

# ANNUAL REPORT

**Parkdale / Mentone East Community Branch Limited**

ABN 20 089 783 166

For the year ended 30<sup>th</sup> June 2013

**PARKDALE / MENTONE EAST COMMUNITY BRANCH LIMITED**

**A B N 20 089 783 166**

**CONTENTS**

<b>Directors' Report</b>	<b>3 - 4</b>
<b>Statement of Financial Performance</b>	<b>5</b>
<b>Statement of Financial Position</b>	<b>6</b>
<b>Statement of Cash Flows</b>	<b>7</b>
<b>Notes to and forming Part of the financial Statements</b>	<b>8 - 15</b>
<b>Directors' Declaration</b>	<b>16</b>
<b>Revenue Accounts</b>	<b>17 - 19</b>

**DIRECTORS' REPORT**

---

Your directors present their report on the company for the year ended 30 June 2013.

**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	Florence Lesley McGurgan
Colin Watson	Kenneth Merton Ryall
Peter Bottomley	Ian Geoffrey Maddison

**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 \$67,920 (prior year \$181,264)

**Dividends**

A fully franked dividend of 5 cents per share was declared and paid during the year in respect to the financial year ended 30<sup>th</sup> June 2012

**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 \$1,470,777 to \$ 1,361,155 (7.5%), whilst expenses decreased by \$ 2,272

**Directors' Meetings**

During the year ended 30 June 2013 eight Directors' meetings were held and attended as follows:

	Number of Meetings held while in office	Meetings attended
Robert Wilson	8	8
Colin Watson	8	8
Florence Lesley McGurgan	8	7
Peter Bottomley	8	7
Kenneth Merton Ryall	8	6
Ian Geoffrey Maddison	8	7

**PARKDALE / MENTONE EAST COMMUNITY BRANCH LIMITED**  
**A B N 20 089 783 166**

**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 19th day of November 2013

Statement of Financial Performance for the year ended 30 June 2013

	Notes	2013	2012
		\$	\$
<b>Revenue from ordinary activities</b>			
Franchise fees		1,361,155	1,470,777
Interest		29,010	37,021
<b>Total revenue from ordinary activities</b>		<u>1,390,165</u>	<u>1,507,798</u>
<b>Expenses from ordinary activities</b>			
Administration and general costs		292,241	326,533
Amortised amounts		13,385	13,421
Automatic teller facilities		19,376	20,482
Depreciation		15,940	13,218
Employment expenses		832,161	798,438
Information technology support		78,467	76,186
Interest		6,139	11,600
Occupancy costs		84,172	84,275
<b>Total expenses from ordinary activities</b>		<u>1,341,881</u>	<u>1,344,153</u>
<b>Profit from ordinary activities</b>		<u>48,284</u>	<u>163,645</u>
<b>Net gain from non-operating activities</b>			
Revenue from non operating activities		19,636	17,619
Dividends			
<b>Net profit from non-operating activities</b>		<u>19,636</u>	<u>17,619</u>
<b>Total profit before taxation</b>		<u>67,920</u>	<u>181,264</u>
Income tax expense relating to all activities	2	26,229	65,174
<b>Profit attributable to members</b>		<u>41,691</u>	<u>116,090</u>
Total changes in equity other than those resulting from transactions with owners as owners		<u>41,691</u>	<u>116,090</u>

The Statement of Financial Performance should be read in conjunction with the Notes to and forming part of the financial report

