

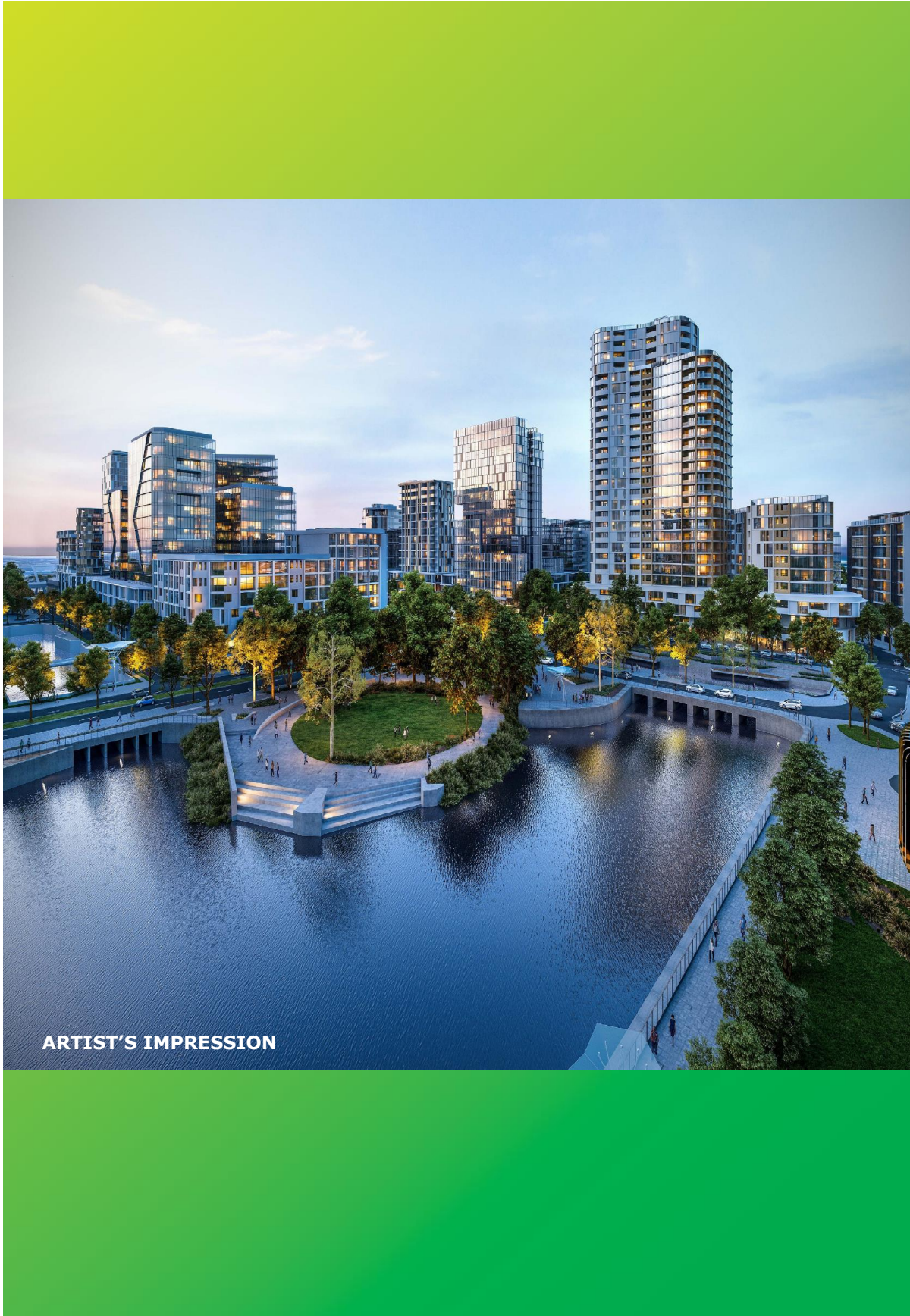
SunCentral Maroochydore Pty Ltd

ANNUAL REPORT

2021



SunCentral Maroochydore Pty Ltd | A.B.N. 92 603 652 231 | 30 June 2021



ARTIST'S IMPRESSION

CONTENTS

4	Chair's Foreword
5	Directors' Report for the Year Ended 30 June 2021
9	Auditor's Independence Declaration
10	Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 30 June 2021
11	Statement of Financial Position as at 30 June 2021
12	Statement of Changes in Equity for the Year Ended 30 June 2021
13	Statement of Cash Flows for the Year Ended 30 June 2021
14	Notes to the Financial Statements for the Year Ended 30 June 2021
27	Directors' Declaration
28	Independent Auditor's Report



CHAIR'S FOREWORD

This past year will long be remembered as a historic one for the Maroochydore City Centre.

