



SunCentral®

ANNUAL REPORT

SunCentral Maroochydore Pty Ltd
A.B.N. 92 603 652 231
For the period ended 30 June 2016

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Contents

4	Chairman's Foreword
5	Chief Executive Officer's Foreword
6	Achievements & Future Prospects
12	Directors' Report for the Period Ended 30 June 2016
15	Auditor's Independence Declaration
16	Statement of Profit or Loss and other Comprehensive Income for the Period Ended 30 June 2016
17	Statement of Financial Position as at 30 June 2016
18	Statement of Changes in Equity for the Period Ended 30 June 2016
19	Statement of Cash Flows for the Period Ended 30 June 2016
20	Notes to the Financial Statements for the Period Ended 30 June 2016
33	Directors' Declaration

Chairman's Foreword



On behalf of the Board of Directors, it is my pleasure to provide the foreword for SunCentral Maroochydore's first official Annual Report and outline the progress made since the company was incorporated in January 2015.

We have moved ahead in leaps and bounds in the intervening period and it is extremely rewarding to watch the Sunshine Coast's new central business district start to take shape.

Following demolition works in 2015, our first major construction contract was awarded to Shadforths Civil Contractors in February 2016 and substantial site works have been undertaken in preparation for civil works to begin before the end of the calendar year.

The first stage of the project focuses on the core commercial precinct, where prime office buildings will sit alongside retail, dining and leisure precincts complete with new parks, plazas and waterways.

The design includes smart city infrastructure with the latest digital technology and a network of paths for cyclists and pedestrians to move seamlessly from work to play and day to night.

We have been actively promoting the project over the last six months and significant progress has also been made behind the scenes, working with key government, business and community stakeholders to ensure all are informed about activities on site and our plans for the future.

I am pleased to say that the Maroochydore City Centre development enjoys widespread support across each of these sectors and we will continue to work hard to build on that goodwill, both locally and further afield.

In a major milestone, SunCentral Maroochydore launched the project to market in late June 2016, inviting Expressions of Interest in Precincts 3 and 6 of the new CBD.

Interest from investors, developers and future tenants to date has been very encouraging and we look forward to revealing more details in the months ahead.

The vision for Maroochydore's new CBD reflects a region coming of age, with more than 500,000 people expected to call the Sunshine Coast home by 2035.

At its heart will be a vibrant new commercial, residential, retail and cultural centre, purpose-built to cater for the region's growth.

I congratulate all involved on a successful start to this unique development.

A handwritten signature in dark ink, appearing to read 'DMcTaggart', written in a cursive style.

Dr Douglas McTaggart
Chairman, SunCentral Maroochydore

Chief Executive Officer's Foreword



This time last year, SunCentral Maroochydore Pty Ltd was a fledgling company that was about to take possession of the new city centre site. We were still finalising staffing and office arrangements and establishing procurement and other processes to guide our operations.

How far we've come.

In the past 12 months we've achieved our goals of lodging precinct plans, completing demolition works, commencing preliminary construction on site, creating widespread brand awareness and launching the project to market by inviting Expressions of Interest in the core commercial precincts of the new CBD.

During that period, we have successfully navigated complex challenges and legislative requirements, the Development Scheme has been gazetted and we were granted a critical exemption from a Local Government Regulation to give us greater flexibility in our approach to marketing the new city centre.

Since Premier Anastacia Palaszczuk, together with Sunshine Coast Mayor Mark Jamieson, turned the first sod on the site in February 2016, the project has received strong government endorsement and we have met with senior government representatives on numerous occasions to detail our progress and discuss potential opportunities.

We have also made a concerted effort to keep Sunshine Coast residents informed through presentations to community and business groups, project newsletters and regular media briefings.

These are just some of the highlights from 2015-16 and further details of our achievements are available in the pages that follow. It's been a hectic year and I'm extremely proud of the progress we've made in such a short space of time.

The level of community support and investor interest we have received further confirms my view that we are creating something very special for the region and a lasting legacy for future generations.

