



Your ref:  
Our ref: 2019-4159  
Carolyn Dougherty 3149 6129

23 September 2019

Mr J Knaggs  
Chief Executive Officer  
SunCentral Maroochydore Pty Ltd  
PO Box 1458  
MAROOCHYDORE QLD 4558

Dear Mr Knaggs

**General Purpose Financial Statements—2018–19**  
SunCentral Maroochydore Pty Ltd

The certified General Purpose Financial Statements are enclosed. I have issued an unmodified opinion.

A copy of the General Purpose Financial Statements has also been forwarded to the Minister for Local Government.

Yours sincerely

A handwritten signature in blue ink that reads 'C. Dougherty'.

Carolyn Dougherty  
Director

cc: Mr M Whittaker, Chief Executive Officer, Sunshine Coast Regional Council  
Mr D McTaggart, Chairman, SunCentral Maroochydore Pty Ltd

Enc.

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Queensland Audit Office  
Level 14, 53 Albert Street, Brisbane Qld 4000  
PO Box 15396, City East Qld 4002

Phone 07 3149 6000  
Email [gao@gao.qld.gov.au](mailto:gao@gao.qld.gov.au)  
Web [www.gao.qld.gov.au](http://www.gao.qld.gov.au)  
 Queensland Audit Office (QAO)



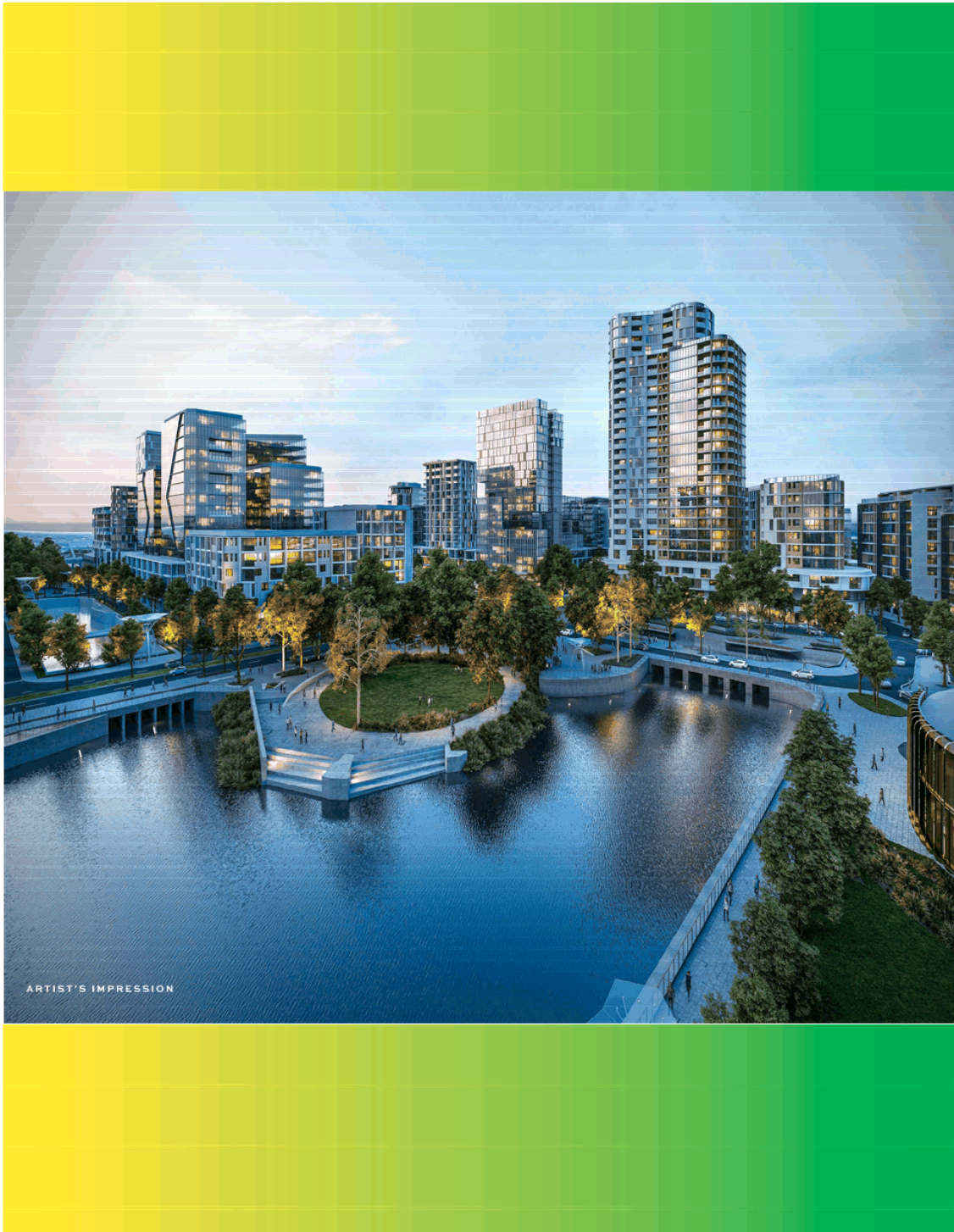
# ANNUAL REPORT

## 2019



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SunCentral Maroochydore Pty Ltd | A.B.N. 92 603 652 231 | 30 June 2019



ARTIST'S IMPRESSION

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## CHAIRMAN'S FOREWORD



With the Maroochydore city centre still in its early days, it is important to recognise that 2018-19 has been a landmark year with the delivery of a number of key first steps.

With the Maroochydore city centre still in its early days, it is important to recognise that 2018-19 has been a landmark year with the delivery of a number of key first steps.

From a construction perspective, the practical completion of Stage 1A was a significant achievement, with the official opening scheduled for August 2019. This stage represents the first phase in the delivery of city infrastructure aligned to the high-quality public realm objectives of the project, along with the smart city components necessary for a project of this nature.