After many years of planning, civil design and construction, and the opening of our very first office building (Foundation Place by Evans Long), we witnessed the emergence of authentic mixed-use urban fabric with the commencement of Market Lane Residences by Habitat Development Group and Holiday Inn Express by Proinvest. The City Hall by Sunshine Coast Council is also well-advanced in its construction on First Avenue. All of these buildings are scheduled to open in 2022 and just like Foundation Place, these early-mover projects will help shape the core business precinct, stimulate economic activity and add significantly to the enlivenment of the city centre.

With enthusiasm and momentum growing, SunCentral is progressing numerous, exciting 'first-for-region' proposals within the city centre. Such opportunities will not only fulfil the aspirations envisaged when the city centre was first imagined, but deliver tangible and enduring competitive advantage for the Sunshine Coast. We anticipate these projects commencing construction in the coming years.

A milestone achievement during the last financial year was the completion of the Balance Land Expressions of Interest process initiated by SunCentral in 2019/20. The result of this significant procurement exercise was the signing of the tripartite development agreement between Walker Corporation, Sunshine Coast Council and SunCentral in November 2020. The agreement will see up to \$2.5B invested by Walker Corporation over the next fifteen years with Walker Corporation funding and completing the civil infrastructure and building construction across 75% of the site.

Securing one of Australia's largest and most successful development companies is an outstanding outcome for the Sunshine Coast. Walker Corporation has significant capacity and expertise to deliver the city centre our Sunshine Coast region deserves. I look forward to seeing Walker Corporation's first projects start over the next eighteen months.

Notwithstanding the unprecedented circumstances associated with COVID-19, by any other measure it has been a terrific year for SunCentral, Maroochydore City Centre and the Sunshine Coast as a whole. I would like to thank the SunCentral Board, the Chief Executive Officer and his team, and our supportive and visionary member - Sunshine Coast Council for their hard work, perseverance and collaborative spirit throughout the year.

Finally, on behalf of the organisation I want to acknowledge the immense service of two long-standing company officers.

SunCentral's inaugural Chairman Dr Doug McTaggart retired in April 2021 after providing exemplary oversight since his appointment in 2015. Doug's contribution has been enormous. The Board and I thank him for his inspiring leadership.

The company's inaugural company secretary Mr David Wright, retired in June 2021. Since 2015 David has provided a focussed and steadfast approach to governance and company performance that has been greatly appreciated by the Board and management.



Morgan Parker

**Chair
SunCentral Maroochydore**

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

The Directors present their report together with the financial report of SunCentral Maroochydore Pty Ltd (the Company) for the reporting period from 1 July 2020 to 30 June 2021.

Directors

The Directors of the Company at any time during, or since the end of, the reporting period are:

Name, qualifications and independence status	Experience and other directorships
<p>Dr Doug McTaggart Bec (Hons), MA, PhD, DUniv, FAICD, SF Fin.</p> <p>Chairperson Independent Non-Executive Director</p>	<p>Extensive experience in corporate leadership, commercial development, infrastructure financing and investment. Currently a director of Suncorp Group, Spark Infrastructure (Chairman), AAINZ, and also a member of the ANU Council. Formerly the CEO of Queensland Investment Corporation, Professor of Economics and Associate Dean at Bond University, and Under Treasurer of Queensland Treasury. He is a highly experienced Chairman and well respected in the financial, commercial and investment banking sectors. Appointed as Director and Chairperson in March 2015. Retired April 2021.</p>
<p>Mr Morgan Parker LLB</p> <p>Chairperson Independent Non-Executive Director</p>	<p>Morgan has more than 27 years' experience as a global real estate investor, developer and banker, completing 60 projects in nine countries worth \$20 billion. He is currently a non-executive director of ASX-listed Garda Property Group, Newcastle Airport, Saudi Entertainment Ventures and an advisory board member of UbiPark. Morgan was a founding board member of the Asia Pacific Real Assets Association and served on the Asia board of the International Council of Shopping Centres for a decade. A former Chief Executive Officer, he previously worked for Morgan Stanley, Lendlease, Macquarie Group and Dubai Holding. Appointed as a Director on the SunCentral Maroochydore Board in March 2015 and appointed as Chairperson in May 2021.</p>
<p>Ms Alison Quinn B.Com</p> <p>Independent Non-Executive Director</p>	<p>Extensive experience as a senior executive in a range of industries across the corporate and public sectors including banking, finance and property development and has worked in Real Estate since 1994. Current directorships include Uniting Care Qld and BWP Trust (ASX:BWP). Alison is an Advisory Board Member for ADCO Constructions, Chair of Investor Advisory Committees for the QIC Property Fund and Shopping Centre Fund and is an Advisory Panel member of Economic Development Queensland. Previous roles include Chief Executive Officer of Retire Australia and past board roles including the Property Council of Australia, Retirement Living Council and Urban Development Institute of Australia. Appointed Director in April 2019.</p>
<p>Mr Paul McLean</p> <p>Independent Non-Executive Director</p>	<p>Extensive experience in the property and real estate industry through the past 30 years, and formerly, the long-term Chief Executive of Savills Australia. Currently, Chair of the Major Projects and Infrastructure Committee for Mater Group, Advisory Board member for CQJ Private, a member of the Brisbane Archdiocese Building and Property committee, and Chair of Youngcare. Appointed Director in April 2019.</p>
<p>Mr Peter Sherrie</p> <p>Independent Non-Executive Director</p>	<p>Extensive experience in strategic business development and leading professionals to drive high performing teams and profitability. Currently General Manager of Urbex, a wholly-owned subsidiary of the long-standing national property and construction company, the BMD Group. Current directorships include Andiworth Pty Ltd, Beveridge Land Pty Ltd, Beveridge Property Developers Pty Ltd and Club Mandalay Pty Ltd. Appointed Director in October 2019.</p>

