



ANNUAL REPORT



SunCentral Maroochydore Pty Ltd | A.B.N. 92 603 652 231 | 30 June 2017



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CHAIRMAN'S FOREWORD



Innovation, dedication and tenacity are the key factors behind the great strides achieved in creating Maroochydore's new city centre over the 2016-17 financial year.

With stage one of civil works well underway, eight new city streets have taken shape and we expect to see footpaths, cycleways, lighting, parks and landscaping come to life in the coming months.

Below the ground, more work has been taking place to ensure that Maroochydore - The Bright City - is amongst the most technologically advanced in Australia, with the installation of three separate conduits for NBN Co, Telstra and the new CBD's dedicated Smart City fibre optic network.

In addition, 1.7 kilometres of pipes are being laid for the first CBD-wide underground Automated Waste Collection System (AWCS) in Australia in a move set to position the 53-hectare city centre as one of the greenest and cleanest in the country.

More than 150 construction and professional services jobs have been generated in the first stage of civil works, with the new CBD ultimately expected to create more than 15,000 permanent jobs and inject \$4.4 billion into the Sunshine Coast economy.

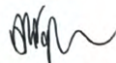
Construction of the CBD's first buildings will begin in 2018 but the city centre has already been identified by commentator and futurist Bernard Salt as a major driver of economic and social change in the region in his report, *The Activated City: Imagining the Sunshine Coast in 2040*, released in March 2017.

Meanwhile, the Expressions of Interest process that commenced in late June 2016 has generated submissions from a range of potential developers, investors and future tenants across numerous industry sectors and we will be making announcements about these throughout the coming financial year.

On behalf of the Board of Directors of SunCentral Maroochydore Pty Ltd, it is with great pride that I outline the above key developments for our new city centre over the past year.

We remain committed to the vision of a dynamic and desirable 21st Century CBD to support the Sunshine Coast region's projected growth and help realise its potential.

I congratulate all involved on a successful second year of work on this unique project.

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

Dr Doug McTaggart
Chairman, SunCentral Maroochydore

CEO'S FOREWORD



What a difference a year makes. The past 12 months has seen the northern section of the new Maroochydore city centre really take shape with the main street layout and key waterway created for the commercial heart of the CBD.

As the company overseeing design and delivery of a new central business district for the Sunshine Coast capital, SunCentral Maroochydore Pty Ltd has had an exciting year with landmark achievements both on the site and behind the scenes.

The bulk earthworks phase came to an end last year, seeing more than 100,000 tonnes of earth moved and 18 kilometres of electrical conduit laid to ensure Maroochydore – The Bright City, is one of the most technologically advanced in the country.

We are now well into civil construction works on the first stage of the project and expect these to be completed by mid-2018, as the first of our new city centre's buildings commence construction.

Two new intersections in Maud Street have been completed, providing additional access points to the new CBD.

The Sunshine Coast Regional Council has confirmed it will occupy a major office building in the new city centre and we are negotiating with global infrastructure and property development giant, John Holland, on a proposal involving five prime lots covering 1.4 hectares in the core commercial precinct of the CBD with an end value of \$200 million.

I'm delighted to report that we have received numerous other expressions of interest from local, national and international organisations that recognise the incredible potential of the new city centre and the wider Sunshine Coast region.

This is just a snapshot of the highlights from 2016-17 with further details set out in the pages that follow.

We continue to make a concerted effort to keep our local stakeholders informed through presentations to community and business groups, project newsletters and media briefings.

The level of community support, along with investor interest, continues to confirm my view that we are creating something very special for the region and a lasting legacy for future generations.

We are extremely proud of the work we have achieved to date and excited about what the future brings for the new Maroochydore city centre.

