



ANNUAL REPORT



SunCentral®



ARTIST'S IMPRESSION

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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 2017-18 financial year.

While great progress has been achieved during the 2017-18 financial year, it is important to remember that building a new city centre for Maroochydore is a 15 to 20-year project.

This unique greenfield CBD development is still very much in its early stages, however the project is gaining the attention of major national and international investors and developers.

Most of the first stage of the city centre is either under negotiation or contract, with interest received from a diverse range of sectors including professional services/commercial, government, technology, health, education and residential.

The Expressions of Interest process has delivered many exciting prospects, with the potential to enliven new investment opportunities for both the private sector and government as the region grows.

The Sunshine Coast Regional Council has announced that it will establish its new civic headquarters in the Maroochydore City Centre and the University of the Sunshine Coast has also formalised its interest in the project.

SunCentral has been especially delighted by the strong local support that exists for the project. This financial year, Sunshine Coast-based development company Evans Long unveiled its vision for a five-storey office building in the city centre with 4460m² of commercial space.

The calibre of organisations that responded to our call for a preferred technology partner further served to reinforce the potential this project has to deliver one of Australia's most technologically advanced CBDs.

Interest in the Maroochydore City Centre project was also buoyed this financial year by Council's plan to connect the region to the global communication network via a sub-sea broadband cable, and the Federal Government's shortlisting of the North Coast Connect submission for a fast rail service linking the Sunshine Coast to Brisbane.

On behalf of the Board of Directors of SunCentral Maroochydore Pty Ltd, I thank our leadership team for its steady, considered stewardship of this project as we chart a course for long-term success.

A handwritten signature in black ink, appearing to read 'Doug McTaggart', with a stylized flourish at the end.

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.

What a difference 12 months can make! During the early construction stages of the Maroochydore City Centre, much of the progress lay hidden beneath the surface of this landmark 53-hectare site.

Installation of more than \$10 million worth of underground infrastructure in the first stage of the project was completed this financial year, including telecommunications and electrical supply conduits, water and sewerage mains and the underground automated waste collection system.

The \$37 million stage one civil construction program has supported approximately 150 jobs, the first of many thousands of employment opportunities to be created by the new CBD in the years ahead.

Now as our efforts shift to above-ground works and the CBD streets take shape, the vision is coming into sharp focus for all to see. The new city streets will be lined with hoop pine, Moreton Bay ash and other trees, and street furniture and other features are being installed.

There'll also be shaded pedestrian areas and a new 2800m² park to give the commercial precinct colour and open space for everyone to enjoy.

Work is expected to begin on the first buildings in the new CBD in 2019, creating hundreds of jobs both during and post construction, which will be a terrific boost for the local economy.

Sunshine Coast Regional Council's bold vision for an international sub-sea broadband cable is also likely to attract more national and even international attention for the project, given that Maroochydore will have Australia's fastest telecommunications and data connection to Asia and the second fastest to the United States.

A project of the size and scale of the future Maroochydore City Centre does not happen overnight, nor without the support of many talented staff, consultants, project specialists and external delivery partners.

I thank all those who have embraced this bold vision for a dynamic, desirable 21st Century CBD for the Sunshine Coast region.

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

Mr John Knaggs
CEO, SunCentral Maroochydore

MAJOR ACHIEVEMENTS

2017

JULY

Installation of the first underground pipes for the automated waste collection system

AUGUST

Third Maroochy Music and Visual Arts Festival held on site

SEPTEMBER

80 percent of Stage 1 underground automated waste collection system complete

DECEMBER

90 percent of Stage 1 underground infrastructure installed

2018

JANUARY

Expressions of Interest opened for a telecommunications and technology partner to help design and implement a digital strategy for the new Maroochy City Centre

FEBRUARY

Above-ground civil works commence in the core commercial precinct, including construction of new city streets, bike paths, walkways, street lightning and urban square

APRIL

Road asphalting commences in the core commercial precinct

JUNE

Sunshine Coast developers Evans Long unveil plans for a five storey office building in the Maroochy City Centre



FUTURE PROSPECTS

2018/19

Naming of streets and first park in the core commercial precinct

Completion of Stage 1A civil works

Construction of the first bridge in the core commercial precinct

Opening of the first street and new park in the core commercial precinct

Construction of the first buildings in the core commercial precinct commences

Commence works on new civic park

Construction of the first stage of the Corso

2019/20

Completion and occupation of first buildings

Completion of new civic park



SOME OF OUR TOP STORIES IN 2017 / 2018

MAROOCHYDORE CBD

Support grows for new hi-tech city centre

Many companies have already signed up to the unique project on the Sunshine Coast, writes **Nicola McDougall**.



