

Annual Report

Parkdale / Mentone East Community Branch Limited

ABN 20 089 783 166

For the year ended 30th June 2014

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 2014.

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 \$45,262 (prior year \$67,920)

Dividends

A fully franked dividend of 5 cents per share was declared and paid during the year in respect to the financial year ended 30th June 2013

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 \$1,361,155 to \$1,280,775 (5.91%), whilst expenses decreased by \$ 63,606

Directors' Meetings

During the year ended 30 June 2014 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	7
Florence Lesley McGurgan	8	7
Peter Bottomley	8	6
Kenneth Merton Ryall	8	7
Ian Geoffrey Maddison	8	6

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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

Dated 19th day of November 2014



Director

Statement of Financial Performance for the year ended 30 June 2014

	Notes	2014	2013
		\$	\$
Revenue from ordinary activities			
Franchise fees		1,280,775	1,361,155
Interest		7,902	29,010
Total revenue from ordinary activities		<u>1,288,677</u>	<u>1,390,165</u>
Expenses from ordinary activities			
Administration and general costs		248,895	292,241
Amortised amounts		13,380	13,385
Automatic teller facilities		18,713	19,376
Depreciation		17,498	15,940
Employment expenses		796,109	832,161
Information technology support		73,539	78,467
Interest		5,665	6,139
Occupancy costs		104,476	84,172
Total expenses from ordinary activities		<u>1,278,275</u>	<u>1,341,881</u>
Profit from ordinary activities		<u>10,403</u>	<u>48,284</u>
Net gain from non-operating activities			
Revenue from non operating activities		21,644	19,636
Dividends		13,216	-
Trust distribution			
Net profit from non-operating activities		<u>34,860</u>	<u>19,636</u>
Total profit before taxation		45,262	67,920
Income tax expense relating to all activities	2	13,203	26,229
Profit attributable to members		<u>32,059</u>	<u>41,691</u>
Total changes in equity other than those resulting from transactions with owners as owners		<u>32,059</u>	<u>41,691</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 2014

	Notes	2014	2013
		\$	\$
Current assets			
Cash	3	296,304	654,237
Receivables	4	100,389	83,992
Prepaid amounts	5	21,176	7,690
Total current assets		<u>417,868</u>	<u>745,919</u>
Investments			
Shares in listed company	6	815,695	346,267
Non current assets			
Tangible assets	7	1,028,422	1,045,920
Intangible assets	8	28,585	24,306
Other	9	761	2,678
Total non current assets		<u>1,057,768</u>	<u>1,072,904</u>
Total assets		<u>2,291,331</u>	<u>2,165,090</u>
Current liabilities			
Payables	10	71,577	56,958
Loan	11	61,512	45,558
Provisions	12	79,809	69,679
Total current liabilities		<u>212,897</u>	<u>172,195</u>
Non-current liabilities			
Loan	11	28,307	-
Provisions	13	86,822	75,315
Total non-current liabilities		<u>115,129</u>	<u>75,315</u>
Total liabilities		<u>328,026</u>	<u>247,510</u>
Net assets		<u>1,963,305</u>	<u>1,917,579</u>
Equity			
Contributed equity	14	1,268,072	1,268,072
Retained earnings	15	695,233	649,507
Total equity	16	<u>1,963,305</u>	<u>1,917,579</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 2014