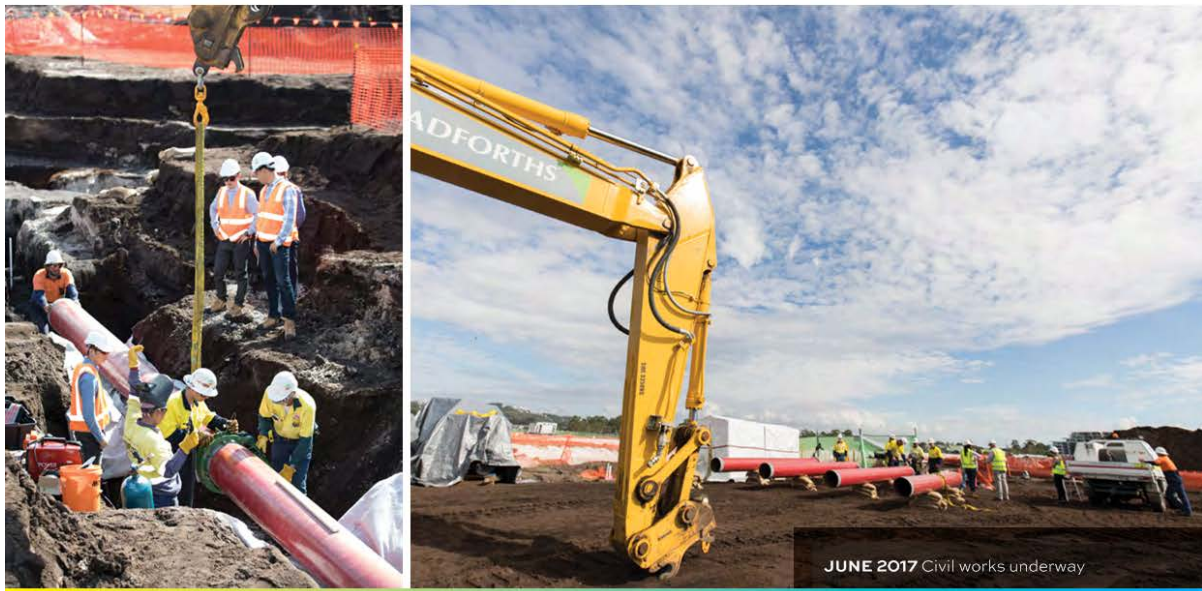
A handwritten signature in black ink, appearing to be 'J. Knaggs', written over a thin horizontal line.

John Knaggs
CEO, SunCentral Maroochydore

MAJOR ACHIEVEMENTS

2016

JULY	First phase marketing and advertising campaign for Expressions of Interest in core commercial precincts commenced Maroochydore becomes the first Australian city to appoint an Entrepreneur-in-Residence
AUGUST	First phase marketing and advertising campaign for Expressions of Interest in core commercial precincts continued
SEPTEMBER	First phase marketing and advertising campaign for Expressions of Interest in core commercial precincts completed Contract signed with Envac for the construction of Australia's first CBD-wide underground Automated Waste Collection System
OCTOBER	Launch of the world's first chatbot for a city via Facebook Messenger
NOVEMBER	Completion of bulk earthworks for stage one Construction of two new Maud Street intersections commenced
DECEMBER	Tenders called for Stage 1A civil works



MAJOR ACHIEVEMENTS

2017

- FEBRUARY** Council confirms plans to occupy a major commercial building in the new city centre
- MARCH** Launch of KPMG-Bernard Salt report The Activated City – Imagining the Sunshine Coast in 2040
- APRIL** Civil works for stage 1A commence
 Infrastructure Agreements finalised with Economic Development Queensland, Unitywater and the State Department of Transport and Main Roads
- JUNE** Refreshed marketing and advertising campaign
 Installation of the underground Automated Waste Collection System for stage one commences
 Construction of two new Maud Street intersections completed