BOOMING An artist's impression of the new Maroochydore CBD.

Construction of the first buildings in the Sunshine Coast's new central business district will start early next year, but there is already a wave of interest from companies keen to be a part of the unique development.

The 50-hectare greenfield site lies in the heart of Maroochydore, on the Sunshine Coast, which is a region that is entering a period of growth and economic expansion.

The Maroochydore CBD project is just one kilometre from the coast's world-class beaches and 10 kilometres from the Sunshine Coast Airport, which will offer direct flights to destinations in Asia and the Pacific when a new runway opens in 2020.

SunCentral Maroochydore Pty Ltd was established by the landowner, Sunshine Coast Regional Council, in 2015 to oversee design and delivery of the city centre development. SunCentral chief executive John Knaggs said approvals were in place for 150,000 square metres of commercial

gross floor area, 65,000 square metres of retail gross floor area and 2000 residential apartments, with the project's core commercial precinct currently in the market.

"There are productive negotiations under way for 90 per cent of the lots in that precinct and we expect to take other stages of the project to market later this year," Mr Knaggs said. "The market is calling for scale and that's what the new Maroochydore City Centre offers as a major urban regeneration project."

Plans are in the pipeline for light rail

to link the new CBD with the key coastal centres of Maroochydore and Caloundra, and for the federal government to provide funding to develop a business case for a fast rail service between Brisbane and the Sunshine Coast. A proposed international submarine broadband cable connecting directly to the Maroochydore City Centre site offers further potential to transform the region's economy.

Mr Knaggs said more than \$10 million in infrastructure had already been installed below the streets of the core commercial precinct to ensure the new CBD was one of

the most advanced in the country.

"There will be digital solutions for the management of street lighting, car parking, water and power and signage, and all public infrastructure power usage will be offset by the Sunshine Coast Regional Council's 15MW solar farm," he said. "We have also installed a system that will allow waste to be transported underground from residential and commercial buildings and parks and public spaces at 70km/h to a central collection area, creating Australia's first CBD without wheeled bins."

The new CBD will include commercial and mixed-use buildings, residential apartments, retail outlets, a premium hotel, and convention and exhibition facilities, with 40 per cent of the site dedicated to parks, plazas and waterways.

Mr Knaggs said the total construction cost of the 20-year project was estimated at \$2.1 billion in 2015. "The new CBD is expected to create more than 15,000 permanent jobs and inject more than \$4.4 billion into the local economy."

It will be a wonderful asset for the region and a desirable location in which to work, live, shop and dine, and to visit, he said.

"The future is certainly bright for Maroochydore as the capital city of the Sunshine Coast."



10 gigabit city rises

Developers look to make most of ultra-fast internet capabilities



STUART CAMPBELL

suncoast.com.au

THE foundations of a 10 gigabit city may look under development, but the reality is that the Sunshine Coast is already a 10 gigabit city.

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THE AGE

BUSINESS THE ECONOMY GOVERNMENT IT

Sunshine Coast goes it alone in \$1 billion cable project

By Tony Moore
1 December 2017 - 9:00pm

In the world of e-business, one second makes all the difference.

That one second could make a billion dollars worth of difference to the Queensland economy.

A plan would bring Australia's sixth undersea communications cable to the Sunshine Coast.

That is what the Sunshine Coast is counting on when, on Saturday, it calls for expressions of interest from the private sector to build a \$1 billion undersea communications cable into the Sunshine Coast.

Already more than 30 businesses from Singapore are interested.

On Saturday, the Sunshine Coast Regional Council will formally ask for the private sector to lodge its interest in providing the sixth undersea telecommunications link from the northern hemisphere into Australia.

