

ANNUAL REPORT

Parkdale / Mentone East Community Branch Limited

ABN 20 089 783 166

For the year ended 30th June 2012

PARKDALE / MENTONE EAST COMMUNITY BRANCH LIMITED

A B N 20 089 783 166

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DIRECTORS' REPORT

Your directors present their report on the company for the year ended 30 June 2012

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
Colin Watson
Peter Bottomley

Florence Lesley McGurgan
Kenneth Merton Ryall
Ian Geoffrey Maddison (appointed 25/7/2011)

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 \$181,264 (prior year \$428,618)

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 2011

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 decrease in franchise fees from \$1,553,173 to \$1,470,777 (5.3%), whilst expenses increased by \$254,471 (23.35%)

Directors' Meetings

During the year ended 30 June 2012 seven Directors' meetings were held and attended as follows:

	Number of Meetings held while in office	Meetings attended
Robert Wilson	7	7
Colin Watson	7	6
Florence Lesley McGurgan	7	6
Peter Bottomley	7	5
Kenneth Merton Ryall	7	5
Ian Geoffrey Maddison	7	6

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 23RD day of

NOVEMBER 2012

Statement of Financial Performance for the year ended 30 June 2012

	Notes	2012 \$	2011 \$
Revenue from ordinary activities			
Franchise fees		1,470,777	1,553,173
Interest		37,021	41,839
Total revenue from ordinary activities		<u>1,507,798</u>	<u>1,595,012</u>
Expenses from ordinary activities			
Administration and general costs		326,533	265,424
Amortised amounts		13,421	13,878
Automatic teller facilities		20,482	20,623
Depreciation		13,218	12,966
Employment expenses		798,438	677,600
Information technology support		76,186	41,070
Interest		11,600	-
Occupancy costs		84,275	58,120
Total expenses from ordinary activities		<u>1,344,153</u>	<u>1,089,682</u>
Profit from ordinary activities		<u>163,645</u>	<u>505,330</u>
Net loss from non-operating activities			
Revenue from non operating activities			
Dividends		17,619	16,471
Loss from non operating activities			
Loss from retirement of assets	7	-	(93,183)
Net profit (2011 - Loss) from non-operating activities		<u>17,619</u>	<u>(76,712)</u>
Total profit before taxation		181,264	428,618
Income tax expense relating to all activities	2	65,174	134,782
Profit attributable to members		<u>116,090</u>	<u>293,836</u>
Total changes in equity other than those resulting from transactions with owners as owners		<u>116,090</u>	<u>293,836</u>

Statement of Financial Position at 30 June 2012

	Notes	2012 \$	2011 \$
Current assets			
Cash	3	695,587	1,003,396
Receivables	4	91,398	103,963
Prepaid amounts	5	7,967	7,687
Total current assets		<u>794,952</u>	<u>1,115,045</u>
Investments			
Shares in listed company	6	<u>237,676</u>	<u>255,416</u>
Non current assets			
Tangible assets	7	1,061,860	814,482
Intangible assets	8	35,774	47,273
Other	9	4,595	6,517
Total non current assets		<u>1,102,229</u>	<u>868,272</u>
Total assets		<u>2,134,856</u>	<u>2,238,734</u>
Current liabilities			
Payables	10	52,778	78,631
Loan	11	61,512	61,512
Provisions	12	66,936	55,690
Total current liabilities		<u>181,226</u>	<u>195,833</u>
Non-current liabilities			
Loan	11	39,301	89,094
Provisions	13	63,998	51,595
Total non-current liabilities		<u>103,299</u>	<u>140,689</u>
Total liabilities		<u>284,525</u>	<u>336,522</u>
Net assets		<u>1,850,331</u>	<u>1,902,212</u>
Equity			
Contributed equity	14	1,268,072	1,268,072
Retained earnings	15	582,259	634,140
Total equity	16	<u>1,850,331</u>	<u>1,902,212</u>