FUTURE PROSPECTS

2017/18

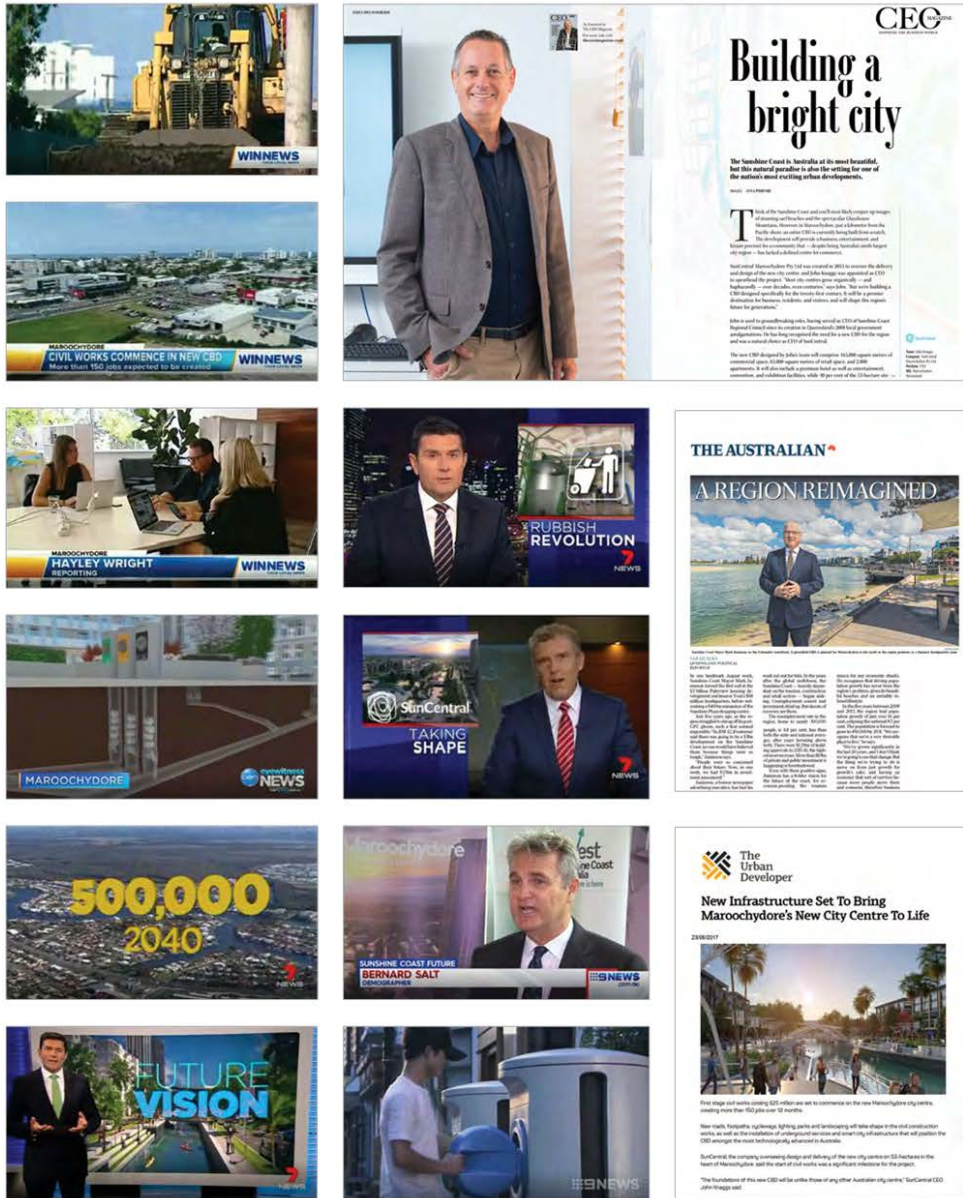
Announcements about investors and developments in Precinct 3
Completion of Stage 1A civil works
Finalisation of design and construction of Stage 1A2 civil works (East Corso)
Settlement of first development sites
Commencement of building construction
Commissioning of underground Automated Waste Collection System

2019/20

Completion and occupation of first buildings



SOME OF OUR TOP STORIES IN 2016 / 2017



SOME OF OUR TOP STORIES IN 2016 / 2017

THE AUSTRALIAN

Smart future assured for innovation city

EXCLUSIVE
 DAVID SWAN
 HURTS

An hour north of Brisbane lies Maroochydore, which is set to make a name for itself as one of Australia's most technologically advanced cities and is appointing what is believed to be an Australian first, an entrepreneur-in-residence for a CBD.

A new CBD development, being built from scratch on the site of a former golf course, will boast high-speed internet built into the city's underground infrastructure, smart signage for live travel information for pedestrians, smartphone apps for drivers to quickly find parking and energy-saving LED lights that automatically brighten as cars and pedestrians pass.

Entrepreneur-in-residence Zach Johnson, who has spent nearly 20 years in the start-up space including time as CEO of Atmail and not-for-profit start-up incubator Spark Hurts, said the Sunshine Coast had been rapidly evolving as a start-up ecosystem but in a way that was not properly co-ordinated.

"I've lived in a number of cities



Zach Johnson and John Knaggs have big plans

around the world that have this role, and we've modelled this a bit off Los Angeles," Mr Johnson told The Australian. "In LA they've catalysed their start-up community in a way that represents their broad geographical base. LA has Santa Monica, Pasadena, some major entrepreneurial hubs all 30 kilometres apart. That's what we're trying to do here with the Sunshine Coast, connect this village-villages."

Mr Johnson, who runs a start-up incubator in Maroochydore, said he saw himself as a link between foundations, investors, mentors and entrepreneurs.

"I want to encourage more participation from education institutions from primary school right through to university, get more opportunities for internships and make sure we're fostering connections between start-up companies themselves as well as mentors and prospective investors and partnering with the Sunshine Coast council," he said.

Maroochydore is set to benefit from a high-speed wireless internet cable from Guam. An application has been lodged with Australia's Communications and Media Authority.

Mr Johnson said Maroochydore would face steep challenges however, most notably a dearth of strong programming talent.

"There's a new coding curriculum nationally but that's a long-term solution," he said.