MATTHEW EVANS
EVANS LONG DIRECTOR

WIN

MATTHEW EVANS
EVANS LONG

NEWS

SOME OF OUR TOP STORIES IN 2017 / 2018



FULL STEAM AHEAD: Work progresses on the first stage of the new Maroochydore city centre. PHOTO: SUNCENTRAL

First CBD 'residents' to put down roots

THE first 'residents' of the new Maroochydore CBD will be putting down roots in a matter of months.

But there won't be an apartment block in sight.

More than 320 trees are about to be planted in the new CBD, with a mixture of hoop pine, Moreton Bay Ash and other trees to provide the greenery in the first stage of the \$430 million city centre.

A 350sqm public park, tree-lined boulevard and shaded pedestrian pathways has kept landscape architect Trish Menzies, director of Vee Design, busy with the first, 8ha phase of the project.

Twelve thousand shrubs and ground covers will be used along with the trees to provide colour to the public square.

"The main street will be a tree-lined boulevard and shaded pedestrian environment," Ms Menzies said.

Hoop pines will act as gateways at junctions and mature trees will be planted on every corner.

A grove of Moreton Bay Ash trees will be planted in one corner of the park in the urban square, to provide a shaded sitting area.

Cabbage palms will also feature in the park, while a large open shelter overlooking the lawn will be at one end of the park.

About 95 per cent of the underground infrastructure required for the CBD has been installed in the first stage and the first buildings are set to begin construction from late-2018.



The shape of things to come in new CBD

Pivotal 53ha commercial site to drive region growth

THE new Maroochydore CBD is helping to shape the Sunshine Coast's future.

New shops, cycle paths, walkways and an urban square are starting to take shape, breathing life into the heart of the region.

With construction now coming out of the ground and becoming very visible, it's important that those behind the responsibility of developing the 53ha greenfield CBD also get right.

SunCentral CEO John Knaggs is excited by the challenges, and points to the generations that will benefit from the jobs created on such a prime site.

"It's a game-changer for the future with the Sunshine Coast headily heading for a population of 500,000."

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"Fundamentally, it is an economic development play. This will create 15,000 long-term jobs directly as a result of the new CBD when it comes out of the ground," says a long-term investor to the Sunshine Coast.

While being described as Australia's only greenfield business site, it was difficult to get comparisons, Mr Knaggs said.

"I don't know of any other CBDs in the world and it is the same with Southbank in Brisbane."

"What's critical is that we have a regional city and a capital city that has the power and grant of traditional and estate markets and a capital city economy behind it."

"You don't have that on the Sunshine Coast until it is a residential development."

The private sector would not have brought it out of the ground if the new government can't do it, he said.

"They do not have the public capital required."

Local government has understood what is needed for the Maroochydore CBD but the Queensland government has been very important in other ways.

It is the shared authority for what is in effect local government land so it was important in governance of strategic planning for council to keep at arms length. And the investment made for land parties.

Maroochydore, like Asota at Caloundra South, is a priority development area to accelerate economic growth.

Mr Knaggs said that with installation of underground infrastructure in the first stage of the project almost complete, a pivotal point in this project has been reached.

Great progress is also being made on other fronts. The interest received in 100% of the site in the core commercial precinct.

Mr Knaggs said negotiations were under way with a range of parties and construction of the first buildings of the site was expected to start later this year and into 2019.



Two deals for new city centre

Locals in \$45m investment

STUART CUMMINGS

any one year and have the building, says the following year. The following year, the building will be completed to allow a range of the space to be used.

"I can't see any other scenario where we can have the building in the first year," Mr Knaggs said.

"We're looking to have a year to build the building and then we can have the building in the first year."

Mr Knaggs said the building will be completed in the first year and then the building will be completed in the first year.

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CBD's streets open soon

SCOTT SAWYER

SCOTT.SAWYER@SUNCENTRAL.COM.AU

FROM the second half of this year the first streets of the region's new city centre will be open to the public.

Work is rolling on at the Maroochydore City Centre and development manager SunCentral's CEO John Knaggs said the first commercial buildings would also start to rise from the ground in the latter half of this year.

After a joint venture deal was struck last year which is set to create a new city hall and possible university campuses in the new CBD, Mr Knaggs said they were currently closing in on finalising deals for at least two other commercial buildings.

