

Annual Report 2023

Dingley Village Financial
Services Limited

Community Bank
Dingley Village

ABN 27 098 041 493

Acknowledgement of Country

Community Bank Dingley Village proudly acknowledges the Bunurong People of the Kulin Nation and the Aboriginal and Torres Strait Islander peoples as the First Peoples of this nation and the Traditional Custodians of the land where we live, learn and work.

We pay our respects to Elders past and present as it is their knowledge and experience that holds the key to the success of future generations.

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Chair's report



Welcome to the 22nd annual report. We continue to move forward in very challenging and trying times. To say that the last three years has been an extraordinary and challenging time for all of us, would be an understatement. As we move

to the new normal post the pandemic, we are reminded of the consequences of the pandemic and global turmoils that affect our lives. The effects and resultant cost of living pressures are felt by all, but no more than that by our most vulnerable. In this market of rising interest rates and uncertain times the business and banking environment continues to be impacted by both domestic and world events.

Our Community Grants Night held at the Southern Golf Club was an outstanding success and highlights our reason to be. We are a major part of the Dingley Village and greater community landscape.

We have operated for 22 full financial years having commenced operation on 22 April 2002. With the establishment of Community Bank Dingley Village in February 2001, the branch has transformed into a solid and continuing feature in Dingley Village. We remain a very successful single branch site in the Bendigo Bank branch network, which is testament to our vibrant, thriving and dedicated community. Our community, Dingley Village!

In this report we again have the opportunity to tell our story and remind our community who we are. Community Bank Dingley Village, working with Bendigo Bank, brings much needed banking services to the Dingley Village community. We see ourselves as a social enterprise, existing to work with and help our community.

Dingley Village Financial Services Limited earns revenue through a franchise agreement with Bendigo Bank. The franchise agreement contains a limit on the level of profits that may be distributed to shareholders. This promotes the sustainability of the business and enables the company to contribute to community prosperity in various ways including in the form of grants and sponsorships.

As in past years, we continue to be involved in several exciting projects and initiatives that we have either facilitated or participated in with key stakeholders. While there are simply too many projects, groups and organisations that we have assisted to mention in this report, we have continued

to maintain significant levels of support for local kindergartens, primary schools, secondary schools, sporting clubs, charitable organisations and organisations which support and assist vulnerable members of our community.

Our community continues to thrive and grow with the support of Community Bank Dingley Village and Community Bank Dingley Village grows with the support of our community.

We have now given back about \$6 million to our local community. This amount will continue to grow. We could not achieve this without your support. It is a testament to our vibrant community.

To you, our shareholders, and owners of the company, we say thank you. Thank you for having faith in the community banking concept and contributing funds to start Community Bank Dingley Village.

Your faith and support have allowed us to pay \$891,450 in fully-franked dividends. We have also made two returns of capital, in total \$954,450 returned to you.

Indeed, to that extent, the Covid-19 pandemic has posed a once in a hundred-year challenge to all of us, and the company is no exception. While we elected to not declare a dividend for the 2022 financial year, on completion financial statements for the half year ended 31 December 2022, we were able to approve a special dividend in March 2023 of 6 cents per share, paid to our shareholders in April 2023.

Community Bank Dingley Village has funded what we might describe as community assets. These include the netball courts redevelopment, football and cricket club electronic scoreboard and new cricket nets, the Rotary memorial, electronic signage for our schools, sports uniforms and ancillary equipment, and the many other smaller provisions made to the many groups. These are assets paid for by the profits of Community Bank Dingley Village, for the benefit of members of the community to enjoy and use in the years to come.

Year in review

Given all the changing market conditions, I reached out to Bendigo Bank's Head of Economics and Market Research, Mr David Robertson for his thoughts.

He said: "The RBA has hiked rates by 4% since May 2022, the fastest pace of policy tightening since the

Chair's report (continued)

1980s, in response to the global energy and inflation shock. The inflation outlook remains challenging despite an easing in supply chain bottlenecks and material costs, due to stubbornly high core services inflation. As a result, the RBA are expected to maintain a tightening bias for some time, with rate cuts not likely until late 2024."

"The benefits of this approach are the likelihood of limiting this inflationary episode to just this year and next, allowing a subsequent recovery into 2025. The downside is what it will do to the jobs market (with unemployment set to steadily rise to 5%) and to domestic demand and retail activity. Businesses face a challenging financial year ahead with household spending likely to contract, hopefully offset to a degree by a rise in offshore demand and a rebound in tourism and international student numbers."

We have survived many economic challenges in the past 22 years and the new economic outlook is no different. The board will continue to navigate through these times, and continue our mandate of supporting our communities.