"Here in the coast we're not educating programmers. Good software engineering talent is definitely a weakness. If start-ups here are at the stage of trying to scale they need to be able to hire quickly, and we don't have that now."

SunCentral is the developer behind the new city and SunCentral Maroochydore CEO John Knaggs, who chose Mr Johnson to take the inaugural title, said the Sunshine Coast already had a great entrepreneurial culture and he wanted to build on that.

"Companies across the Asia-Pacific are starting to question why they would staff offices in crowded, costly metropolitan cities when they can base themselves in an idyllic and less costly location like the Sunshine Coast," he said.

"Connectivity and technology are certainly critical to attracting new businesses and the new Maroochydore CBD will offer both through the expanded Sunshine Coast Airport and state-of-the-art technology."

Daily Telegraph



Coast in 2040 - Queensland's Sunshine Coast

Sunshine Coast set to become next jobs powerhouse

Don Boyd, The Courier Mail
 16.11.2017 10:11am
 16 November 2017

THE Sunshine Coast could become Queensland's next jobs powerhouse - if it fully embraces the Asian Century.

Think of the Sunshine Coast and you likely conjure images of beautiful beaches and the heady Great Barrier Mountains.

But those idyllic scenes don't reveal the full story of this region - or where it is heading.

Courier & Mail



16 November 2017

Sunshine Coast mayor predicts Maroochydore will be state capital

THE SUNSHINE COAST Mayor Mark Hutchings has predicted Maroochydore will become Queensland's state capital.

QUEENSLAND'S next state capital will be Maroochydore.

The elderly prediction came from Sunshine Coast Mayor Mark Hutchings at the Local Government Association of Queensland Future Cities Summit.

"Here we are in Brisbane - one of the southern suburbs of the Sunshine Coast," Mr Hutchings said to the room full of experts. "A distant level city representing the new state capital at Maroochydore."

BOOKS: Coast central project to revitalise Maroochydore's heart

Herald Sun



16 November 2017

Foundations being laid for Sunshine Coast's new city centre

16 November 2017, The Courier Mail
 16:11:21
 16 November 2017



WE'RE GETTING YOUNGER RICHER SMARTER

TOP FUTURIST SAYS COAST'S FUTURE LOOKS BRIGHT

SCOTT SAWYER
 Mr Sawyer is a futurist, author of 'The Future of Australia' and a member of the Australian Future Council. He is also a member of the Queensland Future Council.

Mr Sawyer's Future Coast is driven by both savvy Millennials, "Nortons" businesses and a swell of young families drawn to the region, as he predicted the Coast's population to rise to about 550,000 by 2040.

Driving that growth is an increase in young families, with our school-age population predicted to rise from 63,000 to 90,000 by 2040 and the 39-49 age bracket to increase from 88,000 to 101,000 in 2040.

In his report The Australian City regarding the Sunshine Coast in 2040, Mr Sawyer predicts a breakthrough of the higher culture in the region, as knowledge and tech savvy young workers are attracted to the new Maroochydore CBD.

His report - commissioned by Sunshine Coast Council-owned SunCentral, the company developing the new Maroochydore CBD - said the increased attention to the region would drive a more energetic lifestyle full of sporting activity, entrepreneurs and tech.

NEW GENERATION: Mackenzie Reardon, Jordan Josic and Jacinta O'Shea represent the Coast's future population.

PHOTO: WARREN LYNAM

WHAT THEY HAVE SAID

Goodbye wheelie bins and rubbish trucks. Hello Australia's first-ever automatic underground rubbish recycling. Maroochydore will be the first city in Australia to unveil the automatic underground pneumatic waste system, which is already in place in Stockholm, Seoul, Barcelona, London, Singapore and Beijing.

[BRISBANE TIMES](#)

It's not often that the chance to redevelop a city's CBD from scratch comes along, but that's just what's happening in Maroochydore, where a former golf course will become the largest greenfield development in Australia. And it is not just a carbon copy of other towns - but instead the first in a new breed of properly 'smart cities'.

[THE AUSTRALIAN FINANCIAL REVIEW](#)

Think of the Sunshine Coast and you'll most likely conjure up images of stunning surf beaches and the spectacular Glasshouse Mountains. However, in Maroochydore, just a kilometre from the Pacific shore, an entire CBD is currently being built from scratch.

[CEO MAGAZINE](#)

Seven years after the GFC dealt a major blow to the Sunshine Coast, the region is well and truly back in business. Projects such as the \$1.8 billion university hospital, the Sunshine Coast airport expansion and development of the new Maroochydore CBD have buoyed business confidence.