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

Directors have been in office since the start of the reported period to the date of this report unless otherwise stated.

Chief Executive Officer

Following his appointment by the Member, Mr John Knaggs took up the position of Chief Executive Officer of SunCentral Maroochydore Pty Ltd, in May 2015.

Company Secretary

Mr David Wright was appointed to the position of Company Secretary in April 2015. Mr Wright resigned in June 2021. Mr John Gallagher was appointed to the position of Company Secretary on 19 July 2021.

Directors' Meetings

The number of meetings attended by each of the Directors of the Company during the reported period are:

Director	No. of full meetings of Directors		No. of Committee Meetings	
	A	B	A	B
Dr D F McTaggart	11	11	0	0
Mr M B Parker	12	12	3	3
Ms A Quinn	12	12	3	3
Mr P McLean	12	12	0	0
Mr P Sherrie	12	12	0	0

A = Number of meetings attended B = Number of meetings eligible to attend

Audit, Risk & Remuneration Committee Meetings

The Audit, Risk & Remuneration Committee comprises Ms Quinn and Mr Parker (as Chairperson). The meeting is attended by the Company's Chief Executive Officer and Company Secretary/Chief Financial Officer. The purpose of the Committee is to provide advice and assistance to the Board in relation to efficient governance and risk management. The Committee achieves its objective by reviewing, advising and making recommendations to the Board on:

- the integrity of internal financial management, control and reporting systems;
- annual project and operating budget reporting;
- annual remuneration of the Chairman, Directors and Chief Executive Officer;
- compliance with statutory reporting obligations;
- the appointment and performance of the external auditor;
- the appointment of an internal auditor;
- the adequacy of internal control systems; and
- the quality of internal and external reporting of financial and non-financial information.

Corporate Governance Statement

Responsibilities

The Directors are responsible to the Member for the performance of the Company in both the short and the long term and seek to balance the sometimes competing objectives in the best interests of the Company as a whole. The Directors draw on relevant corporate governance best practice principles to assist them to contribute to the performance of the Company.

The functions of the Board include:

- To deliver on the aspirations of the Sunshine Coast Regional Council in establishing an identifiable city heart for the wider Sunshine Coast – a contemporary central business district characterised as a high density, transit orientated city centre with a high quality public realm and embedded smart city technology;
- Review and approval of corporate strategies, the annual budget and financial plans;
- Monitoring organisational performance and the achievement of the Company's strategic goals and objectives, as outlined in the Company's Statement of Corporate Intent;
- Monitoring financial performance including approval of the annual financial report and liaison with the Company's auditors;
- Appointment, and assessment of the performance, of the Chief Executive Officer;
- Ensuring there are effective management processes in place and approving major development initiatives;
- Enhancing and protecting the reputation of the Company and the Member;
- Ensuring the significant risks facing the Company have been identified and appropriate and adequate control, monitoring and reporting mechanisms are in place; and
- Reporting to the Member.

SunCentral Maroochydore Pty Ltd – Annual Report 2021

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

Board Members

Details of the members of the Board, their qualifications and independent status are set out in the Directors' report under the heading "Directors". The Board operates in accordance with the principles set out in the Company's constitution, including:

- The Board can be a minimum of one (1) and a maximum of ten (10) and currently comprises of four (4) Members.
- Subject to the approval of the Member, the Directors may elect a Chairperson and may determine the period for which the Chairperson will hold office.

Objectives

The Company's objectives are to:

1. Promote, facilitate, carry out and control the development, disposal and management of land and other property within the MCC PDA;
2. Achieve an appropriate balance between commercial and non-commercial functions and outcomes;
3. Ensure the MCC becomes a high density city centre and identifiable city heart for the wider Sunshine Coast;
4. Accommodate public facilities and entertainment that benefit the general community; and
5. Achieve excellence and innovation in the management of integrated private/public open space and park areas.

Review of Operations

During the reporting period the company generated income of \$5,491,079 of which \$5,433,741 was provided by the parent entity, Sunshine Coast Regional Council. Development costs incurred in the pursuit of the company's objectives totalled \$3,620,783. The profit for the Company for the reporting period amounted to \$18,223 (2020: \$43,605).