In terms of the commercialisation of the project, the majority of constructed lots in the first stage are either under offer/negotiation or contract. In particular, it was pleasing to confirm the transaction of nine lots which make up the first four major building developments within the new city centre.

Local developer Evans Long secured its lot and their approvals for the development of the 'Foundation Place' commercial building; Brisbane based Habitat Development Group secured three lots and their approvals for the 'Market Lane Residences' apartment development; and leading Australian hotel investment and development company, Pro-invest secured two lots for their proposed 167 room business hotel. In addition, the Sunshine Coast Regional Council confirmed that their proposed City Hall building would proceed on two key lots on First Avenue.

It is anticipated that each of these developments will be under construction in the upcoming twelve months and I offer my congratulations to these important early-movers.

An important strategic initiative is currently being undertaken by SunCentral and this involves the major Invitation for Expressions of Interest for Tier 1 capital funds and development entities to partner the staged development of the project, predominately in the central and southern parts of the project site. The outcomes of this process will be known next year and if successful have the potential to increase the level of investment in the project and guide future project staging and end-user attraction.

During the year we bid farewell to our inaugural Board members Ms Jude Munro AO and Mr Michael Kerry, who concluded their terms at the end of March 2019. Both Jude and Michael have been valued members of the Board and I thank them for their dedication and significant contribution during their tenure. In April, we welcomed Mr Paul McLean and Ms Alison Quinn to the Board, and I look forward to their ongoing valuable contributions.

Finally, on behalf of the Board, I thank the Sunshine Coast Regional Council for their ongoing support of the project and for their leadership in important region-shaping projects such as the Maroochydore city centre project. The Sunshine Coast is performing well economically, and the Board looks forward to the project continuing to contribute to these important regional outcomes.

A handwritten signature in black ink, appearing to read 'Doug McTaggart'.

Dr Doug McTaggart  
Chairman, SunCentral Maroochydore

## CEO'S FOREWORD

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Over the year the transformation of the new Maroochydore City Centre has continued to evolve with the completion of stage one streets, footpaths, cycle ways, landscaping and associated infrastructure including the first park for the city centre.

Over the year the transformation of the new Maroochydore City Centre has continued to evolve with the completion of stage one streets, footpaths, cycle ways, landscaping and associated infrastructure including the first park for the city centre. A total of twenty-six commercial and mixed-use Lots with full services have been delivered to market as part of these works.

Much of this work has been undertaken by local contractors and suppliers which no doubt has provided an additional boost to the region's economy. It is anticipated that a large percentage of the construction activity in the project over the next 15-20 years will involve local contractors and suppliers.

It is important to acknowledge also the early-movers who have committed to developing the first projects within stage one. Collectively, these four projects will create significant new opportunities for the project and build further economic strength for the region.

At SunCentral we continually remind ourselves that we are undertaking one of south-east Queensland's largest urban regeneration projects and while the project is making good progress, there is still a significant amount of work to be undertaken over the life of the project.

The project's vision is bold and some great ingredients are present to create a unique, 21st century regional city centre. None of this is possible without the strategic leadership of the SunCentral Board led by Dr Doug McTaggart and the strong commitment of the SunCentral team, project consultants, specialists, contractors and suppliers.

We look forward to sharing more of the project's success in the upcoming year.



Mr John Knaggs  
CEO, SunCentral Maroochydore

## MAJOR ACHIEVEMENTS

### 2018-19

- Naming of streets in the core commercial precinct
- Commencement of construction of the first bridge across the Corso waterway
- Works commencement on east Corso waterway
- Commencement of Invitation for EOI for the balance land precincts
- Completion of Stage 1A civil works
- Confirmation of first four developments within Stage 1A



## FUTURE PROSPECTS

### 2019/20

- Opening of Stage 1A streets and new park
- Completion of east Corso waterway works
- Commencement of construction of Mundoo Boulevard north / interim works to civic park
- Construction commencement of first four major buildings in the core commercial precinct (Stage 1A)
- Review and assessment of submissions received as part of the Invitation for EOI for balance land precincts





## TOP STORIES: 2018-2019



### NEXT STAGE OF FUTURE CITY

#### New impressions of Maroochydore CBD

ASHLEY CARTER  
[ashley@sunshinecoast.com.au](mailto:ashley@sunshinecoast.com.au)

COMMERCIAL real estate is the top priority for Maroochydore's new CBD as SunCentral releases never before seen air-

at impressions in a bid to attract international investors. Construction of the first buildings in the \$423 million city centre are expected to begin mid-year and the company has now launched an invitation for an expression of interest campaign for more than 15ha of land. That's more than six times the entire Sunshine Plaza, which grew from 73,000sq m to more than 920,000sq m as a result of its \$440 million redevelopment. As leading social commentator Bernard Salt declared Maroochydore's new CBD a must for the region, developers are already showing keen interest in the area. Foundation Place, a \$30 million office complex, was the first development to be approved at SunCentral's new



Stage two of Maroochydore CBD beckons

The organisation charged with delivering one of Queensland's largest urban regeneration projects, the Maroochydore CBD on the Sunshine Coast, is looking for developers and investors for the next stage. SunCentral Maroochydore is seeking expressions of interest for more than 15 hectares of pre-approved developable land in the master-planned city centre. This includes 67,500 square metres of commercial space and 25,000 square metres of retail floorspace, along with 1200 apartments. The campaign follows more than 90 per cent of lots in the first stage now either under negotiation or contracted for construction, as well as the completion of civil works such as roads, footpaths, kerbing, landscaping and smart-city infrastructure. Construction on the city centre's first building, an eight-storey commercial

property by local developer Evans Long, is expected to start this year. Habitat Development Group has lodged a development application for a two-tower, 152-apartment project worth \$83 million, while the Sunshine Coast Regional Council is also constructing its nine-storey headquarters in the core commercial precinct. "This is a unique opportunity for experienced developers and institutional capital groups to enter into a long-term partnership with SunCentral Maroochydore and set a new benchmark for city-centre design and development in one of the fastest growing regions in the country," SunCentral Maroochydore chief executive John Knaggs (pictured) said, in announcing the second stage. The new CBD is expected to create 15,000 permanent jobs. The expressions of interest program is open until August 30. **NICOLA MCDUGALL**



#### SUNSHINE COAST CITY HALL

The beauty of the Sunshine Coast, our deep connection to the hinterland, our mountain ranges and our coastal plains have been the inspiration behind the proposed Sunshine Coast City Hall concepts designed by architects Cottee Parker.