The new Maroochydore City Centre is expected to generate 5000 jobs by 2020, 15,000 jobs by 2025 and 30,000 jobs by 2040. It will broaden and deepen the region's economic base, offer significant opportunities to attract and retain talent on the Sunshine Coast, and inject an estimated \$4.4 billion into the local economy.

This is just the beginning but already we are seeing tangible results and early indications of the exciting future that lies ahead.

A stylized handwritten signature in black ink, consisting of a large 'J' followed by a horizontal line and a small dot.

John Knaggs

Chief Executive Officer, SunCentral Maroochydore

Major Achievements & Future Prospects



Mayor Mark Jamieson, SunCentral Maroochydore CEO John Knaggs and Qld Premier Anastacia Palaszczuk.

Major Achievements

2015

JANUARY	SunCentral Maroochydore Pty Ltd incorporated
MARCH	SunCentral Maroochydore Board appointments announced
MAY	Horton Park Golf Club relocate to Maroochy River Golf Club at Bli Bli
JUNE	SunCentral Maroochydore takes formal possession of the former Horton Park Golf Course
AUGUST	Inaugural Maroochy Music and Visual Arts Festival held on site
AUGUST	Demolition works commence on site
OCTOBER	Demolition works completed
NOVEMBER	Presentation to shareholder
DECEMBER	Bulk earthworks tender advertised

2016

FEBRUARY	Premier Anastacia Palaszczuk and Mayor Mark Jamieson turn the first sod on site
FEBRUARY	Shadforths Civil Contractors awarded bulk earthworks tender and commence works on site
APRIL	Ministerial endorsement of Development Scheme amendment
MAY	Precinct Plans approved by Economic Development Queensland
MAY/JUNE	Investment Mission with Mayor Mark Jamieson to Hong Kong, Shenzhen, Shanghai and South Korea
JUNE	Maroochydore, the Bright City branding adopted and unveiled
JUNE	Expressions of Interest open for Precincts 3 and 6 and national advertising campaign commences

SOME OF OUR TOP STORIES IN 2016

1.



2.



3.



4.



5.



6.

1. Australian Financial Review, June 2016
2. TheUrbanDeveloper.com, February 2016
3. Sky Business News, June 2016
4. Nine News Qld
5. Courier Mail, March 2016
6. Sunshine Coast Daily, February 2016
7. Seven Local News, June 2016

“A rare opportunity for commercial operators... a greenfield city in an urban area... You don’t often get a brand new CBD being created.”

Sky Business News

“Maroochydhore’s SunCentral development is tipped to be the most technologically integrated CBD ever built in Australia.”

News.com.au



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WHAT THEY HAVE SAID

“SunCentral Maroochydhore will next week call for expressions of interest for its commercial zone, with a particular focus on targeting institutional and private equity investors and large tenants.”

Australian Financial Review

“A new future for the Sunshine Coast begins on Thursday when Queensland Premier Annastacia Palaszczuk "turns the sod" on a 50-hectare new development in the heart of Maroochydhore.”

Sydney Morning Herald



Future Prospects

2016/17

- Ongoing project and precinct marketing - national and international
- Announcement of automated waste collection system
- Bulk excavation for Stage 1 completed
- Stage 1 civil works commenced
- Ongoing commercial negotiations
- Civil works ongoing for balance of year and into 2017/18

2017/18

- Project and precinct marketing
- Titles issued for first commercial lots
- First commercial contracts
- Stage 1 civil works completed
- Potential for early works for first commercial buildings

Directors' Report for the Period Ended 30 June 2016

The Directors present their report together with the financial report of SunCentral Maroochydore Propriety Limited (the Company) for the reporting period from the date of incorporation, 12 January 2015 to 30 June 2016.