He expected those to be complete within the next month or so and said 2019 was shaping up as a "really exciting year".

The first six months of this year will be busy as civil works are wrapped up on Stage 1A, in the northern third of the 53ha site, and

above-ground works become visible with roads to be surfaced, footpaths constructed and landscaping to be carried out.

Expressions of interest are currently out for telecommunications providers to deliver digital services to the \$430 million project.

Mr Knaggs said they would negotiate with providers to lock down the best option to deliver Wi-Fi, fibre optic connections and maximum speeds, capacities and connections to attract business to the commercial hub.

He said targeting government deconstruction into the CBD remained a priority.

Mr Knaggs said technology initiatives would be littered throughout the site, with all public infrastructure running costs to be offset by the Sunshine Coast Council's Valuers solar farm.

Mr Knaggs said the Arvidsson Road-Mand Street intersection upgrade was due for completion by the end of 2018 and expected the first residential

developments to begin from early 2019.

A first rail access has been accommodated for in planning and designs also as the North Coast Connect bid for Brisbane-Maroochydore first rail ramps up.



VISION: An artist's impression of the new urban square in the Maroochydore CBD. PHOTO: SUNCENTRAL

WHAT THEY HAVE SAID

The construction of a new Maroochydore CBD will create the only greenfield city heart in Australia and the development is expected to create thousands of new jobs and provide a \$5.9 million boost to the Queensland economy.

BUSINESS FIRST

The 53-hectare greenfield site lies in the heart of Maroochydore, on the Sunshine Coast, which is a region that is entering a period of growth and economic expansion. The Maroochydore CBD project is just one kilometre from the coast's worldclass beaches and 10 kilometres from the Sunshine Coast Airport, which will offer direct flights to destinations in Asia and the Pacific when a new runway opens in 2020.

AUSTRALIAN FINANCIAL REVIEW

The Sunshine Coast intends to become Australia's next technology hub and is proceeding with plans to develop a hi-tech town centre. Leading the push is Sunshine Coast Council Mayor Mark Jamieson, who believes the region northeast of Brisbane is well-located to provide and additional gateway and greater reliability for Australia's internet connectivity.

THE AUSTRALIAN

Demographer and "futurist" Bernard Salt said the potential for a brand-new CBD in an established community like the Sunshine Coast was almost unlimited.

"If you're going to impose a CBD on the urban fusion that is the Sunshine Coast then do it right, plan it well, incorporate the latest in global technology and my view is Australians will embrace it," Mr Salt said.

"It's a tremendous initiative and I would suspect once you have this up and running you will have copycat projects in other parts of the country.

THE AUSTRALIAN

One of Queensland's largest urban regeneration projects is starting to take shape on the Sunshine Coast. Maroochydore's new CBD will take up to 20 years to build and cost more than \$2b. It includes technology that makes even putting out the wheelie bins obsolete. Once complete, 15,000 jobs could be created. The first city streets will be open by the end of the year and the first commercial buildings won't be far behind.

SEVEN NEWS, BRISBANE

We have Australia's first greenfield CBD under construction and SunCentral will be lauded as an example for what all cities should aim for with smart technologies being used across water, power, waste, signage, WiFi and health services.

JENNIFER SWAINE, SUNSHINE COAST DAILY



Demographer and "futurist" Bernard Salt said the potential for a brand-new CBD in an established community like the Sunshine Coast was almost unlimited.

THE AUSTRALIAN

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2018

The Directors present their report together with the financial report of SunCentral Maroochydore Propriety Limited (the Company) for the reporting period from 1 July 2017 to 30 June 2018.

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 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 a Urban Management Advisor and a Director of Capital Metro ACT and Major Projects Advisory Board for the Whitsunday Regional Council. Appointed Director in March 2015.
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, 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 appointment 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. 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 2018

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	8	8		
Mr D R Boyd	8	8	4	4
Mr M J Kerry	7	8		
Ms J R Munro (AO)	7	8	4	4
Mr M B Parker	8	8		

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 Chairman, Chief Executive Officer and Company Secretary/Chief Financial Officer. The purpose of the Committee is to provide advice and assistance to the Board in relation to efficient governance and risk management. The Committee achieves its objective by reviewing, advising and making recommendations to the Board on:

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

Corporate Governance Statement

Responsibilities

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

The functions of the Board include:

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

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2018

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 \$21,222,565 of which \$19,510,904 was provided by the parent entity, Sunshine Coast Regional Council. Development costs incurred in the pursuit of the company's objectives totalled \$19,293,646. The profit for the Company for the reporting period amounted to \$47,380 (2017: \$24,875).