Statement of Financial Position at 30 June 2013

	Notes	2013	2012
		\$	\$
<b>Current assets</b>			
Cash	3	654,237	695,587
Receivables	4	83,992	91,398
Prepaid amounts	5	7,690	7,967
<b>Total current assets</b>		<u>745,919</u>	<u>794,952</u>
<b>Investments</b>			
Shares in listed company	6	346,267	237,676
<b>Non current assets</b>			
Tangible assets	7	1,045,920	1,061,860
Intangible assets	8	24,306	35,774
Other	9	2,678	4,595
<b>Total non current assets</b>		<u>1,072,904</u>	<u>1,102,229</u>
<b>Total assets</b>		<u>2,165,090</u>	<u>2,134,856</u>
<b>Current liabilities</b>			
Payables	10	56,958	52,778
Loan	11	45,558	61,512
Provisions	12	69,679	66,936
<b>Total current liabilities</b>		<u>172,195</u>	<u>181,226</u>
<b>Non-current liabilities</b>			
Loan	11	-	39,301
Provisions	13	75,315	63,998
<b>Total non-current liabilities</b>		<u>75,315</u>	<u>103,299</u>
<b>Total liabilities</b>		<u>247,510</u>	<u>284,525</u>
<b>Net assets</b>		<u>1,917,579</u>	<u>1,850,331</u>
<b>Equity</b>			
Contributed equity	14	1,268,072	1,268,072
Retained earnings	15	649,507	582,259
<b>Total equity</b>	16	<u>1,917,579</u>	<u>1,850,331</u>

The Statement of Financial Position should be read in conjunction with the Notes to and forming part of the financial report

Statement of Cash Flows for the year ended 30 June 2013

	Notes	2013	2012
		\$	\$
<b>Cash flows from operating activities</b>			
Receipts from franchiser		1,368,561	1,483,342
Payments to suppliers and employees		(1,283,809)	(1,301,442)
Net receipts after payments to suppliers and employees		84,752	181,900
Interest		29,010	37,021
Amounts paid in advance		(7,690)	(10,328)
Net cash inflow from operations		<u>106,072</u>	<u>208,592</u>
<b>Cash flows from investing activities</b>			
Payment for land and building		-	(236,688)
Payments for equipment and other assets		-	(23,908)
Payment for shares in listed company		-	(7,000)
Payment on mortgage loan		(61,512)	(61,512)
Net cash outflow from investing activities		<u>(61,512)</u>	<u>(329,108)</u>
<b>Cash flow from dividend activities</b>			
Payment for dividends		(63,249)	(126,631)
Net cash outflow from dividend activities		<u>(63,249)</u>	<u>(126,631)</u>
<b>Cash flow from taxation activities</b>			
(Payments) refunds for taxation		(22,661)	(60,663)
Net cash outflow from taxation activities		<u>(22,661)</u>	<u>(60,663)</u>
<b>Net increase (decrease) in cash held</b>		<b>(41,350)</b>	<b>(307,809)</b>
Cash at the beginning of the financial year		695,587	1,003,396
<b>Cash at the end of the financial year</b>		<u><u>654,237</u></u>	<u><u>695,587</u></u>
<b>Reconciliation of cash</b>			
Cash at the end of the financial year consists of:			
Cash on hand		200	200
Cash at Bank		654,037	695,387
<b>Cash at the end of the financial year</b>	3	<u><u>654,237</u></u>	<u><u>695,587</u></u>

The Statement of Cash Flows should be read in conjunction with the Notes to and forming part of the financial report