The proposed design will deliver a building unlike any others on the Sunshine Coast. A key aspect of the architectural brief was to design a building that would allow residents and visitors to observe governance in action – including a view into the council chambers.

Located in the new Maroochydore city centre, the administration centre will be a landmark building, one which invokes pride in our community and our city and represents our region's natural assets. Landscaping is a key feature and will rise up the building, from ground level,

through the urban plaza, the facade treatments, balconies and rooftop. Plant covered arbours from the street level will reach towards the building offering footpath dining under dappled light. Council aims to deliver a healthy workplace, one where there is a focus on fresh air and flexible indoor and external workspaces.

It will be home to about 600 council employees and is part of a region-wide workplace strategy to service the community by providing the right people, delivering the right services at the right location.

The building will achieve a 5 Star Green Star rating to reflect council's vision to be Australia's most sustainable region - healthy, smart, creative. Construction is expected to start in mid-2020, subject to approvals, and be occupied by 1 July 2022.



#### CBD IS TAKING SHAPE

Construction started this week on the first building in the new Maroochydore CBD with developer Evans Long turning the first sod on its eight-level commercial and retail building. The \$30 million energy-efficient building, Foundation Place, is being built on a site on South Sea Islander Way, directly across the park from the proposed new city hall. Evans Long director DHK Long says more than 60 per cent of Foundation Place has already been leased.

Mr Long says in addition to basing Evans Long's own head office in the building, other tenants include a local construction company that had taken 350 square metres, a law firm with 250 square metres, a town planning company with 126 square metres and a financial planning firm with 70 square metres. "We have had strong interest from a range of potential tenants who want to be part of the new, vibrant CBD," he adds.

Mr Long says modern businesses consider eco-friendly features 'must haves' to attract and retain the right staff but also reduce their footprint in the region.

"More than 40 per cent of Foundation Place has already been leased"

### GLOBAL HOTEL OPERATOR STAKES CLAIM IN MAROOCHYDORE CBD

The Maroochydore City Centre has been selected as the location for a new international four-star business hotel on the Sunshine Coast in a strong vote of confidence for the emerging CBD.

Leading Australian hotel investment and development company Pro-Invest has confirmed it will develop and operate a nine-storey Holiday Inn Express & Suites hotel in the heart of the new Maroochydore CBD.

SunCentral Maroochydore chief executive officer John Knaggs says the opening of the new Holiday Inn Express & Suites next year will coincide with the launch of the Sunshine Coast Airport's new international runway in 2020.

"The hotel opening will also align with the new international subsea broadband cable, which will provide the fastest data and telecommunications connection to Asia from the east coast of Australia from next year," Mr Knaggs adds.

"It is in tune to the growth and investment in this region that a leading firm like Pro-Invest has identified the commercial opportunities on offer in the new Maroochydore CBD.

"The Sunshine Coast is already the second fastest growing local government area in Queensland after Ipswich – ahead of the Gold Coast – and commercial commitments like this will ensure the region continues to thrive." Mr Knaggs says Pro-Invest has made an acute investment from a brand and stability point of view, locating the hotel at the gateway to the city centre so it would be one of the first buildings visitors to the CBD

Pro-Invest has applied to Economic Development Queensland for a 117-room business hotel, which would be on a prime 2535-square metre site on Pine Avenue and close to the proposed future light rail network.

In addition to accommodation, the hotel will also have 183 square metres of retail space on the ground level and a rooftop recreation area with a swimming pool and gym. The hotel will also have a bar, meeting and function rooms as well as 54 car parking spaces concealed from the street by vertical landscaping. For more information go to [maroochydore-city.com.au](http://maroochydore-city.com.au).

#### FINAL WORD

Hotel development company Pro-Invest is building a nine-storey hotel in the new CBD.

## TOP STORIES: 2018-2019

### TENANT INTEREST ON THE RISE IN NEW MAROOCHYDORE CBD

Tenant interest in the new Maroochydore CBD is rising with work on the construction of the first commercial building getting underway.

SunCentral commercial property consultant Jerry O'Reilly says commercial confidence is already high in the Sunshine Coast and the new Maroochydore city centre is meeting a growing demand for contemporary infrastructure and state-of-the-art technology.

Mr O'Reilly, a member of the Sunshine Coast commercial property sector, says tenants in the region have flocked to recent years but the new CBD has taken it to a new level.

"The Sunshine Coast is one of the largest regional economies in Australia with an annual growth rate that is more than one per cent higher than the national average," he says.

Mr O'Reilly says the CBD has been built with smart city infrastructure and cutting-edge urban design to ensure tenants can confidently grow their businesses into the future.

"We are receiving inquiries from businesses that are looking to expand their



"The Sunshine Coast is one of the largest regional economies in Australia"

Jerry O'Reilly

operations and take advantage of the positive growth that is taking place on the Sunshine Coast," he says.

"Because the new city centre is being built on a former golf course, there is no legacy infrastructure to remove or replace. It has been created with the most advanced telecommunications and data

infrastructure available.

"We are negotiating with a wide array of companies from the finance, legal, hospitality, medical, education, technology and residential sectors, all of which are increasingly reliant on efficient, state-of-the-art connectivity to thrive in a digital space."

Mr O'Reilly says the new international subclass table, which will be operational in 2020 and will land at the eastern edge of the new CBD on Mand Street, will provide businesses with Australia's fastest data connection to the rest of the world.