Significant Changes in the State of Affairs

Following the Balance Land Expressions of Interest process in 2019/20, SunCentral, Sunshine Coast Council and Walker Corporation, entered into a tripartite development agreement in November 2020. Under the Maroochydore City Centre Development Agreement, Walker Corporation are responsible for the funding and delivery of the balance land civil infrastructure and the majority of buildings within the city centre project. As foreshadowed, SunCentral has modified its operations accordingly.

Principal Activities

The Company is a special purpose entity established by the Sunshine Coast Regional Council to be responsible for delivering and managing the Maroochydore City Centre (MCC) Priority Development Area (PDA) as part of a 'beneficial enterprise' as defined under the *Local Government Act 2009 (Qld)*. No significant change to the nature of these activities occurred during the year.

Events Subsequent to the End of the Reporting Period

There are no significant events subsequent to the end of the reporting period.

Events After the Reporting Period

The Directors are not aware of any significant events after the reporting period.

Likely Developments and Expected Results of Operations

Likely developments in the operations of the Company and the expected results of those operations in future reported periods have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Environmental Regulation

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Dividends

The Company is an Australian Proprietary Company that is limited by shares. No dividends were paid or declared by the Company during the reported period.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

Options

No options over issued shares or interests in the company were granted during or since the end of the reported period and there were no options outstanding at the date of this report.

No shares were issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

Indemnification of Officers

No indemnities have been given or insurance premiums paid, during or since the end of the reported period, for any person who is or has been an officer or auditor of the Company.

Proceedings on Behalf of Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under s307C of the *Corporations Act 2001* is set out on page 9.

This report is made with a resolution of the Directors:



Mr Morgan Parker

Chairman

Dated at Maroochydore this day 13th of September 2021.

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of SunCentral Maroochydore Pty Ltd

This auditor's independence declaration has been provided pursuant to s.307C of the *Corporations Act 2001*.

Independence declaration

As lead auditor for the audit of SunCentral Maroochydore Pty Ltd for the financial year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.



Charles Strickland
as delegate of the Auditor-General

10 September 2021
Queensland Audit Office
Brisbane

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021	2020
		\$	\$
Income			
Revenue	4	5,474,236	13,001,955
Investment income	5	16,843	29,797
Total Income		5,491,079	13,031,752
Expenses			
Development Costs	6a	3,620,783	11,008,080
Operating Expenses	6b	1,826,736	1,921,627
Depreciation and amortisation	12	25,337	58,440
Total Expenses		5,472,856	12,988,147
Net profit/(loss) before income tax		18,223	43,605
Net profit/(loss) for the year		18,223	43,605
Total comprehensive income for the year		18,223	43,605
Profit attributable to:			
Parent Entity		18,223	43,605

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	2021	2020
		\$	\$
Assets			
Current Assets			
Cash and cash equivalents	9	1,144,099	1,242,456
Trade and other receivables	10	127,618	808,204
Other assets	11	18,978	19,311
Total Current Assets		1,290,694	2,069,971
Non-Current Assets			
Property, plant and equipment	12	12,391	30,858
Right of use leased assets	13a	95,483	66,053
Total Non-Current Assets		107,874	96,911
Total Assets		1,398,568	2,166,882
Liabilities			
Current Liabilities			
Trade and other payables	14	377,580	1,197,692
Employee benefit provisions		184,280	174,280
Lease liability	13b	71,328	65,554
Total Current Liabilities		633,189	1,437,525
Non-Current Liabilities			
Employee benefit provisions		-	5,857
Lease liability	13b	24,155	499
Total Non-Current Liabilities		24,155	6,356
Total Liabilities		657,344	1,443,881
Net Assets		741,226	723,002
Equity			
Equity attributable to Parent Entity:			
Share capital	17	500,000	500,000
Retained earnings		241,226	223,002
Total Equity		741,226	723,002

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

	Share Capital (Ordinary)	Retained Earnings	Total
	\$	\$	\$
Balance as at 1 July 2020	500,000	223,002	723,002
Comprehensive income			
Profit for the year	-	18,224	18,224
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year attributable to members of the parent entity	-	18,224	18,224
Transactions with owners, in their capacity as owners, and other transfers	-	-	-
Shares issued during the year	-	-	-
Dividends paid or provided for	-	-	-
Total transactions with owners and other transfers	-	-	-
Balance at 30 June 2021	500,000	241,226	741,226

	Share Capital (Ordinary)	Retained Earnings	Total
	\$	\$	\$
Balance as at 1 July 2019	500,000	198,923	698,923
Effect of correction of error	-	(19,526)	(19,526)
Restated balance at 1 July 2019	500,000	179,397	679,397
Comprehensive income			
Profit for the year	-	43,605	43,605
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year attributable to members of the parent entity	-	43,605	43,605
Transactions with owners, in their capacity as owners, and other transfers	-	-	-
Shares issued during the year	-	-	-
Dividends paid or provided for	-	-	-
Total transactions with owners and other transfers	-	-	-
Balance at 30 June 2020	500,000	223,002	723,002