Notes to the Financial Statements for the year ended 30 June 2013

**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.



**PARKDALE / MENTONE EAST COMMUNITY BRANCH LIMITED**  
**A B N 20 089 783 166**

**Notes to the Financial Statements for the year ended 30 June 2013**

**(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 2013

	2013	2012
	\$	\$
<b>2 Income tax</b>		
Prima facie tax payable	20,376	54,379
Tax effect of non deductible expenses, franking credits and carried forward tax losses	5,853	10,795
<b>Total</b>	<u>26,229</u>	<u>65,174</u>
<b>3 Cash</b>		
Cash on hand	200	200
Cash at bank	654,037	695,387
<b>Total</b>	<u>654,237</u>	<u>695,587</u>
<b>4 Receivables</b>		
Trade debtors	83,992	91,398
<b>Total</b>	<u>83,992</u>	<u>91,398</u>
<b>5 Prepaid amounts</b>		
Annualised expenses	7,219	7,128
Borrowing expenses less amounts written off	471	839
<b>Total</b>	<u>7,690</u>	<u>7,967</u>
<b>6 Investments</b>		
Ordinary shares fully paid in Bendigo Bank Ltd	427,980	408,349
Diminution to market value	(81,713)	(170,673)
<b>Total market value</b>	<u>346,267</u>	<u>237,676</u>
<b>7 Tangible assets</b>		
<b>Cost</b>		
Land and building	1,075,451	1,075,451
Equipment	107,526	107,526
Furniture	38,248	38,248
Merchandising equipment	7,425	7,425
Leasehold improvements	11,975	11,975
<b>Total cost</b>	<u>1,240,625</u>	<u>1,240,625</u>
<b>Accumulated depreciation</b>		
Building	(65,201)	(56,860)
Equipment	(85,005)	(79,904)
Furniture	(35,481)	(34,615)
Merchandising equipment	(7,065)	(6,975)
Leasehold improvements	(1,953)	(411)
<b>Total accumulated depreciation</b>	<u>(194,705)</u>	<u>(178,765)</u>
<b>Total net carrying cost</b>	<u>1,045,920</u>	<u>1,061,860</u>

Notes to and forming part of the Financial Report for the year ended 30 June 2013

	2013	2012
	\$	\$
<b>7 Tangible assets continued</b>		
<b>Land and building Movement on account in year</b>		
Net carrying amount at beginning of year	1,018,591	788,651.36
Acquired in year	-	236,688
Depreciation on building for year	(8,341)	(6,748)
Net carrying amount at end of year	<u>1,010,250</u>	<u>1,018,591</u>
<b>Equipment Movement on account in year</b>		
Net carrying amount at beginning of year	27,622	22,209
Additions	-	10,583
Depreciation for year	(5,101)	(5,170)
Net carrying amount at end of year	<u>22,521</u>	<u>27,622</u>
<b>Furniture Movement on account in year</b>		
Net carrying amount at beginning of year	3,633	3,060
Additions	-	1,350.00
Depreciation for year	(866)	(777)
Net carrying amount at end of year	<u>2,767</u>	<u>3,633</u>
<b>Merchandising equipment Movement on account in year</b>		
Net carrying amount at beginning of year	450	562
Depreciation for year	(90)	(112)
Net carrying amount at end of year	<u>360</u>	<u>450</u>
<b>Leasehold improvements Movement on account in year</b>		
Net carrying amount at beginning of year	11,564	-
Additions	-	11,975
Amortised in year	(1,542)	(411)
Net carrying amount at end of year	<u>10,022</u>	<u>11,564</u>
<b>Total net carrying cost</b>	<u>1,045,920</u>	<u>1,061,860</u>

Notes to and forming part of the Financial Report for the year ended 30 June 2013

	2013	2012
	\$	\$
<b>8 Intangible assets</b>		
Cost		
Franchise fee	283,166	283,166
Goodwill	220,000	220,000
<b>Total cost</b>	<u>503,166</u>	<u>503,166</u>
Accumulated amortised amounts		
Franchise fee	(258,860)	(247,392)
Goodwill	(220,000)	(220,000)
<b>Total accumulated amortised amounts</b>	<u>(478,860)</u>	<u>(467,392)</u>
<b>Total net carrying cost</b>	<u>24,306</u>	<u>35,774</u>
Franchise fee Movement on account in year		
Net carrying amount at beginning of year	35,774	47,273
Amortised in year	(11,468)	(11,499)
Net carrying amount at end of year	<u>24,306</u>	<u>35,774</u>
<b>Total net carrying cost</b>	<u>24,306</u>	<u>35,774</u>
<b>9 Other non current assets</b>		
Cost		
Capital raising expenses	8,942	8,942
Feasibility study	10,000	10,000
Formation expenses	29,968	29,968
<b>Total cost</b>	<u>48,910</u>	<u>48,910</u>
Accumulated amortised amounts		
Capital raising expenses	(8,942)	(8,942)
Feasibility study	(9,080)	(8,413)
Formation expenses	(28,210)	(26,960)
<b>Total accumulated amortised amounts</b>	<u>(46,232)</u>	<u>(44,315)</u>
<b>Total net carrying cost</b>	<u>2,678</u>	<u>4,595</u>