Sunshine Coast developer Evans Long has been the first to identify the opportunities of the new CBD with construction to start soon on its eight-story Foundation Place office building.

Contact Jerry O'Reilly 0408 726 720  
jerry@suncentralmaroochydore.com.au

#### FINAL WORD

"The new subsea cable will be operational in 2020"



### Holiday Inn for Sunshine Coast

Hotel development

Larry Schlessinger

The Sunshine Coast will get its first new hotel in decades after fund manager, developer and operator Pro-Invest said it would open a new Holiday Inn Express in Maroochydore at end of 2020.

The 167-room Holiday Inn Express & Suites will form a key part of the \$21 billion Maroochydore Town Centre development featuring 150,000 square metres of commercial space as well as retail and high and medium density residential development across a 53-hectare site.

The last new hotel developed on the Sunshine Coast was the Novotel Twin Waters in the 1980s, and prior to that the now closed Cootlam Resort owned by Clive Palmer.

A new five-star Westin Hotel at Yaroomba Beach, developed by Japan's Sekisui House is due to be completed in 2021 after securing approval in June last year following a lengthy battle with local residents.

Demand for new hotels is likely to grow with the rise of the Sunshine Coast as a tourism destination.

The region ranked third most popular regional destination last year, according to a Colliers International Report and has also enjoyed a 20 per cent increase in visitor spending.

The new Holiday Inn Express will be

developed on a site acquired by Pro-Invest in the new Maroochydore CBD. It will be the 12th hotel developed by Pro-Invest since it struck a master franchise development agreement with InterContinental Hotels Group (IHG) in 2013.

The nine-storey hotel will have 367 rooms, a swimming pool, bar and dining venue, conference and function facilities, and ground-level retail.

It follows the opening of the Holiday Inn Express Brisbane Central in 2007 alongside hotels that have opened in Sydney, Adelaide and Newcastle.

Pro-Invest CEO Ron Barrett said the Sunshine Coast was going through an unprecedented economic transformation and the acquisition of the Maroochydore site was a reflection of the group's ability to target and deliver high-quality hotel development opportunities.

## Bright start for Coast's city heart

MAROOCHYDORE City Centre - the Sunshine Coast's new Central Business District - is under way with the first sod turning at its landmark commercial building, Foundation Place, on Monday.

The \$20 million dollar, cutting-edge commercial premises is the first building to emerge in the core commercial area in what will become the new heart of the Sunshine Coast, and is being delivered by experienced and locally-based developers Evans Long.

It marks a significant milestone in the development of the new CBD. Having professional and commercial buildings in the heart will complement the residential sector to be integrated in and around the city centre.

Evans Long partner Matt Evans said it was rewarding to see the project reach this point in its development.

"In delivering Foundation Place, we are achieving a lot of firsts, and the entire Evans Long team are proud to witness the sod-turning of this innovative building take place today," Mr Evans said.

Carrying out an eco-orientation.

Foundation Place is the first privately owned building on the Sunshine Coast to sign a commitment agreement to achieve a Five Star rating under the National Australian Built Environment Rating System (NABERS).

In keeping with the ethos of SunCentral, environmentally sustainable features include the Coast's first green wall, solar panels, energy efficient air conditioning and lighting and the smart use of natural light and ventilation.

"Foundation Place is aptly named as this cutting-edge building is going to set the tone for what is to come in the new Maroochydore City Centre," Mr Evans said.

Sunshine Coast Council Mayor Mark Jamieson said Monday's sod turning represented an exciting milestone for the new Maroochydore City Centre.

"It is truly rewarding to be part of the commencement of construction for the first

commercial building to come out of the ground to what will be Australia's most contemporary, sustainable and connected city," Mayor Jamieson said.

"I cannot think of a better way to embark on the journey than with a landmark building that represents the values and principles behind the new CBD innovation, sustainability and world-leading."

The new Maroochydore City Centre has been designed for the 21st Century, breaking new ground with its extensive use of smart technology to create a cleaner, greener, more livable and dynamic city centre.

Mr Evans said as the City Centre's first commercial offering, Foundation Place is set to achieve a new level of office and retail accommodation not seen before on the Sunshine Coast.

"With eight levels overlooking the CBD's Urban Square - which is all that separates this development from the new Sunshine Coast Council City that which will be home to more than 600 council employees - Foundation Place is perfectly positioned for forward-thinking businesses who desire modern facilities, conveniences and be one of the first to take advantage of the new CBD," he said.

Foundation Place is expected to be open for



## Strong interest in the town centre

First CBD building is attracting national businesses

KRISTEN BOOTH  
@kristenbooth

A PROPERTY agent has revealed Maroochydore's new city centre is attracting strong interest from businesses across the country.

Transact Property Group associate director Daniel Cullinane said more than 40 per cent of the Foundation Place building had sale or lease commitments in place.

"It's going really well and we are finding that the inquiries are being really consistent since we launched our commercial marketing campaign a few months ago," he said.

"We're up to 42 per cent commitment in the office tower, we have five levels of office that is 42 per cent committed and that is a great result."

Foundation Place, owned by Coast developer Evans Long, is the first office building in the CBD to hit the market with five levels of offices and retail spaces available.

Mr Cullinane said they would start putting the retail spaces to market next week



ON THE RISE: Daniel Cullinane from Transact Property Group said interest is rising with Foundation Place filling up. Photo: Peta Vrook

and were looking forward to the response.

"We've had a lot of inquiries so we are certainly looking forward to working with local and national food and beverage operators that we've been talking to," he said.

Mr Cullinane said he expected percentage of commitment to rise in the coming months, especially after construction begins.

"We're very confident that it will rise to be fully occupied," he said.

"We're directly across the road from the park and that is going to be the main drawcard."

"We're talking to people about it every day, whether they are looking to lease, looking to buy, for office space or retail, we're talking to people all across the country about this building and about the CBD."

