

**PARKDALE / MENTONE EAST  
COMMUNITY BRANCH  
LIMITED**

(A.C.N. 089 783 166)

**ANNUAL REPORT**

**&**

**FINANCIAL ACCOUNTS**

For Year Ended 30 June 2016

# **PARKDALE / MENTONE EAST COMMUNITY BRANCH LIMITED**

(A.C.N. 089 783 166)

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PARKDALE / MENTONE EAST COMMUNITY BRANCH LIMITED  
ACN 089 783 166

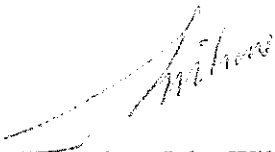
Directors' Declaration

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies prescribed in Note 1 to the financial statements.

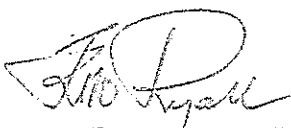
The directors of the company declare that:

1. the financial statements and notes are in accordance with the Corporations Act 2001:
  - (a) comply with Accounting Standards described in Note 1 to the financial statements and the Corporation Regulations; and
  - (b) give a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
2. in the director's opinion, there are reasonable grounds to believe that the company will be able to pay debts as and when they become due and payable.

This declaration is made in accordance with resolution of the Board of Directors.



Robert John Wilson  
Director



Kenneth Merton Ryall  
Director

Dated, 8 November, 2016

**PARKDALE / MENTONE EAST COMMUNITY BRANCH LIMITED**

**ACN: 089 783 166**

**Directors Report**

Your directors present this report on the company for the financial year ended 30 June 2016.

**Directors**

The names of the directors in office at any time during or since the end of the last years are:

Robert John Wilson                      Colin Watson                      Florence Lesley McGurgan  
Kenneth Merton Ryall                      Stephen Lesley Budge( appointed 29 / 2 /2016)  
James Ashley Cashion

Directors have been in office since the start of the financial year to date of this report unless otherwise stated.

**Directors Meetings**

During the year ended 30 June, 2016 10 Directors' meetings ( including the AGM in November, 2015) were held and attended as follows;

	No. of Meetings held while in office	Meetings Attended
Robert Wilson	10	10
Colin Watson	10	10
Florence Lesley McGurgan	10	10
Kenneth Merton Ryall	10	9
Stephen Lesley Budge	4	4
James Ashley Cashion	10	10

**Operating Result**

The profit of the company for the financial year after providing for income tax amounted to:

Year ended 30 June 2016	Year ended 30 June 2015
\$	\$
86,075	49,682

**Principal Activities**

The principal activities of the company during the course of the year are those of operating a Franchise Agreement with the Bendigo Bank Limited providing personal and commercial banking services to the community

No significant change in the nature of these activities occurred during the year

These financial statements are unaudited. They must be read in conjunction with the attached Accountant's Compilation Report and Notes which form part of these financial statements.

## **Significant Changes in the State of Affairs**

No significant changes in the company's state of affairs occurred during the financial year.

## **After Balance Date Events**

No matters or circumstances have arisen since the end of the financial year 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 subsequent financial years.

## **Future Developments**

The company expects to maintain the present status and level of operations and hence there are no likely developments in the operations in the future years.

## **Environmental Issues**

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or a State or Territory

## **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 June, 2015.

## **Share Options**

No options over issued or interest in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

## **Directors Benefits**

No director received or has become entitled to receive, during or since the financial year, a benefit because of a contract made by the company or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial interest.

## **Indemnifying Officer or Auditor**

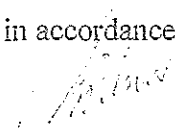
No indemnities have been given or agreed to be given or insurance premiums paid or agreed to be paid, during or since the end of the financial year, to any person who is or has been an officer or auditor of the company.

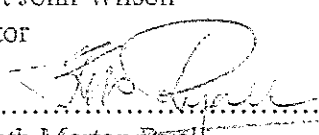
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Proceedings on Behalf of Company.

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 proceeding during the year.