The term "the new normal" was used to describe the events of 2008, 2011, 2020, 2021 and 2022. It's now used to describe today's global conflict and its effects on the supply chains. Notwithstanding the "new normal" we have managed to progress through challenges and maintain profits and dividends. The new challenge is to navigate from the lowest interest rates on record and in a flat economy to rising interest rates, high inflation and real cost of living pressures.

Our branch

Our Branch Manager, Trish Vanes joined us in 2021. Under her leadership, the branch continues to grow and remains a friendly, efficient, and professional team. Trish has many years' experience, managing branches and is revelling in the Community Bank model and the successes we are a part of in our community. I commend her and our staff to you.

In 2022 Community Bank Dingley Village introduced a new mobile lender (MRM) role which has further increased our capacity to come to you for all of your home loan needs.

Staff morale is always of the highest order, and they remain the face of the business and the nexus between the company and the community. They never fail to have a smile on their face and are

always eager and willing to assist. You can still telephone the branch on 9551 6111 and speak to a real person.

Board members

We are a diverse and modern board that reflects the society and community in which we operate.

As Chair, I wish to personally thank all board members and their partners for their support over the years, and for the time they have given this company on a voluntary basis. Their commitment, dedication, and support is measured by the success Community Bank Dingley Village has achieved during that time. The board members act without remuneration, voluntarily and for the benefit of the shareholders and our community. They give selflessly and without any accolade and little, if any, recognition.

To that end, it is with a degree of sadness that I announce the retirements of David Starvaggi and Kanwar Singh from the board. Both David (our Chairman for 12 years) and Kanwar (our company Secretary for 9 years) gave countless hours of contribution volunteering to serve the company and community. We will miss them and wish them both well in their endeavours.

With this in mind, we remind you that our board is always looking for community motivated and qualified persons to join us. Our board is agile, but is always focused on the very best outcomes for our community. Diversity is our strength and drives the best in all.

I am confident the coming years will bring continued success for Community Bank Dingley Village.

I wish you all a safe, happy, and prosperous holiday season and look forward to continuing and extending our successes in 2024.

Darren Bodey

Chair

Branch Manager's report



To our shareholders and customers

I am very pleased to present my report to you for the year ending 30 June 2023.

Community

Our company and banking business are founded on the establishment of valuable community relationships. Community Bank Dingley Village ends this financial year by celebrating our 21st anniversary, it has been a great privilege for my team to serve not only our local community but further beyond.

Since opening in 2002 we have assisted many clubs, charities, and organisations with about \$6 million returned to the community through the provision of sponsorships, grants and returns to our shareholders.

The Community Grants night we hosted in May at Southern Golf Club was a celebration of the people who make a difference to others in our communities, and we presented over 25 recipients a total of \$173,800.

Performance

As of 30 June 2023, your Community Bank Dingley Village holds a lending book of \$57 million and a deposit book of \$156 million, with our total business for the period of 2022–23 comprising \$220 million, including small and commercial business, financial markets, and Rural Bank.

We settled \$12 million in lending this year, however experienced a negative growth. We were impacted with discharges as customers took advantage of the growth phase in the market to sell properties, and later in the year, as interest rates increased, customers turned to reducing their debt and paying out existing loans.

Deposit growth remains steady, and we are now seeing both at call deposit products and term deposits a sound savings option for customers as interest rates increase, this will assist us to retain as well as grow our deposit book in the future.

We are now seeing the end of low interest rates relative to home lending as well as increasing inflation and understand the challenges our customers will face and the opportunities we can leverage. We are committed to ensure we focus on what matters to our customers and to helping them navigate these challenging times.

I would like to extend a thank you to my branch team, whose efforts are thoroughly appreciated by our customers and community.

I would like to take this opportunity to thank the board of directors for their support over the past year. Their efforts often go unrecognised, but they are pillars for our community.

To the Dingley Village community, customers, and shareholders, I thank you for your continued support and promotion of our brand, without which we would not be able to support so many local organisations.

Community Bank Dingley Village team wish all our customers, community, shareholders, and directors the very best for the next 12 months.

Trish Vanes

Branch Manager

Bendigo and Adelaide Bank report

Community and customers will always be at the heart of what we do at Bendigo and Adelaide Bank.

Together, we're setting up Community Banking for the future – growing our impact as a leading social impact movement to transform communities across Australia.

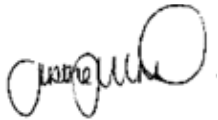
As we continue to evolve to meet the needs of our customers, we should feel proud that more Australians are choosing to do their banking with us and trust us with their financial goals. Our position as Australia's most trusted bank (Roy Morgan) reflects the esteem we are held in by our customers, and communities.