The opening retained earnings balance for 2020 has been adjusted, along with the leave provision to reflect the correct balance for long service leave as this was not adjusted in the prior year.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021	2020
		\$	\$
Cash flows from operating activities			
Cash receipts from customers		6,154,763	13,792,624
Cash paid to suppliers and employees		(6,262,900)	(13,999,856)
Cash generated from operating activities		(108,137)	(207,232)
Interest received		16,843	29,797
Borrowing costs		(153)	-
Net cash generated from operating activities	19	(91,477)	(177,435)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	-
Acquisition of property, plant and equipment		(6,910)	(6,806)
Net cash used in investing activities		(6,910)	(6,806)
Cash flows from financing activities			
Proceeds from issue of share capital		-	-
Net cash provided by financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(98,357)	(184,241)
Cash and cash equivalents at 1 July 2020		1,242,456	1,426,697
Cash and cash equivalents as at 30 June 2021	9	1,144,099	1,242,456

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1. Reporting entity concept

SunCentral Maroochydore Proprietary Limited (the Company) is a private company limited by shares, incorporated and domiciled in Australia. The address of the Company's registered office is 9 Golf Street, Maroochydore Queensland 4558. The Company's prime purpose is the promotion and development management of the Maroochydore City Centre project on the Sunshine Coast in Queensland. The Company's parent entity is the Sunshine Coast Regional Council.

SunCentral Maroochydore Pty Ltd is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

2. New and revised standards effective in the current and future reporting period

There are no new standards to adopt in the current year.

3. Basis of preparation

a. General Information and statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) and Interpretations of the Australian Accounting Standards Board and the *Corporations Act 2001*. The financial statements were approved by the Board of Directors on the date shown on the Directors' declaration.

b. Reporting period and Comparatives

Pursuant to the provisions of AASB 101 Presentation of Financial Statements, and as agreed with the Company's parent entity, the financial statements as presented are for the reporting period from 1 July 2020 through to 30 June 2021. The Comparative period represents the reporting period from 1 July 2019 to the 30 June 2020.

c. Basis of measurement

The financial report, except for the cash flow information, has been prepared on an accrual basis and is based on the historical cost basis, modified, where applicable, by the measurement at fair value. The amounts presented in the financial statements have been rounded to the nearest dollar.

d. Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

e. Use of estimates and judgements

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of 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 accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

f. Cash and cash equivalents

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

g. Trade and Other Receivables

Trade and other receivables include amounts due from 'customers' for services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

h. Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the Company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 32 days of recognition of the liability.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

3. Basis of preparation cont.

i. Financial instruments

1) *Non-derivative financial assets*

The Company initially recognises receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company ceases to recognise a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial assets: cash and cash equivalents (refer to Note 9 and receivables (refer to Note 10). Such financial assets are recognised at fair value plus any directly attributable transaction costs.

2) *Non-derivative financial liabilities*

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company ceases to recognise a financial liability when its contractual obligations are discharged, cancelled or expired. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: trade and other payables (refer to Note 14). Such financial liabilities are recognised at fair value plus any directly attributable transaction costs.

3) *Compound financial instruments*

The Company has not issued any compound financial instruments.

4) *Derivative financial instruments, including hedge accounting*

The Company holds no derivative financial instruments.

j. Property, plant and equipment

i. *Recognition and measurement*

Items of property, plant and equipment are measured at historic cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised as "other income" in the statement of comprehensive income.

Plant and equipment that have been contributed at no cost or for nominal cost are recognised at the fair value of the asset at the date it is acquired.

ii. *Depreciation*

Depreciation is recognised in expenses on a straight-line basis over the estimated useful lives of each item of property, plant and equipment. Depreciation is recognised on a straight-line basis over the term of the lease for leasehold improvements over the shorter of either the unexpired period of the lease or the estimated useful life of the improvement.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

3. Basis of preparation cont.

The estimated useful lives for the current and comparative periods are as follows:

<u>Classification of Asset</u>	<u>Depreciation Rate</u>
• Office equipment	2 years
• Leasehold improvements	2 years
• Office furniture	3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

k. Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

l. Impairment

1) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in finance costs and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through income.

2) Non-Financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the assets recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in expenses.

m. Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits are presented as current liabilities where the entity does not have any unconditional right to defer settlements beyond 12 months, regardless of when the actual settlement is expected to occur. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements.

1) Salaries and wages

A liability for salaries and wages is reported in Note 14 within accrued expenditure.

2) Annual leave

A liability for annual leave is reported in Note 14.

3) Long service leave

A liability for long service leave is reported on the face of the Statement of Financial Position.