Notes to and forming part of the Financial Report for the year ended 30 June 2013

	2013 \$	2012 \$
<b>9 Other non current assets</b>		
<b>Feasibility study Movement on account in year</b>		
Net carrying amount at beginning of year	1,587	2,259
Amortised in year	(667)	(672)
Net carrying amount at end of year	<u>920</u>	<u>1,587</u>
<b>Formation expenses Movement on account in year</b>		
Net carrying amount at beginning of year	3,008	4,258
Amortised in year	(1,250)	(1,250)
Net carrying amount at end of year	<u>1,758</u>	<u>3,008</u>
<b>Total net carrying cost</b>	<u>2,678</u>	<u>4,595</u>
<b>10 Payables</b>		
Trade creditors	29,200	9,972
Other	27,759	42,806
<b>Total</b>	<u>56,958</u>	<u>52,778</u>
<b>11 Loan</b>		
Initial amount	<u>493,000</u>	<u>493,000</u>
Balance		
Current liability	45,558	61,512
Non-current liability	-	39,301
<b>Total</b>	<u>45,558</u>	<u>100,813</u>
Interest rate	8.05%	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 2013

	2013	2012
	\$	\$
<b>12 Provisions</b>		
Provision for employee entitlements	62,045	62,267
Provision for income tax	7,634	4,669
<b>Total</b>	<u>69,679</u>	<u>66,936</u>
<b>13 Provisions</b>		
Provision for employee entitlements	<u>75,315</u>	<u>63,998</u>
<b>14 Contributed equity</b>		
Issued and paid up capital	1,268,072	1,268,072
1,268,072 Ordinary shares of \$1.00 each fully paid		
<b>Total</b>	<u>1,268,072</u>	<u>1,268,072</u>
<b>15 Retained earnings</b>		
Balance at beginning of year	582,259	634,140
Profit attributable to members of the company	41,691	116,090
Amount of (reduction) improvement in market value of investment	88,960	(42,361)
Dividend paid during year	(63,403)	(125,609)
Balance at the end of year	<u>649,507</u>	<u>582,259</u>
<b>16 Equity</b>		
Equity at beginning of year	1,850,331	1,902,212
Performance	41,691	116,090
Asset revaluation	88,960	(42,361)
Dividend paid during year	(63,403)	(125,609)
Equity at end of year	<u>1,917,579</u>	<u>1,850,331</u>

Notes to and forming part of the Financial Report for the year ended 30 June 2013

	2013 \$	2012 \$
<b>17 Statement of cash flows</b>		
Reconciliation of operating result to net cash flow from operations		
Operating profit for year	67,920	181,264
Non cash flow items in operating profit		
Amortised amounts	13,385	13,421
Depreciation	15,940	13,218
Dividends reinvested	(19,636)	(17,619)
Net changes in provisions	11,095	28,045
Prepaid amounts expensed	-	3,832
Other	5,504	-
Changes in current assets and liabilities		
(Increase)/decrease in receivables	7,406	12,565
(Increase)/decrease in prepaid amounts	277	(280)
Increase/(decrease) in creditors	4,180	(25,853)
Net cash inflow from operations	<u>106,072</u>	<u>208,592</u>
<b>18 Remuneration of directors</b>		
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>12,000</u>
<b>19 Remuneration of Auditor</b>		
Amount paid or payable to the auditor in respect of an independent audit of the company's financial report	9,200	8,710
Audit fee	<u>9,200</u>	<u>8,710</u>
<b>20 Contingent liability</b>		
The amount of employee entitlements payable contingent upon employees taking sick leave amounted to	<u>90,169</u>	<u>89,912</u>