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

  
.....  
Robert John Wilson  
Director

  
.....  
Kenneth Merton Ryall  
Director

Dated 8th November, 2016

**PARKDALE / MENTONE EAST COMMUNITY BRANCH LIMITED**

A.C.N 089 783 166

**STATEMENT OF FINANCIAL PERFORMANCE**

**FOR THE YEAR ENDED 30TH JUNE 2016**

	Note	2016 \$	2015 \$
<b>INCOME</b>			
Commsion/ Margin & Other Fees		1,192,948	1,285,442
Marketing Development Fund Contributions		100,000	
Interest Received		3,783	4,138
Dividends Received		37,984	24,814
Trust Distributions		7,101	9,583
Miscellaneous Other Income		100	
<b>GROSS INCOME FROM TRADING</b>		<u>1,341,917</u>	<u>1,323,977</u>
<b>EXPENDITURE</b>			
Accounting / Professional Fees		19,049	
Advertising / Marketing / Sponsorship		83,691	
Amortisation Charges		54,209	13,387
ATM Charges		19,405	19,607
Bank Charges		969	
Bad Debts		4,390	
Interest Paid		755	4,700
Depreciation		7,607	11,937
Insurance		21,766	
Information Technology		47,223	42,005
Rent & Occupancy		86,772	108,910
Repairs & Maintenance		7,188	
Administration & General	2	135,351	286,436
Wages & Salaries		645,507	808,150
Superannuation		60,526	
Other Staff Costs		6,738	
Payroll Tax		15,276	
Workcover Insurance		2,530	
		<u>1,218,953</u>	<u>1,295,132</u>
<b>TRADING OPERATING PROFIT / (LOSS)</b>		<u>122,965</u>	<u>28,845</u>
Abnormal / Extraordinary Items		-	-
<b>NET OPERATING PROFIT / (LOSS)</b>		<u><u>122,965</u></u>	<u><u>28,845</u></u>

The accompanying notes form part of these financial statements.  
This statement is to be read in conjunction with the compilation report.

PARKDALE / MENTONE EAST COMMUNITY BRANCH LIMITED

A.C.N 089 783 166

APPROPRIATION PROFIT AND LOSS STATEMENT

FOR THE YEAR ENDED 30TH JUNE 2016

	Note	2016 \$	2015 \$
<b>Profit (Loss) from ordinary activities before income tax</b>		122,965	28,845
Income Tax Expense		<u>36,890</u>	<u>(20,837)</u>
<b>Profit (Loss) from ordinary activities after income tax</b>		86,075	49,682
Accumulated income (Accumulated losses) at the beginning of the year		1,041,747	988,993
<b>Total Available for Distribution (Loss)</b>		<u>1,127,822</u>	<u>1,038,675</u>
Distribution to members (Cumulative)		(419,151)	(355,748)
<b>Accumulated Income (Losses) at end of financial year</b>		<u>708,671</u>	<u>682,927</u>

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PARKDALE / MENTONE EAST COMMUNITY BRANCH LIMITED

A.C.N 089 783 166

BALANCE SHEET

FOR THE YEAR ENDED 30TH JUNE 2016

	Note	2016 \$	2015 \$
<b>CURRENT ASSETS</b>			
Cash on Hand		400	400
Cash at Bank- Operating Account		82,256	213,524
Other Bank Accounts		14,720	
Term Deposits Held		120,968	
Prepayments		6,423	20,172
Receivables Due		102,564	120,131
<b>NON-CURRENT ASSETS</b>			
Investments- Shares at Market Value	5	401,238	478,998
Managed Funds - Sandhurst- at Market Value	5	278,614	272,512
<b>INTANGIBLE ASSETS</b>			
Goodwill, Formation etc	4	25,392	31,119
<b>FIXED ASSETS</b>			
Property, Vehicles and Equipment	3	996,681	1,021,395
<b>TOTAL ASSETS</b>		<b>2,029,257</b>	<b>2,158,251</b>
<b>CURRENT LIABILITIES</b>			
Creditors		42,450	39,880
GST Payable / (Receivable)		1,698	
Payroll & PAYG Payables/ Other		(18,910)	24,399
Provision for Staff Annual Leave		40,702	43,522
Provision for Income Tax		6,280	
Loans Due		3,233	33,124
Australian Taxation Office T.F.N. Liabilities		11,309	
Dividend Liabilities		4,659	
<b>NON-CURRENT LIABILITIES</b>			
Provision for Long Service Leave		68,697	66,327
Other Liabilities		980	
<b>TOTAL LIABILITIES</b>		<b>161,096</b>	<b>207,252</b>
<b>NET ASSETS</b>		<b>1,868,160</b>	<b>1,950,999</b>
<b>EQUITY</b>			
Issued Ordinary Shares		1,268,072	1,268,072
Asset Revaluation Reserves		(108,583)	
Retained Earnings		622,596	633,245
Current Unappropriated Profit (Loss)		86,075	49,682
<b>TOTAL EQUITY</b>		<b>1,868,160</b>	<b>1,950,999</b>

The accompanying notes form part of these financial statements.  
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**PARKDALE / MENTONE EAST COMMUNITY BRANCH LIMITED**  
**A.C.N 089 783 166**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