4) Superannuation

Contributions are made by the entity to each employee's designated superannuation fund and are charged as expenses when incurred.

n. Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

o. Revenue

Revenue from services rendered is recognised as income in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

Development Revenue:

Income derived from the parent entity, in order to meet costs directly attributable to the company's delivery of the development of the Maroochydore City Centre Priority Development Area on the behalf of the parent entity.

Development Management Fee:

Income derived from the parent entity, corresponding to the costs incurred by the company in the managing the delivery of the Maroochydore City Centre Priority Development Area.

p. Interest Received

Interest Received comprises interest income on funds invested. Interest income is recognised as it accrues using the effective interest method.

q. Income tax

The Company is exempt from income tax under section 24AM of the *Income Tax Assessment Act 1936 (ITAA 1936)* on the basis that the Company is a State/Territory Body (STB), by virtue of the fact that the Company's sole shareholder is the Sunshine Coast Regional Council.

r. Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

4. Revenue	2021	2020
The Company's revenue for the reporting period consist of the following:	\$	\$
Development Revenue		
Construction	2,601,767	8,624,509
Project & Site Management	496,764	641,264
Marketing, Engagement & Partner Attraction	522,253	1,742,308
Total Development Revenue	3,620,783	11,008,080
Development Management Fee	1,850,000	1,971,000
Other Income		
Sundry income	3,454	22,875
	5,474,236	13,001,955

The majority of revenue is provided by the parent entity (Sunshine Coast Regional Council) as reported at note 20(d).

5. Investment income	2021	2020
	\$	\$
Investment income for the reporting period consists of the following:		
Interest income on bank deposits	16,843	29,797
	16,843	29,797

6. Expenses	2021	2020
	\$	\$
a. Development Costs		
Construction	2,083,877	7,704,808
Detailed Design	33,594	381,638
Marketing, Engagement & Partner Attraction	522,253	1,742,308
Master Planning	484,296	538,063
Project & Site Management	496,764	641,264
	3,620,783	11,008,080
b. Operating Expenses		
Board & Governance costs	431,435	423,312
Financial costs	18,066	17,316
General costs	21,270	30,853
Information Technology & Communication costs	64,418	72,783
Premises costs	125,679	147,039
Staff costs	1,143,718	1,170,585
Contractor / Consultant costs	22,150	59,740
	1,826,736	1,921,627

SunCentral Maroochydore Pty Ltd – Annual Report 2021

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

7. Key management personnel

Details of key management personnel for the period have been detailed in the Director's Report.

Key management personnel includes the remuneration for all Non-Executive Directors and the Chief Executive Officer, as follows:

Key management personnel compensation (or remuneration)	2021	2020
	\$	\$
Short term employee benefits	764,546	741,213
Post employment benefits	74,687	80,156
Other long term employee benefits	4,144	11,479
	843,377	832,847

Total remuneration for all Non-Executive Directors and the Chief Executive Officer was agreed by the Company's Member in March 2015. The base fee for the Chairperson is \$109,589 per annum. Base fees for other directors are \$63,927 per annum. Directors' base fee cover all Board activities. Directors are entitled to superannuation contributions of 10% of the base fee.

8. Employee remuneration

Included in operating overheads for the reporting period are the following expenses for staff other than the CEO:

	2021	2020
	\$	\$
Salaries and wages	497,982	540,724
Superannuation	55,924	59,986
Increase/(Decrease) in liability for annual leave	(19,723)	7,824
Increase/(Decrease) in liability for long service leave	(6,076)	768
	528,107	609,302

9. Cash and cash equivalents

	2021	2020
	\$	\$
Cash at bank - unrestricted	1,144,099	1,242,456
Call Deposits	-	-
Cash and cash equivalents in the statement of cash flows	1,144,099	1,242,456

The Company's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities is disclosed in note 15. An indemnity amount over cash and cash equivalents has been provided in relation to the Local Government Workcare Bank Guarantee. Refer to Note 22 for further details.

10. Trade and other receivables

	2021	2020
	\$	\$
Trade debtors	1,320	98,394
Accrued development revenue	125,675	708,704
Accrued Interest receivable	623	1,107
	127,618	808,204

The Company's exposure to credit and currency risk and impairment losses related to trade and other receivables are disclosed in note 15. No collateral is held over trade and other receivables.

11. Other assets

	2021	2020
	\$	\$
Prepayments	18,978	19,311
	18,978	19,311

SunCentral Maroochydore Pty Ltd – Annual Report 2021

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

12. Property, plant and equipment

Details of the Company's property, plant and equipment and their carrying amount are as follows:

Measurement at cost	Office Furniture \$	Office Equipment \$	Leasehold Improvements \$	Total \$
Asset Values				
Opening gross value as at 1 July 2020	52,859	45,287	57,113	155,258
Additions at cost	7,340	-	-	7,340
Disposals	(1,928)	(7,466)	(1,318)	(10,712)
Closing gross value as at 30 June 2021	58,271	37,821	55,795	151,886
Accumulated Depreciation & Impairment				
Opening accumulated depreciation balance as at 1 July 2020	35,190	33,440	55,771	124,400
Depreciation provided during period	14,292	9,703	1,342	25,337
Depreciation on disposals	(1,457)	(7,466)	(1,318)	(10,241)
Closing accumulated depreciation and impairment as at 30 June 2021	48,025	35,677	55,795	139,497
Total book value as at 30 June 2021	10,245	2,144	-	12,390