"This is going to put Sunshine Coast on the map, with the undersea cable, with the airport, with the CBD, the Sunshine Coast is going to emerge by itself."

A lot of the companies we've been talking to from around Australia are game changers for the Sunshine Coast and it's really going to be a huge point, not only for the CBD but for the Coast as a city.

"People have been talking about Sun Central for a long time and the council has been very proactive in taking it forward and the amount of inquiry and positivity that we are seeing in the market about the CBD have been great."

"THE SUNSHINE COAST IS GOING TO EMERGE AS THE MAIN COASTAL CITY IN QUEENSLAND."

DAMEL CULLINANE

as the main coastal city in Queensland."

He said the feedback surrounding the new CBD had been positive.

"We're going to bring some big business to the Sunshine Coast and it's going to be huge by itself."

"A lot of the companies we've been talking to from around Australia are game changers for the Sunshine Coast and it's really going to be a huge point, not only for the CBD but for the Coast as a city."

"People have been talking about Sun Central for a long time and the council has been very proactive in taking it forward and the amount of inquiry and positivity that we are seeing in the market about the CBD have been great."

# DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2019

The Directors present their report together with the financial report of SunCentral Maroochydore Proprietary Limited (the Company) for the reporting period from 1 July 2018 to 30 June 2019.

## 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><b>Dr Doug McTaggart</b>                      B.ec (Hons), MA, PhD, DUniv, FAICD, SF Fin.                      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.</p>
<p><b>Mr Don Boyd</b>                      BA, LLB                      Independent Non-Executive Director</p>	<p>Extensive understanding of brand development marketing, structuring commercial developments and managing complex organisational challenges. Directorships include Moore Stephens (Queensland &amp; Northern New South Wales) Pty Ltd, Baldwins Pastoral Holdings Pty Ltd, Logan Downs Pty Ltd, Russell Estates Pty Ltd, Tarranalama Pty Ltd and consultant for Norton Rose Fulbright Australia. Appointed Director in March 2015.</p>
<p><b>Mr Michael Kerry</b>                      BA (Hons), MCD                      Independent Non-Executive Director</p>	<p>Extensive knowledge and experience across the public and private sectors of urban planning, major property and infrastructure developments throughout Australia. Currently an Urban Management Advisor and a Director of Capital Metro ACT and Major Projects Advisory Board for the Whitsunday Regional Council. Appointed Director in March 2015. Retired March 2019.</p>
<p><b>Ms Jude Munro</b>                      AO, BA (Hons), Grad Dip Public Policy, Grad Dip Business Administration, FIPAA, FAICD, awarded keys to the City of Brisbane.                      Independent Non-Executive Director</p>	<p>Extensive experience and knowledge of corporate governance practises, managing stakeholder relations, infrastructure financing and delivery models. Current directorships include Victoria Planning Authority (Chair), Victorian Pride Centre (Pty Ltd (Chair), Metro Tasmania, Newcastle Airport Pty Ltd and Jude Munro &amp; Associates. Previous appointment included 10 years as the CEO of Brisbane City Council and Chair, Queensland Urban Utilities and Director, Air Services Australia. Appointed Director in March 2015. Retired March 2019.</p>
<p><b>Mr Morgan Parker</b>                      LLB                      Independent Non-Executive Director</p>	<p>Extensive career history as a real estate developer, investor and banker at some of the world's leading firms, including Morgan Stanley, Macquarie Bank, Lendlease, US-REIT Taubman Centers and the Rockefeller-owned global private equity firm, Rose Rock. Current directorships include Newcastle Airport, UbiPark, Garda Capital Group and the Presbyterian &amp; Methodist Schools Association. Mr Parker brings to the role a dynamic, creative and focused approach to major city shaping projects the scale of the Maroochydore City Centre and extensive global experience in master-planned urban development, investment financing and marketing. Appointed director in March 2015</p>
<p><b>Ms Alison Quinn</b>                      B.Com                      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 the property sector since 1994, across residential, commercial, retail and retirement living sectors. Currently an advisory panel member of Economic Development Queensland and Brisbane City Council and is Chair of the St Margaret's Anglican Girls School Council. Previous roles include Chief Executive Officer of Retire Australia and boards including the Property Council of Australia and Urban Development Institute of Australia. Appointed Director in April 2019.</p>

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2019

**Mr Paul McLean** Extensive experience in the property and real estate industry, and was previously the Chief Executive of Savills Australia having been responsible for the growth of Savills throughout Australia and New Zealand since 2006. Current directorships include Rugby Australia and McLean Advisory. Currently the Chair of the Mater Group Property Council and member of Shadforth Civil's advisory committee. Appointed Director in April 2019.

Independent Non-Executive Director

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

### 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	9	9	1	1
Mr D R Boyd	9	9	4	4
Mr M J Kerry	7	7		
Ms J R Munro (AO)	7	7	4	4
Mr M B Parker	9	9		
Ms A Quinn	2	2	1	1
Mr P McLean	2	2		

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

### Audit, Risk & Remuneration Committee Meetings

The Audit, Risk & Remuneration Committee comprises Ms. Jude Munro (AO) as Chair until her retirement as a director in March 2019, Mr. Don Boyd (interim Chair) and Ms Alison Quinn. 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.

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2019

### 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 five (5) 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 \$20,825,959 of which \$19,225,343 was provided by the parent entity, Sunshine Coast Regional Council. Development costs incurred in the pursuit of the company's objectives totalled \$18,824,865. The profit for the Company for the reporting period amounted to \$27,182 (2018: \$47,380).

### Significant Changes in the State of Affairs

No significant changes in the Company's state of affairs occurred during the reported period.

### 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

No matters or circumstances have arisen since the end of the reported period which 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 the future reporting periods.

### 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.

### 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 13.

This report is made with a resolution of the Directors:



Dr Douglas McTaggart  
Chairman

Dated at Maroochydore this day 16<sup>th</sup> of September 2019.

