

ANNUAL REPORT

Parkdale / Mentone East Community Branch Limited

ABN 20 089 783 166

For the year ended 30th June 2010

PARKDALE / MENTONE EAST COMMUNITY BRANCH LIMITED

A B N 20 089 783 166

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PARKDALE / MENTONE EAST COMMUNITY BRANCH LIMITED
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DIRECTORS' REPORT

Your directors present their report on the company for the year ended 30 June 2010

Directors

The names of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this period unless otherwise stated.

Robert John Wilson	Kevin John Bourke – Resigned 10/01/2010
Colin Watson	Florence Lesley McGurgan
Peter Bottomley	Kenneth Merton Ryall

Principal Activities

The principal activities of the Company are those of operating a Franchise Agreement with the Bendigo Bank Limited providing personal and commercial banking services to the community.

There were no significant changes in the nature of these activities during the year.

Operating Results

The profit of the company before tax for the financial year amounted to \$436,252 (prior year \$311,240)

Dividends

A fully franked dividend of 10 cents per share was declared and paid during the year in respect to the financial year ended 30th June 2009

Review of Operations

A review of the operations of the company during the financial year and the results of those operations disclose that the company experienced a increase in franchise fees from \$1,258,664 to \$1,490,844 (11.85%), whilst expenses increased by \$72,605 (7.04%)

Directors' Meetings

During the year ended 30 June 2010 six Directors' meetings were held and attended as follows:

	Number of Meetings held while in office	Meetings attended
Robert Wilson	7	7
Colin Watson	7	7
Kevin John Bourke	3	3
Florence Lesley McGurgan	7	6
Peter Bottomley	7	6
Kenneth Merton Ryall	7	5

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Directors' Benefits

No director has received or become entitled to receive during or since the financial year, a benefit because of a contract made by the company or a related entity with the director, a firm of which any director is a member, or an entity in which any director has a substantial interest other than the benefits as disclosed in this report.

Options

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the end of the year.

Indemnities

Insurance premiums were paid during the year for any person who is or has been an officer of the company.


Litigation

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.

Signed in accordance with a resolution of the Board of Directors.



Director



Director

Dated THIRTIETH day of OCTOBER 2010

Statement of Financial Performance for the year ended 30 June 2010

	Notes	2010 \$	2009 \$
Revenue from ordinary activities			
Franchise fees		1,490,844	1,258,664
Interest		39,078	70,284
Total revenue from ordinary activities		<u>1,529,922</u>	<u>1,328,948</u>
Expenses from ordinary activities			
Administration and general costs		323,440	190,301
Amortised amounts		20,012	28,191
Automatic teller facilities		17,244	20,595
Depreciation		23,881	30,892
Employment expenses		629,918	637,428
Information technology support		36,708	38,464
Interest		-	1
Occupancy costs		53,387	86,113
Total expenses from ordinary activities		<u>1,104,590</u>	<u>1,031,985</u>
Profit from ordinary activities		425,332	296,963
Revenue from non-operating activities			
Dividends		10,920	14,277
Total profit before taxation		<u>436,252</u>	<u>311,240</u>
Income tax expense relating to all activities	2	129,391	106,047
Profit attributable to members		<u>306,861</u>	<u>205,193</u>
Total changes in equity other than those resulting from transactions with owners as owners		<u>306,861</u>	<u>205,193</u>

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Statement of Financial Position at 30 June 2010

	Notes	2010 \$	2009 \$
Current assets			
Cash	3	816,436	1,165,734
Receivables	4	120,057	105,088
Prepaid amounts	5	7,607	15,182
Total current assets		<u>944,099</u>	<u>1,286,004</u>
Investments			
Shares in listed company	6	<u>220,950</u>	<u>165,493</u>
Non current assets			
Tangible assets	7	920,631	168,584
Intangible assets	8	11,891	5,640
Other	9	8,434	10,351
Total non current assets		<u>940,957</u>	<u>184,575</u>
Total assets		<u>2,106,006</u>	<u>1,636,073</u>
Current liabilities			
Payables	10	61,645	49,908
Loan	11	61,512	-
Provisions	12	106,952	64,803
Total current liabilities		<u>230,108</u>	<u>114,711</u>
Non-current liabilities			
Loan	11	133,887	
Provisions	13	43,088	39,763
Total non-current liabilities		<u>176,975</u>	<u>154,474</u>
Total liabilities		<u>407,084</u>	
Net assets		<u>1,698,922</u>	<u>1,481,599</u>
Equity			
Contributed equity	14	1,268,072	1,268,072
Retained earnings	15	430,850	213,527
Total equity	16	<u>1,698,922</u>	<u>1,481,599</u>