[SYDNEY MORNING HERALD \(ONLINE\)](#)

The Sunshine Coast suburb of Maroochydore is pushing ahead with its ambitious technology blueprint with the tourist town the first to use Facebook Messenger to host a virtual tour guide. The interactive chatbot will have conversations over Facebook Messenger with people seeking further information about the history and future plans for the new CBD and surrounding area.

[THE AUSTRALIAN](#)

An hour north of Brisbane lies Maroochydore, which is set to make a name for itself as one of Australia's most technologically advanced cities and is appointing what is believed to be an Australian first, an entrepreneur-in-residence for a CBD.

[THE AUSTRALIAN](#)

With one of Queensland's fastest-growing populations, Maroochydore is ripe for urban renewal. Creating Maroochydore City Centre, 10 minutes from Sunshine Coast Airport, will breathe new life into the region. The project is estimated to bring 30,000 new jobs by 2040 and provide a \$5.9 billion boost to Queensland's economy.

[THE SUNDAY AGE](#)

An alfresco dining precinct with restaurants and bars lining new city streets and a central waterway for workers, residents and visitors is being created in Maroochydore's heart. SunCentral Maroochydore CEO John Knaggs said the plans for the new city centre reflected a region coming of age.

[THE COURIER-MAIL](#)



Demographer Bernard Salt said the new Maroochydore CBD would lure start-up businesses and national head offices attracted by a local workforce, a focus on technology innovation and the relaxed lifestyle.

[THE AGE \(ONLINE\)](#)

MARKETING INITIATIVES 2017



DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2017

The Directors present their report together with the financial report of SunCentral Maroochydore Propriety Limited (the Company) for the reporting period from 1 July 2016 to 30 June 2017.

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
Dr Doug McTaggart Bec (Hons), MA, PhD, DUniv, FAICD, SF Fin. Chairperson Independent Non-Executive Director	Extensive experience in corporate leadership, commercial development, infrastructure financing and investment. Currently a director of Suncorp Group, Spark Infrastructure (Chairman) and QIMR Berghofer Institute of Medical Research (Chairman). Also a member of the ANU Council and the Land Account Expert Advisory Panel for the Indigenous Land Corporation. Appointed as Director and Chairperson in March 2015.
Mr Don Boyd BA, LLB Independent Non-Executive Director	Extensive understanding of brand development marketing, structuring commercial developments and managing complex organisational challenges. Directorships include Moore Stephen Australia Pty Ltd, Baldwins Pastoral Holdings Pty Ltd, Logan Downs Pty Ltd, Russell Estates Pty Ltd, Tarranalama Pty Ltd, Rohrig Investments Pty Ltd, Rohrig Properties Pty Ltd, Rohrig Holdings Pty Ltd, Rohrig Group Pty Ltd, Rohrig (Qld) Pty Ltd, Rohrig (NSW) Pty Ltd, Rohrig (Vic) Pty Ltd and Rohrig (HK) Pty Ltd and consultant for Norton Rose Fulbright Australia. Appointed Director in March 2015.
Mr Michael Kerry BA (Hons), MCD Independent Non-Executive Director	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. Appointed Director in March 2015.
Ms Jude Munro AO BA (Hons), Grad Dip Public Policy, Grad Dip Business Administration, FIPAA, FAICD, awarded keys to the City of Brisbane. Independent Non-Executive Director	Extensive experience and knowledge of corporate governance practices, 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 & Associates. Previous appointments included 10 years as the CEO of Brisbane City Council and Chair, Queensland Urban Utilities and Director, AirServices Australia. Appointed Director in March 2015.
Mr Morgan Parker LLB Independent Non-Executive Director	Extensive global experience in master-planned urban development, investment financing and marketing. Currently Chief Operating Officer at Dubai Holding and a member of numerous real estate industry boards across Asia. Appointed Director in March 2015.

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

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2017

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.

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	8	9	3	4
Mr M J Kerry	8	9		
Ms J R Munro (AO)	7	9	3	4
Mr M B Parker	8	9		

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 and Mr. Don Boyd. The meeting is attended by the Company's Chief Executive Officer and Company Secretary/Financial Controller. 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 2017

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 \$11,627,393 of which \$11,275,997 was provided by the parent entity, Sunshine Coast Regional Council. Development costs incurred in the pursuit of the company's objectives totalled \$9,502,341. The profit for the Company for the reporting period amounted to \$12,365 (2016: \$99,485).

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

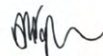
No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

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 16.

This report is made with a resolution of the Directors:



Dr Douglas McTaggart
Chairman

Dated at Maroochydore this day 18 of September 2017.