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 Propriety 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 12.

This report is made with a resolution of the Directors:



Dr Douglas McTaggart
Chairman

Dated at Maroochydore this day 15th of October 2018.

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 year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

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



Carolyn Dougherty
as delegate of the Auditor-General of Queensland

9 October 2018
Queensland Audit Office
Brisbane

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018	2017
		\$	\$
Income			
Revenue	4	21,187,224	11,587,341
Investment income	5	35,341	40,051
Total Income		21,222,565	11,627,392
Expenses			
Development Costs	6a	19,293,646	10,084,457
Operating Expenses	6b	1,870,792	1,515,008
Depreciation and amortisation	12	10,748	3,052
Total Expenses		21,175,185	11,602,517
Net profit/(loss) before income tax		47,380	24,875
Net profit/(loss) for the year		47,380	24,875
Other comprehensive income		-	-
Total comprehensive income for the year		47,380	24,875
Profit attributable to:			
Parent Entity		47,380	24,875

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Note	2018	2017
		\$	\$
Assets			
Current Assets			
Cash and cash equivalents	9	1,085,651	945,634
Trade and other receivables	10	4,557,968	3,313,525
Other assets	11	23,947	25,243
Total Current Assets		5,667,566	4,284,402
Non-Current Assets			
Property, plant and equipment	12	87,158	14,848
Total Non-Current Assets		87,158	14,848
Total Assets		5,754,724	4,299,250
Liabilities			
Current Liabilities			
Trade and other payables	13	4,943,442	3,544,567
Employee benefit provisions		134,755	125,816
Total Current Liabilities		5,078,197	3,670,383
Non-Current Liabilities			
Employee benefit provisions		4,787	4,506
Total Non-Current Liabilities		4,787	4,506
Total Liabilities		5,082,984	3,674,890
Net Assets		671,740	624,361
Equity			
Equity attributable to Parent Entity:			
Share capital	16	500,000	500,000
Retained earnings		171,740	124,361
Total Equity		671,740	624,361

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Share Capital (Ordinary)	Retained Earnings	Total
	\$	\$	\$
Balance as at 1 July 2017	500,000	124,360	624,360
Comprehensive income			
Profit for the year	-	47,380	47,380
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year attributable to members of the parent entity	-	47,380	47,380
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 2018	500,000	171,7410	671,740

	Share Capital (Ordinary)	Retained Earnings	Total
	\$	\$	\$
Balance as at 1 July 2016	500,000	99,485	599,485
Comprehensive income			
Profit for the year	-	24,875	24,875
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year attributable to members of the parent entity	-	24,875	24,875
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	124,3610	624,360

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018	2017
		\$	\$
Cash flows from operating activities			
Cash receipts from customers		22,072,368	10,186,162
Cash paid to suppliers and employees		(21,884,634)	(10,125,444)
Cash generated from operating activities		187,734	60,719
Interest received		35,341	40,052
Net cash generated from operating activities	18	223,075	100,771
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	-
Acquisition of property, plant and equipment		(83,058)	(16,965)
Net cash used in investing activities		(83,058)	(16,965)
Cash flows from financing activities			
Proceeds from issue of share capital		-	-
Net cash provided by financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		140,017	83,805
Cash and cash equivalents at 1 July 2017		945,634	861,829
Cash and cash equivalents as at 30 June 2018	9	1,085,651	945,634

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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 9 Golf Street, Maroochydore Queensland 4558. The Company's prime purpose is the promotion and development management of the Maroochydore City Centre project on the Sunshine Coast in Queensland. The Company's parent entity is the Sunshine Coast Regional Council.

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

2. 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.

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 2017 through to 30 June 2018. The Comparative period represents the reporting period from 1 July 2016 to the 30 June 2017. The comparative figures have been adjusted in the current year to account for an immaterial calculation error.

c. Basis of measurement

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

d. Functional and presentation currency

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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 46 days of recognition of the liability.

j. Financial instruments

i. Non-derivative financial assets

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

The Company ceases to recognise a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial

assets that is created or retained by the Company is recognised as a separate asset or liability.