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 Chair Independent Non-Executive Director	Extensive experience in corporate leadership, commercial development, infrastructure financing and investment. A director of Suncorp Group, Spark Infrastructure and QIMR Berghofer Institute of Medical Research (Chairperson). Also a member of the ANU Council, AICD State Council and the Land Account Expert Advisory Panel for the Indigenous Land Corporation. Appointed as Director and Chair 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, Asia Society Australasia Centre, 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. Urban Management Advisor and a Director of Capital Metro ACT. Appointed Director in March 2015.
Mr Greg Laverty Bbus (Acc), CPA, MAICD, AGIA Non-Executive Director	Extensive expertise in finance, governance and local government. Currently Director of Economic Development and Major Projects of the Sunshine Coast Regional Council. Appointed Director in January 2015 and resigned in April 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 practises, managing stakeholder relations and infrastructure financing and delivery models. Current directorships include Uniting Care Queensland, Iridium Recruitment Pty Ltd, Jude Munro & Associates and Newcastle Airport Pty Ltd. Previous appointment included 10 years as the CEO of Brisbane City Council. 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 advises numerous corporations and sovereign entities across Asia and the Middle-East. 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 Period Ended 30 June 2016

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 McTaggart	12	13		
Mr D Boyd	13	13	1	1
Mr M Kerry	11	13		
Mr G Lavery	1	1		
Ms J Munro (AO)	11	13	1	1
Mr M Parker	12	13		

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

Audit, Risk & Remuneration Committee Meetings

The Audit, Risk & Remuneration Committee comprises Ms. Judith Munro (AO) as Chair and Mr. Donald 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 Period Ended 30 June 2016

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.

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.

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

Following the incorporation of the company on 12 January 2015, the company officially began operating on 4 May 2015. During the reporting period the company generated income of \$9,075,785, of which \$9,027,936 was provided by the parent entity, Sunshine Coast Regional Council. Development costs incurred in the pursuit of the company's objectives totaled \$6,499,584. The profit for the Company for the reporting period amounted to \$99,485.

Significant Changes in the State of Affairs

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

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 15.

This report is made with a resolution of the Directors:



Dr Doug McTaggart
Chairman

Dated at Maroochydore this day 26th of September 2016.

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 2016, 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.


D A STOLZ FCPA
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane

Statement of Profit or Loss and other Comprehensive Income for the Period Ended 30 June 2016

	Note	2016
		\$
Income		
Revenue	4	9,027,936
Investment Income	5	47,849
Total Income		9,075,785
Expenses		
Development Costs	6a	6,499,584
Operating Expenses	6b	2,475,367
Depreciation and amortisation	12	1,350
Total Expenses		8,976,300
Net profit/(loss) before income tax		99,485
Income tax expense		-
Net profit/(loss) for the period		99,485
Other comprehensive income		-
Total comprehensive income for the period		99,485
Profit attributable to:		
Parent Entity		99,485

Statement of Financial Position as at 30 June 2016

	Note	2016
		\$
Assets		
Current Assets		
Cash and cash equivalents	9	861,829
Trade and other receivables	10	753,620
Other assets	11	3,597
Total Current Assets		1,619,046
Non-Current Assets		
Property, plant and equipment	12	934
Total Non-Current Assets		934
Total Assets		1,619,980
Liabilities		
Current Liabilities		
Trade and other payables	13	909,198
Employee benefit provisions		-
Total Current Liabilities		909,198
Non-Current Liabilities		
Employee benefit provisions	7b	111,297
Total Non-Current Liabilities		111,297
Total Liabilities		1,020,495
Net Assets		599,485
Equity		
Equity attributable to Parent Entity:		
Share capital	16	500,000
Retained earnings		99,485
Total Equity		599,485

Statement of Changes in Equity for the Period Ended 30 June 2016

	Share Capital (Ordinary)	Retained Earnings	Total
	\$	\$	\$
Balance as at 12 January 2015	-	-	-
Comprehensive income			
Profit for the period	-	99,485	99,485
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period 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 period	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 Period Ended 30 June 2016

	Note	2016
		\$
Cash flows from operating activities		
Cash receipts from customers		9,171,058
Cash paid to suppliers and employees		(8,844,789)
Cash generated from operating activities		326,269
Interest received		37,846
Net cash generated from operating activities	18	364,114
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment		781
Acquisition of property, plant and equipment		(3,066)
Net cash used in investing activities		(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		861,829
Cash and cash equivalents as at 30 June 2016	9	861,829

Notes to Financial Statements for the Period Ended 30 June 2016

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.