AUDITOR'S INDEPENDENCE DECLARATION

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 reporting period ended 30 June 2017, 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.

C.G. Strickland



CG STRICKLAND
(as Delegate of the Auditor-General of Queensland)

Queensland Audit Office
Brisbane

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017	2016 (12 January 2015 to 30 June 2016)
		\$	\$
Income			
Revenue	4	11,587,341	9,027,936
Investment income	5	40,052	47,849
Total Income		11,627,393	9,075,785
Expenses			
Development Costs	6a	9,502,341	6,499,584
Operating Expenses	6b	2,109,636	2,475,367
Depreciation and amortisation	12	3,052	1,350
Total Expenses		11,615,028	8,976,300
Net profit/(loss) before income tax		12,365	99,485
Net profit/(loss) for the year		12,365	99,485
Other comprehensive income		-	-
Total comprehensive income for the year		12,365	99,485
Profit attributable to:			
Parent Entity		12,365	99,485

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	2017	2016
			(12 January 2015 to 30 June 2016)
		\$	\$
Assets			
Current Assets			
Cash and cash equivalents	9	945,634	861,829
Trade and other receivables	10	3,313,526	753,620
Other assets	11	25,243	3,597
Total Current Assets		4,284,403	1,619,046
Non-Current Assets			
Property, plant and equipment	12	14,848	934
Total Non-Current Assets		14,848	934
Total Assets		4,299,251	1,619,980
Liabilities			
Current Liabilities			
Trade and other payables	13	3,544,567	909,198
Employee benefit provisions		-	-
Total Current Liabilities		3,544,567	909,198
Non-Current Liabilities			
Employee benefit provisions		142,833	111,297
Total Non-Current Liabilities		142,833	111,297
Total Liabilities		3,687,400	1,020,495
Net Assets		611,851	599,485
Equity			
Equity attributable to Parent Entity:			
Share capital	16	500,000	500,000
Retained earnings		111,851	99,485
Total Equity		611,851	599,485

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Share Capital (Ordinary)	Retained Earnings	Total
	\$	\$	\$
Balance as at 1 July 2016	500,000	99,485	599,485
Comprehensive income			
Profit for the year	-	12,365	12,365
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year attributable to members of the parent entity	-	12,365	12,365
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 2017	500,000	111,851	611,851

	Share Capital (Ordinary)	Retained Earnings	Total
	\$	\$	\$
Balance as at 12 January 2015	-	-	-
Comprehensive income			
Profit for the year	-	99,485	99,485
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year attributable to members of the parent entity	-	99,485	99,485
Transactions with owners, in their capacity as owners, and other transfers	-	-	-
Shares issued during the year	500,000	-	500,000
Dividends paid or provided for	-	-	-
Total transactions with owners and other transfers	500,000	-	500,000
Balance at 30 June 2016	500,000	99,485	599,485

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017	2016
			(12 January 2015 to 30 June 2016)
		\$	\$
Cash flows from operating activities			
Cash receipts from customers		10,186,162	9,171,058
Cash paid to suppliers and employees		(10,125,444)	(8,844,789)
Cash generated from operating activities		60,719	326,269
Interest received		40,052	37,846
Net cash generated from operating activities	18	100,771	364,114
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	781
Acquisition of property, plant and equipment		(16,965)	(3,066)
Net cash used in investing activities		(16,965)	(2,285)
Cash flows from financing activities			
Proceeds from issue of share capital		-	500,000
Net cash provided by financing activities		-	500,000
Net increase/(decrease) in cash and cash equivalents		83,805	861,829
Cash and cash equivalents at 1 July 2016		861,829	-
Cash and cash equivalents as at 30 June 2017	9	945,634	861,829

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. Reporting entity concept

SunCentral Maroochydore Propriety Limited (the Company) is a private company limited by shares, incorporated and domiciled in Australia. The address of the Company's registered office is 1/7 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. Significant accounting policies

The accounting policies set out below 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 is effective from 1 January 2018 and will replace 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.

There are no other standards that are not yet effective that would be expected to have a material impact on the Company in current or future reporting periods.

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 2016 through to 30 June 2017. The Comparative period represents the reporting period from the date of the company's incorporation (12 January 2015) to the 30 June 2016.