Statement of Cash Flows for the year ended 30 June 2012

	Notes	2012 \$	2011 \$
Cash flows from operating activities			
Receipts from franchiser		1,483,342	1,569,267
Payments to suppliers and employees		(1,301,442)	(1,112,950)
Net receipts after payments to suppliers and employees		<u>181,900</u>	<u>456,317</u>
Interest		37,021	41,839
Amounts paid in advance		(10,328)	(6,461)
Net cash inflow from operations		<u>208,592</u>	<u>491,695</u>
Cash flows from investing activities			
Payment for land and building		(236,688)	-
Payments for equipment and other assets		(23,908)	-
Payment for shares in listed company		(7,000)	(16,474)
Payment on mortgage loan		(61,512)	(61,512)
Dividends received		-	16,471
Net cash outflow from investing activities		<u>(329,108)</u>	<u>(61,515)</u>
Cash flow from dividend activities			
Payment for dividends		(126,631)	(126,806)
Net cash outflow from dividend activities		<u>(126,631)</u>	<u>(126,806)</u>
Cash flow from taxation activities			
(Payments) refunds for taxation		(60,663)	(116,414)
Net cash outflow from taxation activities		<u>(60,663)</u>	<u>(116,414)</u>
Net increase (decrease) in cash held		<u>(307,809)</u>	<u>186,960</u>
Cash at the beginning of the financial year		1,003,396	816,436
Cash at the end of the financial year		<u>695,587</u>	<u>1,003,396</u>
Reconciliation of cash			
Cash at the end of the financial year consists of:			
Cash on hand		200	200
Cash at Bank		695,387	1,003,196
Cash at the end of the financial year	3	<u>695,587</u>	<u>1,003,396</u>

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Notes to the Financial Statements for the year ended 30 June 2012

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 2012

(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	10% - 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 2012

	2012 \$	2011 \$
2 Income tax		
Prima facie tax payable	54,379	128,585
Tax effect of non deductible expenses, franking credits and carried forward tax losses	10,795	6,197
Total	<u>65,174</u>	<u>134,782</u>
3 Cash		
Cash on hand	200	200
Cash at bank	695,387	1,003,196
Total	<u>695,587</u>	<u>1,003,396</u>
4 Receivables		
Trade debtors	91,398	103,963
Total	<u>91,398</u>	<u>103,963</u>
5 Prepaid amounts		
Annualised expenses	7,128	6,461
Borrowing expenses less amounts written off	839	1,226
Total	<u>7,967</u>	<u>7,687</u>
6 Investments		
Ordinary shares fully paid in Bendigo Bank Ltd	408,349	383,728
Diminution to market value	(170,673)	(128,312)
Total market value	<u>237,676</u>	<u>255,416</u>
7 Tangible assets		
Cost		
Land and building	1,075,451	838,763
Equipment	107,526	96,943
Furniture	38,248	36,898
Merchandising equipment	7,425	7,425
Leasehold improvements	11,975	-
Total cost	<u>1,240,625</u>	<u>980,029</u>
Accumulated depreciation		
Building	(56,860)	(50,112)
Equipment	(79,904)	(74,734)
Furniture	(34,615)	(33,838)
Merchandising equipment	(6,975)	(6,863)
Leasehold improvements	(411)	-
Total accumulated depreciation	<u>(178,765)</u>	<u>(165,547)</u>
Total net carrying cost	<u>1,061,860</u>	<u>814,482</u>

The notes form part of the Financial Report

Notes to and forming part of the Financial Report for the year ended 30 June 2012

	2012 \$	2011 \$
7 Tangible assets continued		
Land and building Movement on account in year		
Net carrying amount at beginning of year	788,651	791,680.36
Acquired in year	236,688	-
Acquisition costs	-	-
Net leasehold improvements to building capitalised on acquisition of property	-	-
Depreciation on building for year	(6,748)	(3,029)
Net carrying amount at end of year	<u>1,018,591</u>	<u>788,651</u>
Equipment Movement on account in year		
Net carrying amount at beginning of year	22,209	32,317
Additions	10,583	-
Net loss on retired assets	-	(4,410)
Depreciation for year	(5,170)	(5,698)
Net carrying amount at end of year	<u>27,622</u>	<u>22,209</u>
Furniture Movement on account in year		
Net carrying amount at beginning of year	3,060	18,082
Additions	1,350	-
Net loss on retired assets	-	(13,388)
Depreciation for year	(777)	(1,634)
Net carrying amount at end of year	<u>3,633</u>	<u>3,060</u>
Merchandising equipment Movement on account in year		
Net carrying amount at beginning of year	562	4,590
Net loss on retired assets	-	(3,652)
Depreciation for year	(112)	(376)
Net carrying amount at end of year	<u>450</u>	<u>562</u>
Leasehold improvements Movement on account in year		
Net carrying amount at beginning of year	-	73,962
Additions	11,975	-
Net loss on retired assets	-	(71,733)
Amortised in year	(411)	(2,229)
Net carrying amount at end of year	<u>11,564</u>	<u>-</u>
Total net carrying cost	<u>1,061,860</u>	<u>814,482</u>
Net loss on retirement of assets	<u>-</u>	<u>93,183</u>

Net losses on retired assets represent the undepreciated amounts of assets installed in the Mentone East Branch premises which could not be salvaged for transfer to the Mentone East Branch new premises opened in the previous financial year.