# AUDITOR'S INDEPENDENCE DECLARATION

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## 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 2019, 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.



Carolyn Dougherty  
as delegate of the Auditor-General of Queensland

13 September 2019  
Queensland Audit Office  
Brisbane

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019	2018
		\$	\$
<b>Income</b>			
Revenue	4	20,781,795	21,187,224
Investment income	5	44,164	35,341
<b>Total Income</b>		<b>20,825,959</b>	<b>21,222,565</b>
<b>Expenses</b>			
Development Costs	6a	18,824,685	19,293,646
Operating Expenses	6b	1,923,281	1,870,792
Depreciation and amortisation	12	50,810	10,748
<b>Total Expenses</b>		<b>20,798,777</b>	<b>21,175,185</b>
<b>Net profit/(loss) before income tax</b>		<b>27,182</b>	<b>47,380</b>
<b>Net profit/(loss) for the year</b>		<b>27,182</b>	<b>47,380</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>27,182</b>	<b>47,380</b>
Profit attributable to:			
Parent Entity		<b>27,182</b>	<b>47,380</b>

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	2019	2018
		\$	\$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	9	1,426,697	1,085,651
Trade and other receivables	10	1,609,487	4,557,968
Other assets	11	29,360	23,947
<b>Total Current Assets</b>		<b>3,065,544</b>	<b>5,667,566</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	12	82,582	87,158
<b>Total Non-Current Assets</b>		<b>82,582</b>	<b>87,158</b>
<b>Total Assets</b>		<b>3,148,126</b>	<b>5,754,724</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	13	2,299,362	4,943,442
Employee benefit provisions		144,754	134,755
<b>Total Current Liabilities</b>		<b>2,444,116</b>	<b>5,078,197</b>
<b>Non-Current Liabilities</b>			
Employee benefit provisions		5,089	4,787
<b>Total Non-Current Liabilities</b>		<b>5,089</b>	<b>4,787</b>
<b>Total Liabilities</b>		<b>2,449,205</b>	<b>5,082,984</b>
<b>Net Assets</b>		<b>698,923</b>	<b>671,740</b>
<b>Equity</b>			
Equity attributable to Parent Entity:			
Share capital	16	500,000	500,000
Retained earnings		198,923	171,740
<b>Total Equity</b>		<b>698,923</b>	<b>671,740</b>



## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Share Capital (Ordinary)	Retained Earnings	Total
	\$	\$	\$
<b>Balance as at 1 July 2018</b>	500,000	171,740	671,740
<b>Comprehensive income</b>			
Profit for the year	-	27,183	27,183
Other comprehensive income for the year	-	-	-
<b>Total comprehensive income for the year attributable to members of the parent entity</b>	-	27,183	27,183
<b>Transactions with owners, in their capacity as owners, and other transfers</b>	-	-	-
Shares issued during the year	-	-	-
Dividends paid or provided for	-	-	-
<b>Total transactions with owners and other transfers</b>	-	-	-
<b>Balance at 30 June 2019</b>	<b>500,000</b>	<b>198,923</b>	<b>698,923</b>

	Share Capital (Ordinary)	Retained Earnings	Total
	\$	\$	\$
<b>Balance as at 1 July 2017</b>	500,000	124,360	624,360
<b>Comprehensive income</b>			
Profit for the year	-	47,380	47,380
Other comprehensive income for the year	-	-	-
<b>Total comprehensive income for the year attributable to members of the parent entity</b>	-	47,380	47,380
<b>Transactions with owners, in their capacity as owners, and other transfers</b>	-	-	-
Shares issued during the year	-	-	-
Dividends paid or provided for	-	-	-
<b>Total transactions with owners and other transfers</b>	-	-	-
<b>Balance at 30 June 2018</b>	<b>500,000</b>	<b>171,740</b>	<b>671,740</b>

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019	2018
		\$	\$
<b>Cash flows from operating activities</b>			
Cash receipts from customers		23,778,889	22,072,368
Cash paid to suppliers and employees		(23,435,771)	(21,884,634)
Cash generated from operating activities		343,118	187,734
Interest received		44,164	35,341
<b>Net cash generated from operating activities</b>	<b>18</b>	<b>387,282</b>	<b>223,075</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		-	-
Acquisition of property, plant and equipment		(46,235)	(83,058)
<b>Net cash used in investing activities</b>		<b>(46,235)</b>	<b>(83,058)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital		-	-
<b>Net cash provided by financing activities</b>		<b>-</b>	<b>-</b>
Net increase/(decrease) in cash and cash equivalents		341,046	140,017
Cash and cash equivalents at 1 July 2018		1,085,651	945,634
<b>Cash and cash equivalents as at 30 June 2019</b>	<b>9</b>	<b>1,426,697</b>	<b>1,085,651</b>

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 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

The accounting policies set out below, both new and future, have been applied consistently to all periods presented in these financial statements. There has not been any changes in the Company's accounting policies since the Company's inception.

The amended Australian Accounting Standards and Interpretations which were issued at the date of authorisation of the financial report but have future commencement dates are judged by the Directors not likely to have a material impact on the financial statements.

### (i) Revenue from Contracts with Customers (AASB 15)

AASB 15 became effective from 1 January 2018 and replaced AASB 118 Revenue, AASB 111 Construction Contracts and a number of interpretations. It contains a comprehensive and robust framework for the recognition, measurement and disclosure of revenue from contracts with customers. The main changes as a consequence of the new standard relate to inconsistencies between entities' reported revenues, principally in relation to when an entity recognises revenue under long term contracts (e.g. construction contracts) and contracts that bundle together goods and services (e.g. contracts that bundle a telephone handset with network services). The Company does not hold contracts of this kind and therefore the standard is not anticipated to impact on the Company at this time.

### (ii) Leases (AASB 16)

AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments.