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

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

ii. Non-derivative financial liabilities

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

The Company has the following non-derivative financial liabilities: trade and other payables (refer to Note 13). Such financial liabilities are recognised at fair value plus any directly attributable transaction costs.

iii. Compound financial instruments

The Company has not issued any compound financial instruments.

iv. Derivative financial instruments, including hedge accounting

The Company holds no derivative financial instruments.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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.

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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. Interest Received

Interest Received 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 2018

4. Revenue

2018

2017

\$

\$

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

Development Revenue

Construction Revenue	17,502,727	8,063,127
Land Maintenance	46,176	71,244
Sales and Marketing	1,735,997	1,367,969
Total Development Revenue	19,284,899	9,502,341
Development Management Fee	1,896,545	2,040,000

Other Income

Sundry income	5,780	45,000
	21,187,224	11,587,341

5. Investment income

2018

2017

\$

\$

Investment income for the reporting period consists of the following:

Interest income on bank deposits	35,341	40,052
	35,341	40,052

6. Expenses

2018

2017

\$

\$

a. Development Costs

Approvals	68,389	15,995
Construction	16,058,440	6,852,773
Design	1,384,645	1,776,477
Land Maintenance	46,176	71,244
Sales & Marketing	1,735,997	1,367,969
	19,293,646	10,084,459

b. Operating Overheads

Board & Governance costs	484,785	450,047
Financial costs	26,456	24,946
General costs	48,880	13,471
Information Technology & Communication costs	68,223	43,975
Premises costs	76,433	76,213
Staff costs	987,806	900,156
Contractor / Consultant costs	178,209	6,200
	1,870,792	1,515,008

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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)	2018	2017
	\$	\$
Short term employee benefits		
Salaries and wages	722,771	729,646
Annual leave	13,101	2,008
Post employment benefits		
Superannuation	77,600	78,425
Other long term employee benefits		
Long service leave	8,937	14,519
	822,410	824,599

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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

8. Employee remuneration

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

	2018	2017
	\$	\$
Salaries and wages	421,955	319,631
Superannuation	49,130	36,954
Increase/(Decrease) in liability for annual leave	(2,974)	1,706
Increase/(Decrease) in liability for long service leave	9,218	4,504
	477,329	362,796

9. Cash and cash equivalents

Cash and cash equivalents consist the following:

	2018	2017
	\$	\$
Cash at bank - unrestricted	515,651	475,634
Call Deposits	570,000	470,000
Cash and cash equivalents in the statement of cash flows	1,085,651	945,634

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

Trade and other receivables consist of the following:

	2018	2017
	\$	\$
Trade debtors - parent entity	2,502,556	3,205,743
GST receivable	16,744	9,663
Accrued development revenue	2,032,826	96,707
1240 - ATO Client Integrated Account (Dt)	3,782	-
Interest receivable	2,060	1,412
	4,557,968	3,313,526

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

	2018	2017
	\$	\$
Prepayments	23,947	25,243
	23,947	25,243

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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 2017	6,831	11,242	1,177	19,250
Additions at cost	20,433	10,885	51,740	83,058
Disposals	-	-	-	-
Closing gross value as at 30 June 2018	27,264	22,127	52,917	102,308
Accumulated Depreciation & Impairment				
Opening accumulated depreciation balance as at 1 July 2017	209	3,016	1,177	4,402
Depreciation provided during period	3,258	6,597	893	10,748
Closing accumulated depreciation and impairment as at 30 June 2018	3,467	9,613	2,070	15,150
Total book value at period end	23,797	12,514	50,847	87,158

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

13. Trade and other payables

	2018	2017
	\$	\$
Trade and other payables recognised consist of the following:		
Unsecured liabilities:		
Trade creditors	2,699,337	427,960
Trade and other payables	-	-
Annual Leave	83,702	70,242
Accrued expenditure	2,080,267	2,973,421
GST liability	-	-
Payroll liabilities	80,136	72,945
Amounts payable to:		
- ultimate parent entity	-	-
	4,943,441	3,544,567
Financial liabilities at amortised cost classified as trade and other payables:		
Trade and other payables:		
- total current	4,943,441	3,544,567
Less other payables (net amount of GST payable)	-	-
Financial liabilities as trade and other payables:	4,943,441	3,544,567

The average credit period on trade and other payables (excluding GST payable) is 46 days. No interest is payable on outstanding payables during this period. The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 14.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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 2018

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.