	Notes	2014	2013
		\$	\$
Cash flows from operating activities			
Receipts from franchiser		1,264,378	1,368,561
Payments to suppliers and employees		(1,122,928)	(1,283,809)
Net receipts after payments to suppliers and employees		141,451	84,752
Interest		7,902	29,010
Amounts paid in advance		(21,176)	(7,690)
Insurance claim		2,469	-
Net cash inflow from operations		<u>130,646</u>	<u>106,072</u>
Cash flows from investing activities			
Payment for shares in listed company		(7,500)	-
Payment for units in income trust		(400,000)	-
Payment on mortgage loan		(61,512)	(61,512)
Payment of franchise fee for Mentone East Branch		(15,742)	-
Withdrawal of units in income trans		50,000	-
Net cash outflow from investing activities		<u>(434,754)</u>	<u>(61,512)</u>
Cash flow from dividend activities			
Payment for dividends		(63,244)	(63,249)
Net cash outflow from dividend activities		<u>(63,244)</u>	<u>(63,249)</u>
Cash flow from taxation activities			
(Payments) refunds for taxation		9,419	(22,661)
Net cash inflow(outflow) from taxation activities		<u>9,419</u>	<u>(22,661)</u>
Net increase (decrease) in cash held		<u>(357,933)</u>	<u>(41,350)</u>
Cash at the beginning of the financial year		654,237	695,587
Cash at the end of the financial year		<u><u>296,304</u></u>	<u><u>654,237</u></u>
Reconciliation of cash			
Cash at the end of the financial year consists of:			
Cash on hand		400	200
Cash at Bank		295,904	654,037
Cash at the end of the financial year	3	<u>296,304</u>	<u>654,237</u>

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

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Notes to the Financial Statements for the year ended 30 June 2014

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.

Notes to the Financial Statements for the year ended 30 June 2014

(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 2014

	2014	2013
	\$	\$
2 Income tax		
Prima facie tax payable	13,579	20,376
Tax effect of non deductible expenses, franking credits and carried forward tax losses	(376)	5,853
Total	<u>13,203</u>	<u>26,229</u>
3 Cash		
Cash on hand	400	200
Cash at bank	295,904	654,037
Total	<u>296,304</u>	<u>654,237</u>
4 Receivables		
Trade debtors	100,389	83,992
Total	<u>100,389</u>	<u>83,992</u>
5 Prepaid amounts		
Annualised expenses	21,092	7,219
Borrowing expenses less amounts written off	84	471
Total	<u>21,176</u>	<u>7,690</u>
6 Investments		
Ordinary shares fully paid in Bendigo Bank Ltd	457,122	427,980
Diminution to market value	(4,356)	(81,713)
Market value of shares in listed company	<u>452,766</u>	<u>346,267</u>
Units fully paid in Sandhurst Strategic Income Fund	363,216	-
Diminution to market value	(287)	-
Market value of units in income trust	<u>362,928</u>	<u>-</u>
Total market value	<u>815,695</u>	<u>346,267</u>
7 Tangible assets		
Cost		
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
Total cost	<u>1,240,625</u>	<u>1,240,625</u>

Notes to and forming part of the Financial Report for the year ended 30 June 2014

	2014	2013
	\$	\$
7 Tangible assets		
continued		
Accumulated depreciation		
Building	(73,289)	(65,201)
Equipment	(88,952)	(85,005)
Furniture	(36,128)	(35,481)
Merchandising equipment	(7,137)	(7,065)
Leasehold improvements	(6,697)	(1,953)
Total accumulated depreciation	<u>(212,203)</u>	<u>(194,705)</u>
Total net carrying cost	<u>1,028,422</u>	<u>1,045,920</u>
Land and building Movement on account in year		
Net carrying amount at beginning of year	1,010,250	1,018,591.00
Depreciation on building for year	(8,088)	(8,341)
Net carrying amount at end of year	<u>1,002,162</u>	<u>1,010,250</u>
Equipment Movement on account in year		
Net carrying amount at beginning of year	22,521	27,622
Depreciation for year	(3,947)	(5,101)
Net carrying amount at end of year	<u>18,574</u>	<u>22,521</u>
Furniture Movement on account in year		
Net carrying amount at beginning of year	2,767	3,633
Depreciation for year	(647)	(866)
Net carrying amount at end of year	<u>2,120</u>	<u>2,767</u>
Merchandising equipment Movement on account in year		
Net carrying amount at beginning of year	360	450
Depreciation for year	(72)	(90)
Net carrying amount at end of year	<u>288</u>	<u>360</u>
Leasehold improvements Movement on account in year		
Net carrying amount at beginning of year	10,022	11,564
Amortised in year	(4,744)	(1,542)
Net carrying amount at end of year	<u>5,278</u>	<u>10,022</u>
Total net carrying cost	<u>1,028,422</u>	<u>1,045,920</u>