<b>2 Other Expenses</b>	<b>2016</b>	<b>2015</b>
ASIC Filing Fees	1,548	
Independent Audit Fee		10,145
Commissions Paid	134	
Journals etc	52	
Board Meeting Expenses	557	
Cash Delivery / Management Costs	4,331	
Payroll Service Fee	2,720	
Sundry	6,049	
Directors Honoraria	12,000	10,500
Refunds Paid	2,796	
Freight / Cartage	12,907	
Minor Equipment < \$ 500	1,404	
Legal	884	
Postage	3,180	
Printing & Stationery	19,419	
Telephone	16,101	
Cleaning/ Waste Disposal	13,682	
Electricity & Gas	8,630	
Staff Uniforms	7,968	
Staff Amenities	641	
Staff Training	5,500	
Managers Expenses	4,014	
Travel & Accommodation	709	
Conferences Costs	8,264	
MV Travel	48	
Credit Agency Report Fees	1,813	
General		265,791
	<u>135,351</u>	<u>286,436</u>
<b>3 Property, Vehicles and Equipment</b>		
Furniture & Fittings	38,248	38,248
Less Accumulated Depreciation	(37,214)	(36,609)
Plant & Equipment	110,186	110,186
Less Accumulated Depreciation	(99,259)	(92,487)
Land & Buildings	1,075,451	1,075,451
Less Accumulated Depreciation	(97,256)	(81,152)
Computers and Office Equipment		7,425
Less Accumulated Depreciation		(7,195)
Leasehold Improvements	11,975	11,975
Less Accumulated Depreciation	(5,450)	(4,447)
	<u>996,681</u>	<u>1,021,395</u>

#### 4 Intangible Assets etc

Franchise Fee Capitalised	78,718	249,000
Amortisation of Franchise Fee	(53,326)	(217,881)
Start Up Assistance	15,000	15,000
Amortisation of Start Up Assistance	(15,000)	(15,000)
Goodwill	220,000	220,000
Amortisation of Goodwill	(220,000)	(220,000)
Feasibility Study Costs	10,000	10,000
Amortisation of Feasibility Study Costs	(10,000)	(10,000)
Formation Costs	29,968	29,968
Amortisation of Formation Costs	(29,968)	(29,968)
Capital Raising Costs- Formation	8,942	8,942
Amortisation Capital Raising Costs	(8,942)	(8,942)
	<u>25,392</u>	<u>31,119</u>

#### 5 Market Value of Investments Held

Listed Shares at Cost	508,535	481,940
Movement in Market Value	(107,297)	(2,942)
Managed Funds at Cost	279,900	272,799
Movement in Market Value	(1,286)	(287)
	<u>679,853</u>	<u>751,510</u>

The accompanying notes form part of these financial statements.  
This statement is to be read in conjunction with the compilation report.

**PARKDALE / MENTONE EAST COMMUNITY BRANCH LIMITED**

**ACN : 089 783 166**

**Notes to Financial Statements**

**For year ended 30 June 2016**

**Note 1: Statement of Significant Accounting Policies**

This financial report is special purpose financial report prepared in order to satisfy the financial report preparation requirements of the Corporations Act 2001. The directors have determined that the company is not reporting entity.

Parkdale / Mentone East Community Branch Pty Ltd is a company limited by shares, incorporated and domiciled in Australia.

**Basis of Preparation**

The report has been prepared in accordance with the requirements of the Corporations Act 2001 and the following applicable Accounting Standards:

- AASB 101: Presentation of Financial Statements
- AASB 107: Cash Flow Statements
- AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors
- AASB 110: Events after the Balance Sheet Date
- AASB 117: Leases
- AASB 1031: Materiality
- AASB 1031: Interpretation and Application Standards

No other Australian Accounting Standards or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

**Reporting Basis and Conventions**

The financial report has been prepared on the accruals basis and is based on historic costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The following is a summary of the material accounting policies adopted by the company in the presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated. Refer to Note 'changes in accounting policies' for comparison to the previous financial year.

**Accounting Policies.**

**(a) Income Tax**

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

**These financial statements are unaudited. They must be read in conjunction with the attached Accountant's Compilation Report and Notes which form part of these financial statements.**

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

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 tax 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.

#### **(b) Property, Plant & Equipment**

Each class of property, plant and equipment are carried at cost or fair value less, where applicable, any accumulated depreciation.

##### **Property**

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction) based on the periodic valuations, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to be the revalued amount of the asset.

##### **Plant and Equipment**

Plant and equipment is measured on a cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Increases in the carrying amount arising on revaluations to the revaluation are credited to the reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on revalued carrying amount of the asset charged to the income statement and depreciation based on the assets original cost is transferred from the revaluation reserve to retained earnings.

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## Depreciation

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on either a straight line or diminishing value basis over the useful lives to the company commencing from the time the asset is held ready for use.

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each balance sheet date.