Notes to and forming part of the Financial Report for the year ended 30 June 2012

	2012 \$	2011 \$
8 Intangible assets		
Cost		
Franchise fee	283,166	283,166
Goodwill	220,000	220,000
Total cost	<u>503,166</u>	<u>503,166</u>
Accumulated amortised amounts		
Franchise fee	(247,392)	(235,893)
Goodwill	(220,000)	(220,000)
Total accumulated amortised amounts	<u>(467,392)</u>	<u>(455,893)</u>
Total net carrying cost	<u>35,774</u>	<u>47,273</u>
Franchise fee Movement on account in year		
Net carrying amount at beginning of year	47,273	11,891
Additions	-	47,343
Amortised in year	(11,499)	(11,961)
Net carrying amount at end of year	<u>35,774</u>	<u>47,273</u>
Goodwill Movement on account in year		
Net carrying amount at beginning of year	-	-
Amortised in year	-	-
Net carrying amount at end of year	<u>-</u>	<u>-</u>
Total net carrying cost	<u>35,774</u>	<u>47,273</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	(8,413)	(7,741)
Formation expenses	(26,960)	(25,710)
Total accumulated amortised amounts	<u>(44,315)</u>	<u>(42,393)</u>
Total net carrying cost	<u>4,595</u>	<u>6,517</u>

Notes to and forming part of the Financial Report for the year ended 30 June 2012

	2012 \$	2011 \$
9 Other non current assets continued		
Capital raising expenses Movement on account in year		
Net carrying amount at beginning of year	-	-
Amortised in year	-	-
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	2,259	2,926
Amortised in year	(672)	(667)
Net carrying amount at end of year	<u>1,587</u>	<u>2,259.</u>
Formation expenses Movement on account in year		
Net carrying amount at beginning of year	4,258	5,508
Amortised in year	(1,250)	(1,250)
Net carrying amount at end of year	<u>3,008</u>	<u>4,258.</u>
Total net carrying cost	<u>4,595</u>	<u>6,517</u>
10 Payables		
Trade creditors	9,972	10,813
Other	42,806	67,818
Total	<u>52,778</u>	<u>78,631</u>
11 Loan		
Initial amount	<u>493,000</u>	<u>493,000</u>
Balance		
Current liability	61,512	61,512
Non-current liability	39,301	89,094
Total	<u>100,813</u>	<u>150,606</u>
Interest rate	9.39%	9.39%

The loan was obtained to facilitate the acquisition of the 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 2012

	2012 \$	2011 \$
12 Provisions		
Provision for employee entitlements	62,267	46,625
Provision for income tax	4,669	9,065
Total	<u>66,936</u>	<u>55,690</u>
13 Provisions		
Provision for employee entitlements	<u>63,998</u>	<u>51,595</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	634,140	430,850
Profit attributable to members of the company	116,090	293,836
Amount of (reduction) improvement in market value of investment	(42,361)	17,992
Prior year adjustment for franking credits receivable on investment	-	4,680
Prior year adjustment for excess provisions	-	13,587
Dividend paid during year	(125,609)	(126,806)
Balance at the end of year	<u>582,259</u>	<u>634,140</u>
16 Equity		
Equity at beginning of year	1,902,212	1,698,922
Prior year adjustment for franking credits receivable on investment	-	4,680
Prior year adjustment for excess provisions	-	13,587.38
Changes in equity recognised in the Statement of Financial Performance	116,090	293,836
Asset revaluation	(42,361)	17,992
Dividend paid during year	(125,609)	(126,806)
Equity at end of year	<u>1,850,331</u>	<u>1,902,212</u>

Notes to and forming part of the Financial Report for the year ended 30 June 2012