Notes to and forming part of the Financial Report for the year ended 30 June 2014

	2014	2013
	\$	\$
8 Intangible assets		
Cost		
Franchise fee	298,908	283,166
Goodwill	220,000	220,000
Total cost	<u>518,908</u>	<u>503,166</u>
Accumulated amortised amounts		
Franchise fee	(270,323)	(258,860)
Goodwill	(220,000)	(220,000)
Total accumulated amortised amounts	<u>(490,323)</u>	<u>(478,860)</u>
Total net carrying cost	<u>28,585</u>	<u>24,306</u>
Franchise fee Movement on account in year		
Net carrying amount at beginning of year	24,306	35,774
Acquired in year	15,742	
Amortised in year	(11,463)	(11,468)
Net carrying amount at end of year	<u>28,585</u>	<u>24,306</u>
Total net carrying cost	<u>28,585</u>	<u>24,306</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	(9,747)	(9,080)
Formation expenses	(29,460)	(28,210)
Total accumulated amortised amounts	<u>(48,149)</u>	<u>(46,232)</u>
Total net carrying cost	<u>761</u>	<u>2,678</u>
Feasibility study Movement on account in year		
Net carrying amount at beginning of year	920	1,587
Amortised in year	(667)	(667)
Net carrying amount at end of year	<u>253</u>	<u>920</u>

Notes to and forming part of the Financial Report for the year ended 30 June 2014

2014
 \$

2013
 \$

<p>9 Other non current assets continued</p> <p>Formation expenses Movement on account in year</p> <p>Net carrying amount at beginning of year</p> <p>Amortised in year</p> <p>Net carrying amount at end of year</p> <p>Total net carrying cost</p> <p>10 Payables</p> <p>Trade creditors</p> <p>Other</p> <p>Total</p> <p>11 Loan</p> <p>Total draw down</p> <p>Balance</p> <p>Current liability</p> <p>Non-current liability</p> <p>Total</p> <p>Interest rate</p>	<p>1,758</p> <p>(1,250)</p> <p>508</p> <p>761</p> <p>37,934</p> <p>33,643</p> <p>71,577</p> <p>543,000</p> <p>61,512</p> <p>28,307</p> <p>89,819</p> <p>7.08%</p>	<p>3,008</p> <p>(1,250)</p> <p>1,758.</p> <p>2,678</p> <p>29,200</p> <p>27,759</p> <p>56,958</p> <p>493,000</p> <p>45,558</p> <p>45,558</p> <p>8.05%</p>
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The loan was initially 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.

<p>12 Provisions</p> <p>Provision for employee entitlements</p> <p>Provision for income tax</p> <p>Total</p> <p>13 Provisions</p> <p>Provision for employee entitlements</p>	<p>58,972</p> <p>20,837</p> <p>79,809</p> <p>86,822</p>	<p>62,045</p> <p>7,634</p> <p>69,679</p> <p>75,315</p>
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Notes to and forming part of the Financial Report for the year ended 30 June 2014

	2014	2013
	\$	\$
14 Contributed equity		
Issued and paid up capital	1,268,072	1,268,072
1,268,072 Ordinary shares of \$1.00 each fully paid		
Total	<u>1,268,072</u>	<u>1,268,072</u>
15 Retained earnings		
Balance at beginning of year	649,507	582,259
Profit attributable to members of the company	32,059	41,691
Amount of (reduction) improvement in market value of investment	77,070	88,960
Dividend paid during year	(63,403)	(63,403)
Balance at the end of year	<u>695,233</u>	<u>649,507</u>
16 Equity		
Equity at beginning of year	1,917,579	1,850,331
Performance	32,059	41,691
Asset revaluation	77,070	88,960
Dividend paid during year	(63,403)	(63,403)
Equity at end of year	<u>1,963,305</u>	<u>1,917,579</u>
17 Statement of cash flows		
Reconciliation of operating result to net cash flow from operations		
Operating profit for year	45,262	67,920
Non cash flow items in operating profit		
Amortised amounts	13,380	13,385
Depreciation	17,498	15,940
Dividends reinvested	(21,644)	(19,636)
Net changes in provisions	8,433	11,095
Prepaid amounts expensed	4,956	-
Other	78,025	5,504
Changes in current assets and liabilities		
(Increase)/decrease in receivables	(16,397)	7,406
(Increase)/decrease in prepaid amounts	(13,486)	277
Increase/(decrease) in creditors	14,618	4,180
Net cash inflow from operations	<u>130,646</u>	<u>106,072</u>