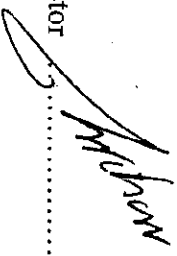
**DIRECTORS' DECLARATION**

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 30<sup>th</sup> June 2013 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 19th day of November 2013



**REVENUE ACCOUNT - PARKDALE BRANCH**  
for the year ended 30 June 2013

	\$	\$
<b>Revenue from ordinary activities</b>		
Franchise fees	933,447	
Interest	28,837	
<b>Total revenue from ordinary activities</b>	<u>962,285</u>	
<b>Expenses from ordinary activities</b>		
<b>Administration and general costs</b>		
Cash delivery and credit checks	2,675	
Donations and sponsorships	69,383	
General expenses	98,094	
Insurance	15,570	
Printing and stationery	15,907	
Telephone	8,405	
<b>Information technology support</b>		
Lease	6,965	
Operating costs	12,065	
<b>Depreciation and amortised amounts</b>		
Depreciation and amortised amounts	<u>17,561</u>	19,030
<b>Occupancy costs</b>		
Repairs and maintenance	2,130	
Security	1,240	
Services	15,667	
<b>Automatic teller facilities</b>		
Cash delivery	3,783	
Lease	4,129	
Operating expenses	2,510	
<b>Employment expenses</b>		
Superannuation	39,976	
Wages and salary costs	505,238	
<b>Total expenses from ordinary activities</b>		<u>821,299</u>
<b>Operating surplus</b>		<u>140,986</u>

**REVENUE ACCOUNT - MENTONE EAST BRANCH**  
for the year ended 30 June 2013

Revenue from ordinary activities	\$	\$
Franchise fees	427,708	
Interest	172	
<b>Total revenue from ordinary activities</b>	<u>427,880</u>	
<b>Expenses from ordinary activities</b>		
<b>Administration and general costs</b>		
Cash delivery and credit checks	2,937	
General expenses	16,277	
Insurance	7,827	
Printing and stationery	9,836	
Telephone	5,342	
<b>Information technology support</b>		42,218
Lease	34,242	
Operating costs	25,194	
<b>Depreciation and amortised amounts</b>		59,437
Depreciation and amortised amounts	11,764	
<b>Occupancy costs</b>		11,764
Rent	46,767	
Repairs and maintenance	253	
Security	2,537	
Services	16,661	
<b>Automatic teller facilities</b>		66,218
Cash delivery	3,821	
Lease	3,479	
Operating expenses	1,653	
<b>Employment expenses</b>		8,953
Superannuation	21,129	
Wages and salary costs	265,818	
<b>Total expenses from ordinary activities</b>		<u>286,947</u>
<b>Operating loss</b>		<u>475,537</u> <u>(47,657)</u>

Parkdale/Mentone East Community Branch Ltd  
ABN 20 089 783 166

**REVENUE ACCOUNT - GENERAL**  
for year ended 30 June 2013

	\$	\$
<b>Net Contributions from Branches to General Overheads from Operations</b>		
Parkdale	140,986	
Mentone East	<u>(47,657)</u>	
Total net contribution		93,329
<b>deduct General overheads</b>		
Audit fees	9,200	
Bookkeeping, Taxation, Share Registry and Secretarial Services	15,646	
Board Expenses	14,060	
	<u>38,906</u>	
Total General overheads		38,906
<b>Net contribution from Branches from Operations after General overheads</b>		
		<u>54,423</u>
<b>Non operating activities</b>		
add Revenue		
Dividends		19,636
deduct Expense		
Interest		<u>(6,139)</u>
<b>Net loss from non operating activities</b>		
		<u>13,497</u>
<b>Surplus for the year</b>		
		<u><u>67,920</u></u>