An assets' carrying value is written down immediately to its recoverable amount if the assets' carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

The depreciation rates ( diminishing value method) used for each class of depreciable asset are :

Equipment	10% - 30 %
Furniture & Fittings	10% - 20 %
Merchandising Equipment	20 %
Leasehold Improvements	20 % - 40 %

## (c) Leases

Leases of fixed assets, where substantially all risks and benefits incidental to the ownership of the asset, but not the legal ownership , are transferred to the entity are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower of the amount equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of the estimated useful lives of the lease term.

Lease payments under operating lease, where substantially all the risk and benefits remain with the lessor, are charged as expenses in the period in which they are incurred.

## (d) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenses. Overheads are applied on the basis of normal operating capacity. Costs are assigned on a first-in-first-out basis.

## (e) Investments

**These financial statements are unaudited. They must be read in conjunction with the attached Accountant's Compilation Report and Notes which form part of these financial statements.**

Non-current investments are measured on the cost basis. The carrying amount of investments is reviewed annually to ensure it is not in excess of recoverable amount of these investments. The Recoverable amount is assessed from the quoted market value for shares in listed companies or the underlying net assets for other non-listed corporations

## **Financial Assets**

### **Recognition**

Financial assets are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

### **Available-for-sale financial assets**

All investments are classified as available –for-sale financial assets. Available –for-sale assets are reflected at fair value unless the fair value can not be readily measured. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

### **Fair Value**

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm’s length transactions, reference to similar instruments and option trading pricing models.

## **(f) Intangibles**

### **Goodwill**

Goodwill is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity sold.

## **(g) Employee Benefits**

Provision is made for the liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year have been measured at the amount expected to be paid when the liability is settled, plus related on-costs. Employee entitlements payable later than one year have been measured at the present value of estimated future cash out flows to be made for those entitlements.

## **(h) Provisions**

Provisions are recognised when the company has legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefit will result and that the outflow can be measured reliably.

**(i) Cash and Cash Equivalents**

Cash and Cash Equivalents include cash on hand, deposits held at call with banks of financial institutions, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities on the balance sheet.

**(j) Revenue**

Revenue from the sale of goods is recognised upon delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking in to account the interest rates applicable to the financial assets.

Dividend income is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Revenue from rendering services is recognised upon the delivery of the service to the customer.

All revenue is stated net of the amount of goods and services tax (GST)

**(k) Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

**(l) Goods and Service Tax (GST)**

Revenues, expense 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. In these circumstances, the GST is recognised as part of the cost of acquisition of the assets as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows policy.

**(m) Comparative Figures**

Comparative figures has been adjusted to conform with changes in presentation for the current financial year where required by accounting standards or a result of changes in accounting policy.



### **Critical accounting estimates and judgments.**

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

#### **Key estimates- Valuation of Goodwill**

No impairment loss has been recognised in respect of goodwill for the year as the company believes that the goodwill is supported by forecasts indicating profitability in the next financial year. However should the projected turnover figures be outside 90% of budgeted figures incorporated in the forecast calculations, an impairment loss will be recognised up to the maximum carrying value of goodwill at the 30 June 2016

**PARKDALE / MENTONE EAST COMMUNITY BRANCH LIMITED**  
**ACN 089 783 166**

**CHAIRMAN'S REPORT**

Despite our limited catchment area the Parkdale and Mentone East branches have now generated a total asset book of \$ 236 million since inception. The Parkdale branch has approximately \$ 171 million in deposits and loans and Mentone East has approximately \$ 65 million.

The 10 % increase in assets under management has been achieved despite the difficult conditions confronting financial markets over the past 12 months. We thank the efforts of our dedicated & courteous staff and in particular the senior manager , Peter Wolff , for the pleasing outcome.

The low interest rate environment while a positive for borrowers is a negative for depositors. The demographics of our catchment area is weighed toward that of raising deposits. In this respect we are pleased to advise that recent changes to the profit share arrangements with our Parent ( Bendigo / Adelaide Banking Group ) should provide the opportunity to enhance Company profitability in the future.

During the year the Parkdale / Mentone East branches have contributed approximately \$ 100,000 back to the Community . These grants and sponsorships are made to assist various groups to continue with their Community involvement. This relationship with the Community is the point of difference which sets us apart from other banks.

The Parkdale / Mentone East Community Bank continues to be in a sound financial position , which underpins the value of the Shareholders investment. The Shareholders that have supported the Community Bank have been well rewarded via dividends paid over many years.

Your board of directors are confident that we have the right staff to continue providing a professional service to our customer base. The point of difference from our competitors extends further than our Community involvement and also includes access to a dedicated and courteous staff.

As Chairman I would like to thank my fellow directors and the ( Bendigo / Adelaide Bank ) regional manager for their support over the past 12 months.

Yours faithfully,

Robert J. Wilson  
Chairman  
Parkdale / Mentone East Community Bank

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