This year has been particularly significant for us. After five years apart, we had the opportunity to come together in person and connect through our State Connect program and in Bendigo at our National Conference in September. It has also been a record-breaking year for Community Bank with more than \$32 million invested into local communities nationwide. This is our highest year on record and underscores our ongoing commitment to our customers and communities.

Reflecting on the 25 years since we opened our first Community Bank, I'm so grateful to the hard work of many passionate directors (past and present). Everything we have done and continue to do is focused on our purpose to feed into the prosperity of our customers and communities, not off it.

On behalf of Bendigo Bank, thank you for continuing to play an essential role in supporting your community. I look forward to seeing us grow together and make a positive impact for generations to come.

Warmest regards



Justine Minne
Bendigo and Adelaide Bank

CBNC report



COMMUNITY BANK
NATIONAL COUNCIL

As a shareholder in your local Community Bank, you belong to an incredible social enterprise network that to date has reinvested more than \$300 million in our local communities.

And now, as we celebrate our 25th anniversary milestone, we are evolving even further by sharpening our focus on our community enterprises – separate to the banking side of the business. We are uniting our Community Bank companies through a shared vision of being the most influential network of social enterprises in Australia. This means we'll have a bigger and better story to tell about how we collectively deliver impact.

Our future is together because of our extraordinary strength and aligned partnership with each other, and with our partner, Bendigo and Adelaide Bank. Our partnership with the bank has been fashioned out of shared effort, risk and reward and it continues to serve us well.

And now even with the digital evolution upon us, the foundation of our future still relies on the guiding principles of the Community Bank model. We are community enterprises and the custodians of this incredible model that collaborates with local communities for social good. The objective of our Community Bank network remains the same. Our evolution will be evidenced by the channels that we use to connect with our customers and communities, digital by design and human where it matters.

The Community Bank network was a first mover in Australia with its unique social enterprise model. The first Community Bank opened its doors in 1998, and since then, the network has grown to 307 Community Bank branches. The network represents a diverse cross-section of Australia with 240 social enterprises, 70,000+ shareholders, 1600+ volunteer directors, 1600+ staff and 905,000 customers located in metro, regional, rural and remote locations across the country.

The Community Bank network creates impact through grants, donations and sponsorships that connect with and care for generations of Australians. Network investment ranges from sport, scholarships and school programs, through to community groups, cultural organisations and local councils. We also facilitate and attract partnerships to help support much needed community projects.

The Community Bank National Council (CBNC) is the voice of the Community Bank network. The role of the CBNC is to advocate and influence on behalf of the 240 community enterprises with its partner. It has also been the role of the CBNC to oversee the development of the Community Network Strategy which exists to ensure the ongoing sustainability of this unique collective of social enterprises.

In September this year our Community Bank network celebrates 25 years. It's a tremendous milestone and one which we're hugely proud of achieving. We have never been stronger and we look forward to continuing to serve our shareholders, customers and communities as we embrace our exciting future.

Warm regards

A handwritten signature in black ink, appearing to read "Sarah Franklyn".

Sarah Franklyn
CBNC Chair

Directors' report

The directors present their report on Dingley Village Financial Services Limited for the financial year ended 30 June 2023.

Information on directors

The names of each person who has been a director during the year and to the date of this report are:



Darren Bodey, Chair

Qualifications: Qualified electrician, registered commercial building practitioner, 33 years as the managing director of a commercial building business. Director of the company since 2006. Darren is a member of the human resources, community engagement and property sub committees.



Vittesh Lilani, Company Secretary, Treasurer

Qualifications: FCPA, FIPA, FNTAA, Dip of Financial Planning, MIT, BCom with 18 years of experience in the field of accounting and taxation. Director in SS Accounting Solutions and SS Group of Companies. He has been involved with the integration of varied culture groups within the larger community. Treasurer and finance sub committee member.



Adam Arness, Deputy Chair

Qualifications: Bachelor of Laws LL.B. Monash University. Grad Dip. Legal Practice. Lawyer with over nine years in private practice and in-house roles. General commercial law background with focus on employment law/workplace relations. Extensive experience on local committees. Member of the finance sub committee.



Stephen Duggan

Qualifications: MBA (Distinction), Grad.Dip. Trade Mark Practice, B.Business HRD, Grad. Dip Career Counselling. Long term resident of Dingley Village. Over 25 years of C suite Management experience across a diverse range of industries, with responsibilities for domestic and international markets. Currently, President of John Monash Science School Council. Member of the community engagement, human resources and property sub committees.