Statement of Cash Flows for the year ended 30 June 2010

	Notes	2010 \$	2009 \$
Cash flows from operating activities			
Receipts from franchiser		1,475,875	1,263,130
Payments to suppliers and employees		(1,036,368)	(950,935)
Net receipts after payments to suppliers and employees		<u>439,507</u>	<u>312,195</u>
Interest		44,090	70,284
Amounts paid in advance		(11,065)	(9,996)
Net cash inflow from operations		<u>472,532</u>	<u>372,483</u>
Cash flows from investing activities			
Payment for land and building		(269,153)	-
Payments for equipment		(13,775)	-
Payment for shares in listed company		(13,392)	(21,281)
Payment on mortgage loan		(317,756)	11,477
Dividends received		-	14,277
Net cash outflow from investing activities		<u>(614,076)</u>	<u>(18,481)</u>
Cash flow from dividend activities			
Payment for dividends		(126,806)	(126,806)
Net cash outflow from dividend activities		<u>(126,806)</u>	<u>(126,806)</u>
Cash flow from taxation activities			
(Payments) refunds for taxation		(80,947)	(148,177)
Net cash outflow from taxation activities		<u>(80,947)</u>	<u>(148,177)</u>
Net increase (decrease) in cash held		<u>(349,298)</u>	<u>79,018</u>
Cash at the beginning of the financial year		1,165,734	1,086,716
Cash at the end of the financial year		<u>816,436</u>	<u>1,165,734</u>
Reconciliation of cash			
Cash at the end of the financial year consists of:			
Cash on hand		200	200
Cash at Bank		816,236	1,165,534
Cash at the end of the financial year	3	<u>816,436</u>	<u>1,165,734</u>

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Notes to the Financial Statements for the year ended 30 June 2010

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report is for the entity Parkdale / Mentone East Community Branch Ltd as an individual entity. Parkdale / Mentone East Community Branch Ltd is a company limited by shares, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs. It does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Income Tax

The company adopts the liability method of tax-effect accounting whereby the income tax expense shown in the statement of financial performance is based on the operating profit before income tax adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of operating profit before income tax and taxable income, are brought to account as either a provision for deferred income tax or an asset described as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond any reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

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Notes to the Financial Statements for the year ended 30 June 2010

(b) Plant and Equipment

Items of plant, equipment and leasehold improvements comprising a class of non current assets are brought to account at cost and have not been revalued.

Non Current Assets are depreciated over the estimated useful life of the asset on the diminishing value method.

The depreciation rates used for each class of depreciable assets are:

Diminishing value method

Equipment	10% - 30%
Furniture	20%
Merchandising equipment	20%
Leasehold improvements	20% - 40%

(c) Franchise Fee, Feasibility Study and Formation Expenses

The Franchise Fee for each branch is amortised over the term of the franchise agreement of five years on a straight line method. Feasibility Study and Formation Expenses for Parkdale branch are amortised over the fifteen year option period of the franchise agreement on a straight line method and for Mentone East branch Formation Expenses are amortised over five years on a straight line method.

(d) Leasing Commitments

No finance leases of assets, that is where substantially all risks and benefits incidental to the ownership of the assets are transferred to the economic entity, have been entered into by the company. Lease payments under operating leases, that is where the lessor effectively retains substantially all the risks and benefits incident to ownership of the leased asset, are treated as expenses in the period in which they fall due for payment.