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 2017

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. Foreign currency

Transactions in foreign currencies are translated to Australian dollars at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Australian dollars at the foreign exchange rate on that date. Foreign currency differences arising on translation are recognised in income or expense.

g. 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.

h. 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.

i. 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 27 days of recognition of the liability.

j. Financial instruments

i. Non-derivative financial assets

The Company initially recognises loans, 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 2017

3. Basis of preparation cont.

k. 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.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and 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.

l. 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.

m. 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.

n. 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 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 2017

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.

o. 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.

p. 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.

q. Finance income

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

r. 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.

s. 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 2017

4. Revenue	2017	2016
	\$	\$
The Company's revenue for the reporting period consist of the following:		
Development Revenue		
Construction Revenue	8,063,127	5,353,575
Land Maintenance	71,244	75,338
Sales and Marketing	1,367,969	1,070,671
Total Development Revenue	9,502,341	6,499,584
Development Management Fee	2,040,000	2,317,808
Other Income		
Sundry income	45,000	210,545
	11,587,341	9,027,936

5. Investment income	2017	2016
	\$	\$
Investment income for the reporting period consists of the following:		
Interest income on bank deposits	40,052	47,849
	40,052	47,849

6. Expenses	2017	2016
	\$	\$
a. Development Costs		
Approvals	15,995	26,000
Construction	6,852,773	3,493,371
Design	1,194,359	1,834,204
Land Maintenance	71,244	75,338
Sales & Marketing	1,367,969	1,070,671
	9,502,341	6,499,584
b. Operating Overheads		
Board & Governance costs	450,047	551,792
Financial costs	24,946	37,997
General costs	13,471	12,079
Information Technology & Communication costs	43,975	73,969
Premises costs	76,213	77,590
Staff costs	912,666	1,109,910
Contractor / Consultant costs	588,318	612,030
	2,109,636	2,475,367

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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)	2017	2016
	\$	\$
Short term employee benefits		
Salaries and wages	729,646	874,591
Annual leave	2,008	56,399
Post employment benefits		
Superannuation	78,425	93,535
Other long term employee benefits		
Long service leave	27,029	111,297
	837,109	1,135,822

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. In the 2016 period, a significant portion of the increase in the liability for annual leave and long service leave related to the transfer of leave accrued by the Chief Executive Officer of the Company in his former role as Chief Executive Officer of the Parent Entity. The transfer of these leave balances and associated liabilities to the Company was authorised by the parent entity.

b. Key management personnel benefit provision

Opening balance at the beginning of the year	111,297	-
Provisions raised during the year	27,029	111,297
Amounts used	-	-
Balance at the end of the year	138,327	111,297
Analysis of provisions		
Current:		
Long service leave entitlements	-	-
	-	-
Non-Current:		
Long service leave entitlements	138,327	111,297
	138,327	111,297

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

8. Employee remuneration

Included in operating overheads for the reporting period are the following expenses:

	2017	2016
	\$	\$
Salaries and wages	319,631	322,985
Superannuation	36,954	36,243
Increase/(Decrease) in liability for annual leave	1,706	8,621
Increase/(Decrease) in liability for long service leave	4,504	-
	362,796	367,849

9. Cash and cash equivalents

	2017	2016
	\$	\$
Cash and cash equivalents consist the following:		
Cash at bank - unrestricted	475,634	91,829
Call Deposits	470,000	770,000
Cash and cash equivalents in the statement of cash flows	945,634	861,829

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

	2017	2016
	\$	\$
Trade and other receivables consist of the following:		
Trade debtors - parent entity	3,205,743	743,618
GST receivable	9,663	-
Accrued development revenue	96,707	-
Interest receivable	1,412	10,003
	3,313,526	753,621

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

	2017	2016
	\$	\$
Prepayments	25,243	3,598
	25,243	3,598

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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 2016	181	926	1,177	2,284
Additions at cost	6,650	10,316	-	16,966
Disposals	-	-	-	-
Closing gross value as at 30 June 2017	6,831	11,242	1,177	19,250
Accumulated Depreciation & Impairment				
Opening accumulated depreciation balance as at 1 July 2016	55	594	701	1,350
Depreciation provided during period	154	2,422	476	3,052
Closing accumulated depreciation and impairment as at 30 June 2017	209	3,016	1,177	4,402
Total book value at period end	6,622	8,226	-	14,848

Measurement at cost	Office Furniture \$	Office Equipment \$	Leasehold Improvements \$	Total \$
Asset Values				
Opening Gross Value as at 12 January 2015	-	-	-	-
Additions at cost	181	1,708	1,177	3,066
Disposals	-	-782	-	-782
Closing gross value as at 30 June 2016	181	926	1,177	2,284
Accumulated Depreciation & Impairment				
Opening accumulated depreciation balance as at 12 January 2015	-	-	-	-
Depreciation provided during period	55	594	701	1,350
Closing accumulated depreciation and impairment as at 30 June 2016	55	594	701	1,350
Total book value at period end	126	332	476	934