	2012 \$	2011 \$
17 Statement of cash flows		
Reconciliation of operating result to net cash flow from operations		
Operating profit for year	181,264	428,618
Non cash flow items in operating profit		
Amortised amounts	13,421	13,878
Depreciation	13,218	12,966
Dividends reinvested	(17,619)	(16,471)
Net changes in provisions	28,045	13,597
Prepaid amounts expensed	3,832	3,832
Other	-	2,275
Changes in current assets and liabilities		
(Increase)decrease in receivables	12,565	16,094
(Increase)decrease in prepaid amounts	(280)	(80)
Increase(decrease) in creditors	(25,853)	16,986
Net cash inflow from operations	<u>208,592</u>	<u>491,695</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>12,000</u>	<u>9,000</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	8,710	8,350
	<u>8,710</u>	<u>8,350</u>
20 Contingent liability		
The amount of employee entitlements payable contingent upon employees taking sick leave amounted to	<u>89,912</u>	<u>39,641</u>
21 Capital expenditure not yet contracted for		
Future capital expenditure is likely in respect of:		
Parkdale		
The company refurbished its premises in Como Parade West in the financial year ending 30 June 2012 the cost of which amounted to \$236,688 (2011-estimate)	-	230,000
The full cost of the contract was financed by the Company.	<u>-</u>	<u>230,000</u>

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:

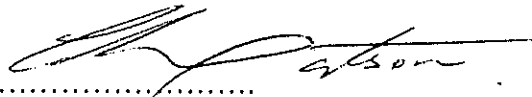
- (a) the financial statements and notes of the company are in accordance with the corporations Law, including:
 - (i) giving a true and fair view of the company's financial position as at 30th June 2012 and performance for the year ended on that date; and
 - (ii) complying with Accounting Standards 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 23rd day of NOVEMBER 2012

REVENUE ACCOUNT - PARKDALE BRANCH
 for the year ended 30 June 2012

Revenue from ordinary activities	\$	\$
Franchise fees	1,030,940	
Interest	35,483	
Total revenue from ordinary activities	<u>1,066,423</u>	<u>1,066,423</u>
Expenses from ordinary activities		
Administration and general costs		
Cash delivery and credit checks	3,948	
Donations and sponsorships	126,659	
General expenses	95,850	
Insurance	15,044	
Interest	-	
Printing and stationery	13,751	
Telephone	7,873	
Information technology support		263,125
Lease	6,458	
Operating costs	10,751	
Depreciation and amortised amounts		17,209
Depreciation and amortised amounts	15,797	
Occupancy costs		15,797
Plans and permits	2,991	
Repairs and maintenance	987	
Security	3,024	
Services	13,639	
Automatic teller facilities		20,641
Cash delivery	3,883	
Lease	4,129	
Operating expenses	2,962	
Employment expenses		10,974
Superannuation	35,750	
Wages and salary costs	492,689	
Total expenses from ordinary activities		<u>528,440</u>
Operating surplus		<u>210,237</u>

REVENUE ACCOUNT - MENTONE EAST BRANCH
 for the year ended 30 June 2012

	\$	\$
Revenue from ordinary activities		
Franchise fees	439,838	
Interest	<u>1,537</u>	
Total revenue from ordinary activities		<u>441,375</u>
 Expenses from ordinary activities		
Administration and general costs		
Cash delivery and credit checks	3,306	
General expenses	12,216	
Insurance	7,224	
Printing and stationery	5,687	
Telephone	<u>5,455</u>	
Information technology support		33,888
Lease	34,549	
Operating costs	<u>24,428</u>	
Depreciation and amortised amounts		58,977
Depreciation and amortised amounts	<u>10,842</u>	
Occupancy costs		10,842
Rent	45,855	
Repairs and maintenance	4,148	
Security	1,910	
Services	<u>12,962</u>	
Automatic teller facilities		64,875
Cash delivery	3,628	
Lease	3,479	
Operating expenses	<u>2,401</u>	
Employment expenses		9,508
Superannuation	18,587	
Wages and salary costs	<u>251,411</u>	
Total expenses from ordinary activities		<u>448,089</u>
Operating loss		<u>(6,714)</u>

REVENUE ACCOUNT - GENERAL
for year ended 30 June 2012

	\$	\$
Net Contributions from Branches to General Overheads from Operations		
Parkdale	210,237	
Mentone East	<u>(6,714)</u>	
Total net contribution		203,523
deduct General overheads		
Audit fees	8,710	
Bookkeeping, Taxation, Share Registry and Secretarial Services	19,464	
Board Expenses	105	
Total General overheads		<u>28,279</u>
Net contribution from Branches from Operations after General overheads		<u>175,245</u>
Non operating activities		
add Revenue		
Dividends		17,619
deduct Loss		
Interest		(11,600)
Net loss from non operating activities		<u>6,019</u>
Surplus for the year		<u>181,264</u>