	2018	2017
	\$	\$
Cash and cash equivalents	1,085,651	945,634
Trade and other receivables	4,557,968	3,313,526
	5,643,619	4,259,160

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

Australia	4,557,968	3,313,526
Other regions	-	-
	4,557,968	3,313,526

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

Parent Entity	1,851,036	3,205,743
Other	653,580	1,412
	2,504,616	3,207,156

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 2018	Impairment 2018	Gross 2017	Impairment 2017
	\$	\$	\$	\$
Not past due	2,502,556	-	3,205,743	-
Past due 31-60 days	-	-	-	-
Past due 61-90 days	-	-	-	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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>	2018	2017
	\$	\$
- less than 12 months	4,943,441	3,544,567
- more than 12 months but not later than 5 years	-	-
- greater than 5 years	-	-
	4,943,441	3,544,567

d. Currency risk

The Company has no current exposure to foreign currency risk.

15. Fair Value Measurements

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

16. Share Capital

	2018	2017
	\$	\$
Ordinary Shares in issue as at commencement of reporting period	500,000	500,000
Issued for cash	-	-
In issue at 30 June 2018 - 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 2018

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:	2018	2017
	\$	\$
Not later than 12 months	92,199	65,433
Later than 12 months but not later than five years	141,437	38,093
Later than 5 years	-	-
	233,636	103,526

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:	2018	2017
	\$	\$
Not later than 12 months	11,395,038	22,735,513
Later than 12 months but not later than five years	-	-
Later than 5 years	-	-
	11,395,038	22,735,513

18. Reconciliation of cash flow from operating activities

	2018	2017
	\$	\$
Cash flows from operating activities		
Net profit / (loss) for the year	47,380	24,875
Adjustments for:		
Depreciation	10,748	3,052
Operating surplus before changes in working capital and provisions	58,128	27,927
Change in trade and other receivables	(1,232,932)	(2,558,832)
Change in prepayments	1,296	(21,645)
Change in trade and other payables	1,388,014	2,625,704
Change in provisions and employee benefits	9,218	19,026
Change in accrued interest	(648)	8,591
Net cash generated from operating activities	223,075	100,771

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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.

	2018 \$	2017 \$
The following transactions occurred with related parties:		
Revenue		
Parent entity - Sales of goods and services	19,510,904	11,275,997
Associate of the Parent Entity - Sales of goods and services	1,675,540	311,344
Expenditure		
Parent entity - Purchase of goods and services	30,000	12,537
Associate of the Parent Entity - Purchase of goods and services	350	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:

	2018 \$	2017 \$
Audit of the financial statements by the Auditor General of Queensland	23,500	23,000
	23,500	23,000

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

21. Contingent liabilities

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

	2018	2017
	\$	\$
Indemnity amount provided to the Local Government Workcare Bank Guarantee	11,321	7,021
	11,321	7,021

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 2018

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

- a. the financial statements and notes, set out on pages 13 to 34 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 2018 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 15th October 2018.

INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

To the Members of SunCentral Maroochydhore Pty Ltd

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of SunCentral Maroochydhore 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 2018, and its financial performance and cash flows for the year then ended
- b) complies with Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the directors' declaration.

Basis for opinion

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

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

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

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

Other information

Other information comprises the information included in the company's annual report for the year ended 30 June 2018, but does not include the financial report and my auditor's report thereon.

Those charged with governance are responsible for the other information.

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

INDEPENDENT AUDITOR'S REPORT



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.

INDEPENDENT AUDITOR'S REPORT



- Conclude on the appropriateness of the company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the company's directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

A handwritten signature in blue ink, which appears to read "Carolyn Dougherty".

Carolyn Dougherty
as delegate of the Auditor-General

17 October 2018
Queensland Audit Office
Brisbane

Maroochydore

THE BRIGHT CITY



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