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

13. Trade and other payables	2017	2016
	\$	\$
Trade and other payables recognised consist of the following:		
Unsecured liabilities:		
Trade creditors	427,960	96,925
Trade and other payables	-	71
Annual Leave	70,242	65,020
Accrued expenditure	2,973,421	611,256
GST liability	-	54,665
Payroll liabilities	72,945	68,010
Amounts payable to:		
- ultimate parent entity	-	13,252
	<u>3,544,567</u>	<u>909,199</u>
Financial liabilities at amortised cost classified as trade and other payables:		
Trade and other payables:		
- total current	3,544,567	909,199
Less other payables (net amount of GST payable)	-	(54,665)
Financial liabilities as trade and other payables:	<u>3,544,567</u>	<u>854,534</u>

The average credit period on trade and other payables (excluding GST payable) is 27 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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 2017

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.

	2017	2016
	\$	\$
Cash and cash equivalents	945,634	861,829
Trade and other receivables	3,313,526	753,621
	4,259,160	1,615,450

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

Australia	3,313,526	753,621
Other regions	-	-
	3,313,526	753,621

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

Parent Entity	3,205,743	743,618
Other	1,412	10,003
	3,207,156	753,621

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 2017	Impairment 2017	Gross 2016	Impairment 2016
	\$	\$	\$	\$
Not past due	3,205,743	-	743,618	-
Past due 31-60 days	-	-	-	-
Past due 61-90 days	-	-	-	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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>	2017	2016
	\$	\$
- less than 12 months	3,544,567	854,533
- more than 12 months but not later than 5 years	-	-
- greater than 5 years	-	-
	3,544,567	854,533

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. Capital and reserves

	2017	2016
	\$	\$
Ordinary Shares in issue as at commencement of reporting period	500,000	-
Issued for cash	-	500,000
In issue at 30 June 2017 - fully paid	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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

17. Construction and leasing commitments

a. Operating lease commitments

Non-cancellable operating leases contracted for but not recognised in the financial statements.

Payable - minimum lease payments:	2017	2016
	\$	\$
Not later than 12 months	65,433	63,612
Later than 12 months but not later than five years	38,093	9,020
Later than 5 years	-	-
	103,526	72,632

The property lease is a non-cancellable lease with a 1 year term, with rent payable monthly in advance. There is no provision within the lease agreement for annual rental increases. An option exists to renew the lease at the end of the 1 year term for an additional term of 1 year.

b. Construction contract commitments

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

Payable - minimum payments:	2017	2016
	\$	\$
Not later than 12 months	22,735,513	1,865,825
Later than 12 months but not later than five years	-	-
Later than 5 years	-	-
	22,735,513	1,865,825

18. Reconciliation of cash flow from operating activities

	2017	2016
	\$	\$
Cash flows from operating activities		
Net profit / (loss) for the year	12,365	99,485
Adjustments for:		
Depreciation	3,052	1,350
Operating surplus before changes in working capital and provisions	15,417	100,835
Change in trade and other receivables	(2,558,832)	(743,618)
Change in prepayments	(21,645)	(3,598)
Change in trade and other payables	2,625,704	909,201
Change in provisions and employee benefits	31,536	111,297
Change in accrued interest	8,591	(10,003)
Net cash generated from operating activities	100,771	364,114

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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.

	2017	2016
	\$	\$
The following transactions occurred with related parties:		
Revenue		
Parent entity - Sales of goods and services	11,275,997	9,027,846
Associate of the Parent Entity - Sales of goods and services	311,344	-
Expenditure		
Parent entity - Purchase of goods and services	12,537	141,462
Associate of the Parent Entity - Purchase of goods and services	23,495	-

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:

	2017	2016
	\$	\$
Audit of the financial statements by the Auditor General of Queensland	23,000	22,000
Review of the preparation of the financial statements for audit by Poole Group	-	10,000
	23,000	32,000

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

21. Contingent liabilities

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

	2017	2016
	\$	\$
Indemnity amount provided to the Local Government Workcare Bank Guarantee	7,021	5,466
	7,021	5,466

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 2017

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

- a. the financial statements and notes, set out on pages 17 to 35 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 2017 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 18 of September 2017.

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 2017, and its financial performance and cash flows for the year then ended
- b) complies with the *Corporations Act 2001*, the Corporations Regulations 2001 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2017, 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 summaries of 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 entity 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 same time as the 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 in the company's annual report

The company's directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 2017, but does not include the financial report and my auditor's report thereon. 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.


CG STRICKLAND
as delegate of the Auditor-General



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SunCentral

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