Measurement at cost	Office Furniture \$	Office Equipment \$	Leasehold Improvements \$	Total \$
Asset Values				
Opening Gross Value as at 1 July 2019	52,859	38,571	57,113	148,542
Additions at cost	-	6,716	-	6,716
Closing gross value as at 30 June 2020	52,859	45,287	57,113	155,258
Accumulated Depreciation & Impairment				
Opening accumulated depreciation balance as at 1 July 2019	17,179	19,699	29,082	65,960
Depreciation provided during period	18,011	13,741	26,689	58,440
Closing accumulated depreciation and impairment as at 30 June 2020	35,190	33,440	55,771	124,400
Total book value as at 30 June 2020	17,669	11,847	1,342	30,858

SunCentral Maroochydore Pty Ltd – Annual Report 2021

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	Buildings	Plant & Equipment	Total
13. Right of use of leased assets	\$	\$	\$
(a) Right-of-use assets			
Opening balance as at 1 July 2020	52,000	14,053	66,053
Additions	82,837	48,310	131,148
Depreciation charge	79,612	22,105	101,717
Disposals/de-recognition	-	-	-
Closing balance at 30 June 2021	55,225	40,259	95,483
Balance at 1 July 2019	95,333	46,028	141,361
Additions	-	-	-
Depreciation charge	43,333	31,975	75,308
Disposals/de-recognition	-	-	-
Closing balance at 30 June 2020	52,000	14,053	66,053
	2021	2020	
(b) Lease liabilities	\$	\$	
Current	71,328	65,554	
Non-Current	24,155	499	
This is for the recognition of the leases for: Gold Street lease expires 6/22 - \$55,225; Toyota vehicle lease expires 12/23 - \$40,258.			
14. Trade and other payables	2021	2020	
Trade and other payables recognised consist of the following:	\$	\$	
Unsecured liabilities:			
Trade creditors	132,781	961,065	
Annual Leave	103,595	102,620	
Accrued expenditure	38,910	68,311	
GST liabilities	21,719	989	
Payroll liabilities	76,576	53,707	
Amounts payable to: ultimate parent entity	4,000	11,000	
	377,580	1,197,692	

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

14. Trade and other payables cont.

Financial liabilities at amortised cost classified as trade and other payables:	2021	2020
	\$	\$
Trade and other payables:		
- Total current	377,580	1,197,692
Financial liabilities as trade and other payables	377,580	1,197,692

The average credit period on trade and other payables (excluding GST payable) is 32 days. No interest is payable on outstanding payables during this period. The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 15.

15. Financial instruments

a. Financial risk management

i. Overview

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

ii. 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.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry in which customers operate, has less of an influence on credit risk.

At the reporting date, there were no significant concentrations of credit risk. The Company does not require collateral in respect of trade and other receivables.

iii. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient readily available funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 365 days, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

iv) Market risk

Market risk is the risk of changes in market prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

b. Credit risk

i. Exposure to credit risk

The carrying amount of the Company's financial assets represents the maximum credit exposure.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

15. Financial instruments cont.

	Note	2021	2020
		\$	\$
Cash and cash equivalents	9	1,144,099	1,242,456
Trade and other receivables	10	127,618	808,204
		<u>1,271,716</u>	<u>2,050,660</u>

The Company's maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

Australia	127,618	808,204
	<u>127,618</u>	<u>808,204</u>

The Company's maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

Parent Entity	125,675	807,097
Other	1,320	-
	<u>126,995</u>	<u>807,097</u>

Credit risk related to balances with banks and other financial institutions is managed by the Board of Directors. Surplus funds are only invested with counterparties with a Standard and Poor's rating of at least AA-.

ii. Impairment losses

The ageing of the Company's trade receivables at the reporting date was:

	Gross 2021	Impairment 2021	Gross 2020	Impairment 2020
	\$	\$	\$	\$
Not past due	127,618	-	808,204	-
Past due 31-60 days	-	-	-	-

c. Liquidity risk

Liquidity risk refers to the situation where the Company may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company is exposed to liquidity risk through its trading in the normal course of business.

	2021	2020
	\$	\$
- less than 12 months	377,580	1,197,692
	<u>377,580</u>	<u>1,197,692</u>

d. Currency risk

The Company has no current exposure to foreign currency risk.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

16. Fair Value Measurements

The Company does not subsequently measure any liabilities at fair value or a recurring basis, or any assets or liabilities at fair value on a non-recurring basis. The fair value of trade and other receivables is assumed to approximate the value of the original transaction, less any allowance for impairment.