AASB 16 substantially carries forward the lessor accounting requirements in AASB 117 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. AASB 16 requires enhanced disclosures for both lessees and lessors to improve information disclosed about an entity's exposure to leases and is applicable to annual reporting periods beginning on or after 1 January 2019, with early application permitted. The company holds minimal small value leases of this kind and therefore the standard is not anticipated to materially impact on the company in terms of expenditure.

## 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 2018 through to 30 June 2019. The Comparative period represents the reporting period from 1 July 2017 to the 30 June 2018. The comparative figures have been adjusted in the current year to account for an immaterial calculation error.

### 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.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### 3. Basis of preparation cont.

#### 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 46 days of recognition of the liability.

#### i. Financial instruments

##### i. 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.

##### ii. 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 13). Such financial liabilities are recognised at fair value plus any directly attributable transaction costs.

##### iii. Compound financial instruments

The Company has not issued any compound financial instruments.

##### iv. Derivative financial instruments, including hedge accounting

The Company holds no derivative financial instruments.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### 3. Basis of preparation cont.

#### 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.

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

Classification of Asset	Depreciation Rate
• 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

##### i. 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.

##### ii. 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.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### 3. Basis of preparation cont.

#### i. Salaries and wages

A liability for salaries and wages is reported in Note 13 within accrued expenditure.

#### ii. Annual leave

A liability for annual leave is reported in Note 13.

#### iii. Long service leave

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

#### iv. 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.

#### o. Revenue

##### i. Services

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 2019

<b>4. Revenue</b>	<b>2019</b>	<b>2018</b>
	\$	\$
The Company's revenue for the reporting period consist of the following:		
Construction Revenue	16,216,814	17,502,727
Land Maintenance	99,214	46,176
Sales and Marketing	2,508,657	1,735,997
Total Development Revenue	<u>18,824,685</u>	<u>19,284,899</u>
Development Management Fee	1,934,000	1,896,545
<b>Other Income</b>		
Sundry income	23,110	5,780
	<u><b>20,781,795</b></u>	<u><b>21,187,224</b></u>

<b>5. Investment income</b>	<b>2019</b>	<b>2018</b>
	\$	\$
Investment income for the reporting period consists of the following:		
Interest income on bank deposits	44,164	35,341
	<u><b>44,164</b></u>	<u><b>35,341</b></u>

<b>6. Expenses</b>	<b>2019</b>	<b>2018</b>
	\$	\$
<b>a. Development Costs</b>		
Approvals	46,096	68,389
Construction	14,985,845	16,058,440
Design	1,184,873	1,384,645
Land Maintenance	99,214	46,176
Sales & Marketing	2,508,657	1,735,997
	<u><b>18,824,685</b></u>	<u><b>19,293,646</b></u>
<b>b. Operating Overheads</b>		
Board & Governance costs	421,268	484,785
Financial costs	27,511	26,456
General costs	14,754	48,880
Information Technology & Communication costs	71,579	68,223
Premises costs	94,595	76,433
Staff costs	1,218,468	987,806
Contractor / Consultant costs	75,105	178,209
	<u><b>1,923,281</b></u>	<u><b>1,870,792</b></u>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### 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:

a. Key management personnel compensation (or remuneration)	2019	2018
	\$	\$
Short term employee benefits	774,957	755,590
Post employment benefits	81,705	77,600
Other long term employee benefits	8,511	8,937
	<b>865,172</b>	<b>842,127</b>

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 9.5% of the base fee.

### 8. Employee remuneration

	2019	2018
	\$	\$
Included in operating overheads for the reporting period are the following expenses for staff other than the CEO:		
Salaries and wages	545,444	421,955
Superannuation	63,376	49,130
Increase/(Decrease) in liability for annual leave	8,791	(2,974)
Increase/(Decrease) in liability for long service leave	(158)	9,218
	<b>617,453</b>	<b>477,329</b>

### 9. Cash and cash equivalents

	2019	2018
	\$	\$
Cash at bank - unrestricted	834,192	515,651
Call Deposits	592,505	570,000
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>1,426,697</b>	<b>1,085,651</b>

The Company's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities is disclosed in note 14. An indemnity amount over cash and cash equivalents has been provided in relation to the Local Government Workcare Bank Guarantee. Refer to Note 21 for further details.

### 10. Trade and other receivables

	2019	2018
	\$	\$
Trade debtors	865,321	2,502,556
GST receivable	10,674	16,744
Accrued development revenue	731,856	2,032,826
ATO Client Integrated	-	3,782
Account Interest receivable	1,636	2,060
	<b>1,609,487</b>	<b>4,557,968</b>

The Company's exposure to credit and currency risk and impairment losses related to trade and other receivables are disclosed in note 14. No collateral is held over trade and other receivables.

### 11. Other assets

	2019	2018
	\$	\$
Prepayments	29,360	23,947
	<b>29,360</b>	<b>23,947</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### 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
	\$	\$	\$	\$
<b>Asset Values</b>				
Opening gross value as at 1 July 2018	27,264	22,127	52,917	102,308
Additions at cost	25,595	16,444	4,196	46,234
<b>Closing gross value as at 30 June 2019</b>	<b>52,859</b>	<b>38,571</b>	<b>57,113</b>	<b>148,542</b>
<b>Accumulated Depreciation &amp; Impairment</b>				
Opening accumulated depreciation balance as at 1 July 2018	3,467	9,613	2,070	15,150
Depreciation provided during period	13,712	10,086	27,012	50,810
Closing accumulated depreciation and impairment as at 30 June 2019	17,719	19,699	29,082	65,960
<b>Total book value at period end</b>	<b>35,680</b>	<b>18,872</b>	<b>28,031</b>	<b>82,582</b>