Notes to and forming part of the Financial Report for the year ended 30 June 2010

	2010	2009
	\$	\$
2 Income tax		
Prima facie tax payable	130,876	93,372
Tax effect of non deductible expenses, franking credits and carried forward tax losses	(1,485)	12,675
Total	<u>129,391</u>	<u>106,047</u>
3 Cash		
Cash on hand	200	200
Cash at bank	816,236	1,165,534
Total	<u>816,436</u>	<u>1,165,734</u>
4 Receivables		
Trade debtors	120,057	105,088
Total	<u>120,057</u>	<u>105,088</u>
5 Prepaid amounts		
Annualised expenses	5,994	15,182
Borrowing expenses less amounts written off	1,613	-
Total	<u>7,607</u>	<u>15,182</u>
6 Investments		
Ordinary shares fully paid in Bendigo Bank Ltd	367,255	342,947
Diminution to market value	(146,305)	(177,454)
Total market value	<u>220,950</u>	<u>165,493</u>
7 Tangible assets		
Cost		
Land and building	838,763	-
Equipment	122,365	108,590
Furniture	105,677	105,677
Merchandising equipment	23,811	23,811
Leasehold improvements	148,014	224,624
Total cost	<u>1,238,630</u>	<u>462,702</u>
Accumulated depreciation		
Building	(47,083)	-
Equipment	(90,048)	(83,626)
Furniture	(87,595)	(82,900)
Merchandising equipment	(19,221)	(18,067)
Leasehold improvements	(74,052)	(109,525)
Total accumulated depreciation	<u>(317,999)</u>	<u>(294,118)</u>
Total net carrying cost	<u>920,631</u>	<u>168,584</u>

Notes to and forming part of the Financial Report for the year ended 30 June 2010

	2010 \$	2009 \$
7 Tangible assets continued		
Land and building Movement on account in year		
Acquired in year	720,000	-
Acquisition costs	42,153	-
Net leasehold improvements to building capitalised on acquisition of property	32,918	-
Depreciation on building for year	(3,391)	-
Net carrying amount at end of year	<u>791,680</u>	<u>-</u>
Equipment Movement on account in year		
Net carrying amount at beginning of year	24,964	35,521
Additions	13,775	-
Depreciation for year	(6,422)	(10,557)
Net carrying amount at end of year	<u>32,317</u>	<u>24,964</u>
Furniture Movement on account in year		
Net carrying amount at beginning of year	22,777	28,733
Depreciation for year	(4,695)	(5,956)
Net carrying amount at end of year	<u>18,082</u>	<u>22,777</u>
Merchandising equipment Movement on account in year		
Net carrying amount at beginning of year	5,744	7,189
Depreciation for year	(1,154)	(1,445)
Net carrying amount at end of year	<u>4,590</u>	<u>5,744</u>
Leasehold improvements Movement on account in year		
Net carrying amount at beginning of year	115,099	128,033
Net leasehold property costs transferred to cost of building on acquisition of the land and building	(32,918)	-
Amortised in year	(8,219)	(12,934)
Net carrying amount at end of year	<u>73,962</u>	<u>115,099</u>
Total net carrying cost	<u><u>920,631</u></u>	<u><u>168,584</u></u>

Notes to and forming part of the Financial Report for the year ended 30 June 2010

	2010 \$	2009 \$
8 Intangible assets		
Cost		
Franchise fee	235,823	211,477
Goodwill	220,000	220,000
Total cost	<u>455,823</u>	<u>431,477</u>
Accumulated amortised amounts		
Franchise fee	(223,932)	(205,837)
Goodwill	(220,000)	(220,000)
Total accumulated amortised amounts	<u>(443,932)</u>	<u>(425,837)</u>
Total net carrying cost	<u>11,891</u>	<u>5,640</u>
Franchise fee Movement on account in year		
Net carrying amount at beginning of year	5,640	7,773
Additions	24,346	11,477
Amortised in year	(18,095)	(13,610)
Net carrying amount at end of year	<u>11,891</u>	<u>5,640</u>
Goodwill Movement on account in year		
Net carrying amount at beginning of year	-	11,000
Amortised in year	-	(11,000)
Net carrying amount at end of year	<u>-</u>	<u>-</u>
Total net carrying cost	<u>11,891</u>	<u>5,640</u>
9 Other non current assets		
Cost		
Capital raising expenses	8,942	8,942
Feasibility study	10,000	10,000
Formation expenses	29,968	29,968
Total cost	<u>48,910</u>	<u>48,910</u>
Accumulated amortised amounts		
Capital raising expenses	(8,942)	(8,942)
Feasibility study	(7,074)	(6,406)
Formation expenses	(24,460)	(23,211)
Total accumulated amortised amounts	<u>(40,476)</u>	<u>(38,559)</u>
Total net carrying cost	<u>8,434</u>	<u>10,351</u>

Notes to and forming part of the Financial Report for the year ended 30 June 2010