17. Share Capital	2021	2020
	\$	\$
Ordinary Shares in issue as at commencement of reporting period	500,000	500,000
On issue at 30 June 2021	500,000	500,000

i. Ordinary shares

The sole holder of these shares is entitled to dividends as declared from time to time and are entitled to one vote at general meetings of the Company.

ii. Issue of ordinary shares

In April 2015, the Company approved the issue of 500,000 \$1 ordinary shares to the Sunshine Coast Regional Council.

18. Construction contract commitments

Commitments for construction contracts at the reporting date but not recognised in the financial statements

	2021	2020
Payable - minimum payments:	\$	\$
Not later than 12 months	381,743	1,425,186
	381,743	1,425,186

19. Reconciliation of cash flow from operating activities

	2021	2020
	\$	\$
Cash flows from operating activities		
Net profit / (loss) for the year	18,223	43,605
<i>Adjustments for:</i>		
Depreciation	25,337	58,440
Operating surplus before changes in working capital and provisions	43,560	102,045
Change in trade and other receivables	680,143	790,079
Change in prepayments	332	10,049
Change in trade and other payables	(820,109)	(1,090,906)
Change in provisions and employee benefits	4,143	10,768
Change in accrued interest	485	529
Net cash generated from operating activities	(91,446)	(177,436)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

20. Related party transactions

Related Parties

The Company's main related parties are as follows:

a. Entities exercising control over the Company

The parent entity, which exercises control over the Company, is the Sunshine Coast Regional Council. The Council and its controlled entities including this company form a group and Unitywater is an associate of the Council and is therefore also a related party.

b. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any Director of the company is considered key management personnel. For details of disclosures relating to key management personnel compensation, refer to Note 7. Key management personnel during the period have been identified in the Director's Report.

c. Other related parties

Other related parties include close family members of key management personnel and entities controlled or jointly controlled by those key management personnel, individually or collectively with their close family members. No transactions with this type of entity has occurred in the period.

d. Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	2021	2020
The following transactions occurred with related parties:	\$	\$
Revenue		
Parent entity - Sales of goods and services	5,433,741	12,141,558
Associate of the Parent Entity - Sales of goods and services	-	700,067
Expenditure		
Parent entity - Purchase of goods and services	4,000	73,680

21. Auditor remuneration

The provision relating to the audit or review of the financial statements and all other services during the reporting period, is as follows:

	2021	2020
Audit of the financial statements by the Auditor-General of Queensland	25,000	24,600
	25,000	24,600

22. Contingent liabilities

Details and estimate of maximum amounts of contingent liabilities are as follows:

	2021	2020
Indemnity amount provided to the Local Government Workcare Bank Guarantee	17,990	17,244
	17,990	17,244

The Company is a member of the Queensland local government workers compensation self-insurance scheme, Local Government Workcare. Under this scheme the Company has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self-insurance licence be cancelled and there were insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

23. Economic dependency and going concern

The financial statements have been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. Currently, the ability of the Company to continue its operations at current levels is dependent upon future ongoing funding being provided by its parent entity the Sunshine Coast Regional Council. The Directors believe that necessary funding will be forthcoming, and that there are no current indications that the funding arrangements will change.

24. Events after the reporting period

No other matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in the future reporting periods.

DIRECTORS' DECLARATION FOR THE YEAR ENDED 30 JUNE 2021

In the opinion of the Directors of SunCentral Maroochydore Pty Ltd (the Company):

- a. the financial statements and notes, set out on pages 10 to 26 are in accordance with the *Corporations Act 2001*, including:
 - i. complying with Australian Accounting Standards, Australian Accounting Interpretations and the *Corporations Regulation 2001*;
 - ii. giving a true and fair view of the Company's financial position as at 30 June 2021 and of its performance for the year ended on that date; 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.

Signed in accordance with a resolution of the Directors:



Mr Morgan Parker
Chairman

Dated at Maroochydore this day 13th September 2021.



INDEPENDENT AUDITOR'S REPORT

To the Members of SunCentral Maroochydore Pty Ltd

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of SunCentral Maroochydore Pty Ltd.

In my opinion, the financial report:

- a) gives a true and fair view of the company's financial position as at 30 June 2021, and its financial performance and cash flows for the year then ended
- b) complies with Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the directors' declaration.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

I am also independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001*, and confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

Other information comprises the information included in the company's annual report for the year ended 30 June 21, but does not include the financial report and my auditor's report thereon.

Those charged with governance are responsible for the other information.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.



In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Responsibilities of the company for the financial report

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

The company's directors are also responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 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 company.



- Conclude on the appropriateness of the company's 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my 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.

I communicate with the company's 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 I identify during my audit.

A handwritten signature in blue ink that reads "C. G. Strickland".

C G Strickland
as delegate of the Auditor-General

14 September 2021
Queensland Audit Office
Brisbane