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 Poincian Avenue
Tewantin QLD 4565
Phone: (07) 5440 5289

Security register

The security register (share register) is kept at:

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

Corporate governance

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

- (a) The establishment of an Audit and Governance Committee. Members of the Audit and Governance Committee are David Green, Louise McNeich, 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.

Five year summary of performance

		2022	2021	2020	2019	2018
Gross revenue	\$	3,240,217	3,217,597	3,309,387	3,226,568	2,965,087
Net profit before tax	\$	244,115	262,138	322,196	292,499	300,201
Total assets	\$	4,304,223	4,639,689	4,139,916	3,870,254	3,384,962
Total liabilities	\$	1,962,159	2,385,920	2,579,195	2,347,843	1,982,165
Total equity	\$	2,342,064	2,253,769	1,560,721	1,522,411	1,402,797

Sunshine Coast Community Financial Services Limited

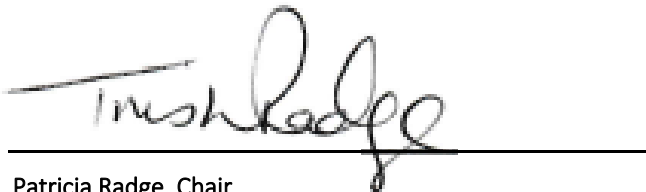
Directors' Declaration

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 2022 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.

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

A handwritten signature in black ink, appearing to read 'Patricia Radge', is written over a solid horizontal line.

Patricia Radge, Chair

29 August 2022

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 2022
- 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 2022 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</p> <p>The company is a franchise of Bendigo Bank. The franchise agreement provides for a share of interest, fee, and commission revenue earned by the company. Interest margin share is based on a funds transfer pricing methodology which recognises that income is derived from deposits held, and that loans granted incur a funding cost. Fees are based on the company's current fee schedule and commissions are based on the agreements in place. All margin revenue is recorded as non-interest income when the company's right to receive the payment is established.</p> <p>The company receives the Revenue Share from Bendigo Bank via a monthly profit share statement.</p> <p>Our key audit matter was focused on the following areas of risk:</p> <ul style="list-style-type: none"> ▪ Revenue is recognised appropriately and in line with AASB 15 Revenue from Contracts with Customers. ▪ Reliance on third party auditor EY to review the revenue share model. 	<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</p> <p>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>

Key audit matter	How our audit addressed the matter
<p>Revenue Share Model</p> <p>The company is a franchise of Bendigo Bank. The franchise agreement provides for a share of interest, fee, and commission revenue earned by the company. Interest margin share is based on a funds transfer pricing methodology which recognises that income is derived from deposits held, and that loans granted incur a funding cost. Fees are based on the company's current fee schedule and commissions are based on the agreements in place. All margin revenue is recorded as non-interest income when the company's right to receive the payment is established.</p> <p>The company receives the Revenue Share from Bendigo Bank via a monthly profit share statement.</p> <p>Our key audit matter was focused on the following areas of risk:</p> <ul style="list-style-type: none"> Revenue is recognised appropriately and in line with AASB 15 Revenue from Contracts with Customers. Reliance on third party auditor (Ernst & Young) 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. Ernst & Young 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</p> <p>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 2022 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.

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

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

Report on the Remuneration Report

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Sunshine Coast Community Financial Services Limited, for the year ended 30 June 2022, 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: 29 August 2022



Joshua Griffin
Lead Auditor

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 **Bendigo Bank**