Notes to and forming part of the Financial Report for the year ended 30 June 2014

	2014	2013
	\$	\$
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>14,000</u>
19 Remuneration of Auditor		
Amount paid or payable to the auditor in respect of an independent audit of the company's financial report	9,660	9,200
Audit fee	<u>9,660</u>	<u>9,200</u>
20 Contingent liability		
The amount of employee entitlements payable contingent upon employees taking sick leave amounted to	<u>104,137</u>	<u>90,169</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 2014 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 2014

Parkdale/Mentone East Community Branch Ltd
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REVENUE ACCOUNT - PARKDALE BRANCH
for the year ended 30 June 2014

Revenue from ordinary activities		
Franchise fees	872,732	
Interest	7,892	
Total revenue from ordinary activities	<u>880,624</u>	
Expenses from ordinary activities		
Administration and general costs		
Cash delivery and credit checks	2,588	
Conference	909	
Donations and sponsorships	81,411	
General expenses	61,323	
Insurance	15,270	
Printing and stationery	11,307	
Telephone	8,238	
Information technology support		
Lease	6,464	
Operating costs	12,119	
Depreciation and amortised amounts		
Depreciation and amortised amounts	<u>19,458</u>	19,458
Occupancy costs		
Repairs and maintenance	1,560	
Security	2,232	
Services	18,004	
Automatic teller facilities		
Cash delivery	3,879	
Lease	4,129	
Operating expenses	1,514	
Employment expenses		
Superannuation	40,931	
Wages and salary costs	475,401	
Total expenses from ordinary activities	<u>766,735</u>	
Operating surplus	<u>113,888.37</u>	

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REVENUE ACCOUNT - MENTONE EAST BRANCH
for the year ended 30 June 2014

	\$	\$
Revenue from ordinary activities		
Franchise fees	408,043	
Interest	<u>10</u>	
Total revenue from ordinary activities		<u>408,053</u>
Expenses from ordinary activities		
Administration and general costs		
Cash delivery and credit checks	2,002	
General expenses	15,176	
Insurance	7,536	
Printing and stationery	7,205	
Telephone	<u>5,673</u>	
Information technology support		37,592
Lease	29,643	
Operating costs	<u>25,313</u>	
Depreciation and amortised amounts		54,956
Depreciation and amortised amounts	<u>11,420</u>	<u>11,420</u>
Occupancy costs		
Rent	66,077	
Repairs and maintenance	1,475	
Security	930	
Services	<u>14,199</u>	
Automatic teller facilities		82,681
Cash delivery	3,857	
Lease	3,479	
Operating expenses	<u>1,856</u>	
Employment expenses		9,192
Superannuation	19,111	
Wages and salary costs	<u>260,666</u>	
Total expenses from ordinary activities		<u>279,777</u>
Operating loss		<u>475,617</u>
		<u>(67,564)</u>

Statement provided for information only

REVENUE ACCOUNT - GENERAL
for the year ended 30 June 2014

	\$	\$
Net Contributions from Branches to General Overheads from Operations		
Parkdale	113,888	
Mentone East	<u>(67,564)</u>	
Total net contribution		46,325
deduct General overheads		
Audit fees	9,660	
Bookkeeping, Taxation, Share Registry and Secretarial Services	19,063	
Board Expenses	1,535	
	<u> </u>	
Total General overheads		30,258
Net contribution from Branches from Operations after General overheads		<u>16,067</u>
Non operating activities		
add Revenue		21,644
Dividends		13,216
Trust distribution		
deduct Expense		(5,665)
Interest		
Net Profit (Loss) from non operating activities		<u>29,195</u>
Surplus for the year		<u><u>45,262</u></u>

Statement provided for information only