Measurement at cost	Office Furniture	Office Equipment	Leasehold Improvements	Total
	\$	\$	\$	\$
<b>Asset Values</b>				
Opening Gross Value as at 1 July 2017	6,831	11,242	1,177	19,250
Additions at cost	20,433	10,885	51,740	83,058
<b>Closing gross value as at 30 June 2018</b>	<b>27,264</b>	<b>22,127</b>	<b>52,917</b>	<b>102,308</b>
<b>Accumulated Depreciation &amp; Impairment</b>				
Opening accumulated depreciation balance as at 1 July 2017	209	3,016	1,177	4,402
Depreciation provided during period	3,258	6,597	893	10,748
Closing accumulated depreciation and impairment as at 30 June 2018	3,467	9,613	2,070	15,150
<b>Total book value at period end</b>	<b>23,797</b>	<b>12,514</b>	<b>50,847</b>	<b>87,158</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

<b>13. Trade and other payables</b>	<b>2019</b>	<b>2018</b>
	\$	\$
Trade and other payables recognised consist of the following:		
<b>Unsecured liabilities:</b>		
Trade creditors	1,120,380	2,699,337
Annual Leave	93,316	83,702
Accrued expenditure	935,582	2,080,267
Payroll liabilities	105,635	80,137
Amounts payable to: ultimate parent entity	44,000	-
	<b>2,299,362</b>	<b>4,943,442</b>
<b>Financial liabilities at amortised cost classified as trade and other payables:</b>		
Trade and other payables:		
- total current	2,299,362	4,943,442
Financial liabilities as trade and other payables:	<b>2,299,362</b>	<b>4,943,442</b>

The average credit period on trade and other payables (excluding GST payable) is 46 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 14.

### 14. 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.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### 14. Financial instruments cont.

#### b. Credit risk

##### i. Exposure to credit risk

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

	Note	2019	2018
		\$	\$
Cash and cash equivalents	9	1,426,697	1,085,651
Trade and other receivables	10	1,609,487	4,557,968
		<b>3,036,814</b>	<b>5,643,619</b>

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

Australia	1,609,487	4,557,968
	<b>1,609,487</b>	<b>4,557,968</b>

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

Parent Entity	1,431,890	1,851,036
Other	165,287	653,580
	<b>1,597,177</b>	<b>2,504,616</b>

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 2019	Impairment 2019	Gross 2018	Impairment 2018
	\$	\$	\$	\$
Not past due	1,594,399	-	2,502,556	-
Past due 31-60 days	2,778	-	-	-

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### 14. Financial instruments cont.

#### 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.

<u>Trade and other Payables</u>	<b>2019</b>	<b>2018</b>
	\$	\$
- less than 12 months	2,299,362	4,943,442
	<b>2,299,362</b>	<b>4,943,442</b>

#### d. Currency risk

The Company has no current exposure to foreign currency risk.

### 15. 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.

### 16. Share Capital

	<b>2019</b>	<b>2018</b>
	\$	\$
Ordinary Shares in issue as at commencement of reporting period	500,000	500,000
<b>In issue at 30 June 2019 - fully paid</b>	<b>500,000</b>	<b>500,000</b>

#### 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.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

<b>17. Construction and leasing commitments</b>		
<b>a. Operating lease commitments</b>	<b>2019</b>	<b>2018</b>
Non-cancellable operating leases contracted for but not recognised in the financial statements.	\$	\$
Payable - minimum lease payments:		
Not later than 12 months	126,655	92,199
Later than 12 months but not later than five years	14,753	141,437
	<b>141,409</b>	<b>233,636</b>
<b>b. Construction contract commitments</b>	<b>2019</b>	<b>2018</b>
Commitments for construction contracts at the reporting date but not recognised in the financial statements	\$	\$
Not later than 12 months	6,592,040	11,395,038
	<b>6,592,040</b>	<b>11,395,038</b>
<b>18. Reconciliation of cash flow from operating activities</b>	<b>2019</b>	<b>2018</b>
	\$	\$
<b>Cash flows from operating activities</b>		
Net profit / (loss) for the year	27,182	47,380
<i>Adjustments for:</i>		
Depreciation	50,810	10,748
<b>Operating surplus before changes in working capital and provisions</b>	<b>77,993</b>	<b>58,128</b>
Change in trade and other receivables	2,938,205	(1,232,932)
Change in prepayments	(5,413)	1,296
Change in trade and other payables	(2,634,229)	1,388,014
Change in provisions and employee benefits	10,302	9,218
Change in accrued interest	424	(648)
<b>Net cash generated from operating activities</b>	<b>387,282</b>	<b>223,075</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### 19. 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.

	2019	2018
	\$	\$
The following transactions occurred with related parties:		
<b>Revenue</b>		
Parent entity - Sales of goods and services	19,225,201	19,510,904
Associate of the Parent Entity - Sales of goods and services	1,551,398	1,675,540
<b>Expenditure</b>		
Parent entity - Purchase of goods and services	50,000	30,000
Associate of the Parent Entity - Purchase of goods and services	-	350

### 20. 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:

	2019	2018
	\$	\$
Audit of the financial statements by the Auditor General of Queensland	24,100	23,500
	<b>24,100</b>	<b>23,500</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### 21. Contingent liabilities

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

	2019	2018
	\$	\$
Indemnity amount provided to the Local Government Workcare Bank Guarantee	11,269	11,321
	<b>11,269</b>	<b>11,321</b>

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.

### 22. 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.

### 23. Events after the reporting period

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

## DIRECTORS' DECLARATION FOR THE YEAR ENDED 30 JUNE 2019

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

- a. the financial statements and notes, set out on pages 14 to 30 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 2019 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:



**Dr. Douglas McTaggart**  
Chairman

Dated at Maroochydore this day 16<sup>th</sup> September 2019.





## 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 2019, 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 2019, 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 of Queensland 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 of Queensland 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 2019, 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, appearing to read "C. Dougherty".

Carolyn Dougherty  
as delegate of the Auditor-General

20 September 2019  
Queensland Audit Office  
Brisbane

# Maroochydore

THE BRIGHT CITY



MAROOCHYDORE-CITY.COM.AU  
OR CALL 61 (0)7 5452 7274



SunCentral

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PO Box 1458, Maroochydore, Queensland 4558