	2010 \$	2009 \$
9 Other non current assets continued		
Capital raising expenses Movement on account in year		
Net carrying amount at beginning of year	-	738
Amortised in year	-	(738)
Net carrying amount at end of year	<u>-</u>	<u>-</u>
Feasibility study Movement on account in year		
Net carrying amount at beginning of year	3,593	4,261
Amortised in year	(667)	(668)
Net carrying amount at end of year	<u>2,926</u>	<u>3,593.</u>
Formation expenses Movement on account in year		
Net carrying amount at beginning of year	6,758	8,933
Amortised in year	(1,250)	(2,175)
Net carrying amount at end of year	<u>5,508</u>	<u>6,758.</u>
Total net carrying cost	<u>8,434</u>	<u>10,351</u>
10 Payables		
Trade creditors	17,910	11,283
Other	43,735	38,625
Total	<u>61,645</u>	<u>49,908</u>
11 Loan		
Initial amount	<u>493,000</u>	<u>-</u>
Balance		
Current liability	61,512	-
Non-current liability	133,887	-
Total	<u>195,399</u>	<u>-</u>
Interest rate	10.14%	-

The loan was obtained in the current year to facilitate the acquisition of ther Parkdale Branch premises
 The loan is secured by a mortgage granted in favour of the Bendigo Bank Limited over the premises acquired.

Notes to and forming part of the Financial Report for the year ended 30 June 2010

	2010 \$	2009 \$
12 Provisions		
Provision for employee entitlements	41,535	41,711
Provision for income tax	65,417	23,092
Total	<u>106,952</u>	<u>64,803</u>
13 Provisions		
Provision for employee entitlements	<u>43,088</u>	<u>39,763</u>
14 Contributed equity		
Issued and paid up capital		
1,268,072 Ordinary shares of \$1.00 each fully paid	1,268,072	1,268,072
Total	<u>1,268,072</u>	<u>1,268,072</u>
15 Retained earnings		
Balance at beginning of year	213,528	218,953
Profit attributable to members of the company	306,861	205,193
Amount of diminution in market value of investment	31,149	(89,182)
Prior year adjustment for franking credits receivable on investment	6,119	5,369
Dividend paid during year	(126,806)	(126,806)
Balance at the end of year	<u>430,850</u>	<u>213,528</u>
16 Equity		
Equity at beginning of year	1,481,600	1,487,025
Prior year adjustment for franking credits receivable on investment	6,119	5,369
Changes in equity recognised in the Statement of Financial Performance		
Asset revaluation	306,861	205,193
Dividend paid during year	(126,806)	(126,806)
Equity at end of year	<u>1,698,922</u>	<u>1,481,599</u>

Notes to and forming part of the Financial Report for the year ended 30 June 2010

	2010 \$	2009 \$
17 Statement of cash flows		
Reconciliation of operating result to net cash flow from operations		
Operating profit for year	436,252	296,963
Non cash flow items in operating profit		
Amortised amounts	20,012	28,191
Depreciation	23,881	30,892
Net changes in provisions	3,149	25,128
Prepaid amounts expensed	6,785	-
Other	(21,891)	-
Changes in current assets and liabilities		
(Increase)decrease in receivables	(14,969)	4,466
(Increase)decrease in prepaid amounts	7,575	(9,996)
Increase(decrease) in creditors	11,736	(3,161)
Net cash inflow from operations	<u>472,532</u>	<u>372,483</u>
18 Remuneration of directors		
Remuneration paid or payable by the company to directors of the company or any related party in connection with the management of the company	<u>14,000</u>	<u>-</u>
19 Remuneration of Auditor		
Amount paid or payable to the auditor in respect of an independent audit of the company's financial report		
Audit fee	7,980	7,510.00
	<u>7,980</u>	<u>7,510.00</u>
20 Contingent liability		
The amount of employee entitlements payable contingent upon employees taking sick leave amounted to	<u>40,754</u>	<u>56,243</u>
21 Capital expenditure contracted for		
Mentone East Branch		
Franchise renewal fees and training fees amounting to have been contracted for in respect of the financial years ending 30 June 2014 and are being paid in instalments each year	72,070	72,070
Amounts paid to date	(29,031)	(14,685)
Balance payable	<u>43,039</u>	<u>57,385</u>

Notes to and forming part of the Financial Report for the year ended 30 June 2010