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

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 the Company's date of incorporation (12 January 2015) through to 30 June 2016. As a result, there is no comparative information available for presentation against the reporting period.

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, if not otherwise stated that measurement is at fair value.

The amounts presented in the financial statements have been rounded to the nearest dollar.

d. Functional and presentation currency

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

e. Use of estimates and judgements

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

f. 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 6 days of recognition of the liability.

Notes to Financial Statements for the Period Ended 30 June 2016

3. Basis of preparation cont.

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 3g) and receivables (refer to Note 3h). 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 3i). 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.

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.

Notes to Financial Statements for the Period Ended 30 June 2016

3. Basis of preparation cont.

I. 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.

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 in Note 7.

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 behalf to the parent entity.

Development Management Fee: Income derived from the parent entity, corresponding to the costs incurred by the Company in 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 net 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 Period Ended 30 June 2016

4. Revenue 2016

\$

The Company's revenue for the reporting period consist of the following:

Development Revenue

Construction Revenue	5,353,575
Land Maintenance	75,338
Sales and Marketing	1,070,671
Total Development Revenue	6,499,584
Development Management Fee	2,317,808

Other Income

Sundry income	210,545
	9,027,936

5. Investment income 2016

\$

Investment income for the reporting period consist of the following:

Interest income on bank deposits	47,849
	47,849

6. Expenses 2016

\$

a. Development Costs

Approvals	26,000
Construction	3,493,371
Design	1,834,204
Land Maintenance	75,338
Sales & Marketing	1,070,671
	6,499,584

b. Operating Expenses

Board & Governance costs	551,792
Financial costs	37,997
General costs	12,079
Information Technology & Communication costs	73,969
Premises costs	77,590
Staff costs	1,109,910
Contractor / Consultant costs	612,030
	2,475,367

Notes to Financial Statements for the Period Ended 30 June 2016

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:

	2016
	\$
a. Key management personnel compensation (or remuneration)	
Short term employee benefits	
Salaries and wages	874,591
Annual leave	56,399
Post employment benefits	
Superannuation	93,535
Other long term employee benefits	
Long service leave	111,297
	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.

A significant portion of the increase in liability for annual leave and long service leave relates to the transfer of leave accrued by the Chief Executive Officer to the Company from the parent entity, as authorised by the parent entity as a result of his employment with the parent entity.

	2016
	\$
b. Key management personnel benefit provision	
Opening balance at the beginning of the year	-
Provisions raised during the year	111,297
Amounts used	-
Balance at the end of the year	111,297
Analysis of provisions	
Current:	
Long service leave entitlements	-
	-
Non-Current:	
Long service leave entitlements	111,297
	111,297

Notes to Financial Statements for the Period Ended 30 June 2016

8. Employee remuneration 2016

\$

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

Salaries and wages	322,985
Superannuation	36,243
Increase/(Decrease) in liability for annual leave	8,621
	367,849

9. Cash and cash equivalents 2016

\$

Cash and cash equivalents consist the following:

Cash at bank and at hand	91,829
Call Deposits	770,000
Cash and cash equivalents in the statement of cash flows	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 2016

\$

Trade and other receivables consist of the following

Trade debtors - parent entity	743,618
Interest receivable	10,003
	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 2016

\$

Prepayments	3,598
	3,598

Notes to Financial Statements for the Period Ended 30 June 2016

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 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

13. Trade and other payables

2016

\$

Trade and other payables recognised consist of the following:

Unsecured liabilities:

Trade creditors	96,925
Trade and other payables	71
Annual Leave	65,020
Accrued expenditure	611,256
GST liability	54,665
Payroll liabilities	68,010

Amounts payable to:

- ultimate parent entity	13,252
	909,199

Notes to Financial Statements for the Period Ended 30 June 2016

13. Trade and other payables cont.

2016

\$

Financial liabilities at amortised cost classified as trade and other payables:

Trade and other payables:

- total current

909,199

Less other payables (net amount of GST payable)

(54,665)

Financial liabilities as trade and other payables:

854,534

The average credit period on trade and other payables (excluding GST payable) is 6 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 Period Ended 30 June 2016

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.