	2010	2009
	\$	\$
22 Capital expenditure not yet contracted for		
Future capital expenditure is likely in respect of:		
(a) Parkdale		
The company has signed a contract to purchase operating premises. Settlement is due prior to 31 December 2009. Amount contracted for not paid	<u> -</u>	<u> 720,000</u>
(b) Mentone East		
The material portion of re-location expenditure as a consequence of the redevelopment of Thrift Park Shopping Centre in which the Branch is located is to be borne by the Centre owner and Woolworths Limited		

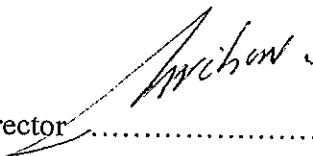
DIRECTORS' DECLARATION

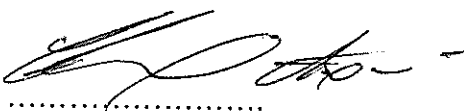
In accordance with a resolution of the Directors of Parkdale / Mentone East Community Branch Ltd, we state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the company are in accordance with the corporations Law, including:
 - (i) giving a true and fair view of the company's financial position as at 30th June 2010 and performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and Corporations Regulations; and
- (b) there being reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Director 

Director 

Dated 30th day of OCTOBER 2010

Parkdale/Mentone East Community Branch Ltd
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REVENUE ACCOUNT - PARKDALE BRANCH
 for the year ended 30 June 2010

Revenue from ordinary activities	\$	\$
Franchise fees	1,070,324	
Interest	35,994	
Total revenue from ordinary activities	<u>1,106,318</u>	<u>1,106,318</u>
Expenses from ordinary activities		
Administration and general costs		
Cash delivery and credit checks	1,477	
Donations and sponsorships	140,672	
General expenses	56,186	
Insurance	9,356	
Interest	20,105	
Printing and stationery	12,054	
Telephone	9,071	
	<u>248,921</u>	248,921
Information technology support		
Lease	8,127	
Operating costs	10,881	
	<u>19,009</u>	19,009
Depreciation and amortised amounts		
Depreciation and amortised amounts	12,880	
	<u>12,880</u>	12,880
Occupancy costs		
Rent	12,174	
Repairs and maintenance	993	
Security	1,370	
Services	11,722	
	<u>26,260</u>	26,260
Automatic teller facilities		
Cash delivery	4,723	
Lease	987	
Operating expenses	4,348	
	<u>10,058</u>	10,058
Employment expenses		
Superannuation	31,512	
Wages and salary costs	405,370	
	<u>436,882</u>	436,882
Total expenses from ordinary activities		<u>754,011</u>
Operating surplus		<u>352,308</u>

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REVENUE ACCOUNT - MENTONE EAST BRANCH
 for the year ended 30 June 2010

Revenue from ordinary activities	\$	\$
Franchise fees	420,520	
Interest	3,084	
Total revenue from ordinary activities		<u>423,604</u>
Expenses from ordinary activities		
Administration and general costs		
Cash delivery and credit checks	714	
General expenses	13,063	
Insurance	6,564	
Printing and stationery	5,871	
Telephone	<u>6,153</u>	
		32,365
Information technology support		
Lease	8,127	
Operating costs	<u>9,572</u>	
		17,700
Depreciation and amortised amounts		
Depreciation and amortised amounts	<u>31,013</u>	
		31,013
Occupancy costs		
Rent	13,750	
Repairs and maintenance	2,344	
Security	1,326	
Services	<u>10,128</u>	
		27,548
Automatic teller facilities		
Cash delivery	3,805	
Lease	336	
Operating expenses	<u>3,046</u>	
		7,186
Employment expenses		
Superannuation	14,956	
Wages and salary costs	<u>178,080</u>	
		193,036
Total expenses from ordinary activities		<u>308,848</u>
Operating surplus		<u>114,756</u>

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REVENUE ACCOUNT - GENERAL OVERHEADS
for year ended 30 June 2010

	\$	\$
Net Contributions from Branches to General Overheads from Operations		467,064
Revenue from non-operating activities		
Dividends		<u>10,920</u>
deduct General overheads		
Audit fees	7,980	
Bookkeeping, Taxation, Share Registry and Secretarial Services	16,122	
Directors fees	14,000	
Insurance - Directors and Officers	<u>3,630</u>	
Total General overheads		41,732
Operating Surplus		<u><u>436,252</u></u>