	2016
	\$
Cash and cash equivalents	861,829
Trade and other receivables	753,621
	1,615,450

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

Australia	753,621
Other regions	-
	753,621

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

Parent Entity	743,618
Other	10,003
	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	Impairment
	2016	2016
	\$	\$
Not past due	743,618	-
Past due 31-60 days	-	-
Past due 61-90 days	-	-

Notes to Financial Statements for the Period Ended 30 June 2016

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>	2016
	\$
- less than 12 months	854,534
- more than 12 months but not later than 5 years	-
- greater than 5 years	-
	854,534

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

	2016
	\$
Ordinary Shares in issue at 12 January 2015	-
Issued for cash	500,000
In issue at 30 June 2016 - fully paid	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 Period Ended 30 June 2016

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:	2016
	\$
Not later than 12 months	63,612
Later than 12 months but not later than five years	9,020
Later than 5 years	-
	72,632

The property lease is a non-cancellable lease with a 2 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 2 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 lease payments:	2016
	\$
Not later than 12 months	1,865,825
Later than 12 months but not later than five years	-
Later than 5 years	-
	1,865,825

18. Reconciliation of cash flow from operating activities

2016

\$

Cash flows from operating activities

Net profit / (loss) for the period	99,485
Adjustments for:	
Depreciation	1,350
	100,835

Change in trade and other receivables	(743,618)
Change in prepayments	(3,598)
Change in trade and other payables	909,201
Change in provisions and employee benefits	111,297
Change in accrued interest	(10,003)
Net cash generated from operating activities	364,114

Notes to Financial Statements for the Period Ended 30 June 2016

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.

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 Directors' 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.

2016

\$

The following transactions occurred with related parties:

Revenue

Parent entity - Sales of goods and services	9,027,846
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Expenditure

Parent entity - Purchase of goods and services	141,462
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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:

2016

\$

Audit of the financial statements by the Auditor General of Queensland	22,000
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Review of the preparation of the financial statements for audit by Poole Group	10,000
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	<u>32,000</u>
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Notes to Financial Statements for the Period Ended 30 June 2016

21. Contingent liabilities

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

	2016
	\$
Indemnity amount provided to the Local Government Workcare Bank Guarantee	5,466
	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. The ability of the Company to continue its operations at current levels is dependant upon future ongoing funding being provided by its parent entity 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 Period Ended 30 June 2016

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

- a. the financial statements and notes, set out on pages 16 to 32 are in accordance with the Corporations Act 2001, including:
 - i. compliance with Australian Accounting Standards;
 - ii. giving a true and fair view of the Company's financial position as at 30 June 2016 and of its performance for the period 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 Doug McTaggart

Chairman

Dated at Maroochydore this 26th day of September 2016.

INDEPENDENT AUDITOR'S REPORT

To the Members of SunCentral Maroochydore Pty Ltd

Report on the Financial Report

I have audited the accompanying financial report of SunCentral Maroochydore Pty Ltd, which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents

and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

In conducting the audit, the independence requirements of the *Corporations Act 2001* have been complied with. I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of SunCentral Maroochydore Pty Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In my opinion –

- (a) the financial report of SunCentral Maroochydore Pty Ltd is in accordance with the *Corporations Act 2001*, including –
- (i) giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the period ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.




D A STOLZ FCPA
as Delegate of the Auditor-General of Queensland

Queensland Audit Office
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THE BRIGHT CITY



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SunCentral

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