Greg Lawes

Qualifications: Greg had a 28 year banking career with experience in computerisation, preparing bank policy, large scale marketing campaigns, publicity, and as an executive branch manager in Collins Street. On leaving banking Greg started a debt collection company over 20 years ago which currently employs 16 staff and operates Australia wide. Greg has been a resident of Dingley Village for over 40 years and understands the banking needs of the local residents. Member of the finance and HR sub committees.



James Hardy

Qualifications: Jim has had extensive experience in commercial banking and project finance across diverse markets including senior management roles at Bendigo and Adelaide Bank. Jim has been involved in several community groups as a volunteer and specialises in engaging with community and government including match funding negotiation and project scoping. Jim is a member of the finance and community engagement sub committees.

Directors' report (continued)



Scott Lowther

Appointed on 30 August 2023

Qualifications: MBA, B Sc. (Chem), Grad. cert. Computing, Dip. Fin Services, GAICD. Long term resident of Dingley Village, now Heatherton. 20 years running his own consulting business across a diverse range of industries both local and internationally. Involved in the local football netball club for over 20 years, including roles such as secretary, coach for boys and girls teams, team manager and currently board chair for Make a Difference Dingley Village. Scott is a member of the finance and community engagement sub committees.



David Starvaggi

Resigned 15 May 2023

Qualifications: Holding degrees in Arts and Law and a graduate diploma in Law. Has served on various boards for a number of organisations and companies. Director of the company since 2011. HR and Finance sub committee member.



Kanwar Singh

Resigned 15 May 2023

Qualifications: MBA; Bachelor of Commerce (Hons); Fellow CPA Australia; Fellow IPA; Fellow NTAA. Managing Director of SS Accounting Solutions, Dingley Village. Has been involved with the Dingley Village community for over 25 years and is actively involved in the Dingley Village Cricket Club. Finance sub committee member.



Leigh Menzel

Resigned 8 December 2022

Qualifications: B Sc. (Maths), University of Adelaide. Extensive background in IT, four years as director of software business based in Springvale. Involved in local football, netball and sporting clubs and leagues for the past 15 years and life member of the Dingley Football Netball Club. Board member since 2008 and part of the community engagement sub committee.

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

Principal activities

The principal activity of Dingley Village Financial Services Limited during the financial year was the provision of banking services to the business and residential community.

No significant changes in the nature of the company's activity occurred during the financial year.

Directors' report (continued)

Operating results

The profit of the company after providing for income tax amounted to \$387,457 (2022: \$2,952).

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the company during the year.

Matters or circumstances arising after the end of the year.

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

Environmental matters

The company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.

Dividends paid or recommended

A fully franked interim dividend of \$37,800 (\$0.06 per share) was declared on 13 April 2023 and was paid during the year.

Meetings of directors

During the financial year, 12 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' meetings	
	Number eligible to attend	Number attended
Darren Bodey (Chair)	12	12
Vittesh Lilani (Company Secretary, Treasurer)	12	9
Adam Arness (Deputy Chair)	12	8
Stephen Duggan	12	11
Greg Lawes	12	10
James Hardy	12	9
Scott Lowther (Appointed 30 August 2023)	-	-
David Starvaggi (Resigned 15 May 2023)	10	10
Kanwar Singh (Resigned 15 May 2023)	10	4
Leigh Menzel (Resigned 8 December 2022)	5	4

Directors' report (continued)

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 date of this report.

Indemnification and insurance of officers and auditors

The company has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company. The premiums for each director amounted to \$654 (2022: \$718).

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2023 has been received and can be found on page 11 of the financial report.

Remuneration report

No director of the company receives remuneration for services as a company director or committee member.

The board's policy in respect of the Branch Manager is to maintain remuneration at parity within the Community Bank network and local market rates for comparable roles.

There are no company executives who are directly accountable and responsible for the strategic direction of the entity. This is wholly a board role (who act in a voluntary capacity).

Dingley Village Financial Services Limited has accepted the Community Bank Directors' Privileges package. The package is available to all directors who can elect to avail themselves of the benefits based on their personal banking with the Community Bank Dingley Village. There is no requirement to own Bendigo Bank shares and there is no qualification period to qualify to use the benefits. The package mirrors the benefits currently available to Bendigo Bank shareholders.

Signed in accordance with a resolution of the board of directors:



Darren Bodey
Chair



Vittesh Lilani
Company Secretary

Dated 20 September 2023

Auditor's independence declaration



Ashfords Audit & Assurance Pty Ltd
ABN 52 138 965 241
Unit 301, 148 Logis Boulevard, Dandenong South VIC 3175
PO Box 4525, Dandenong South VIC 3164
(03) 9551 2822
info@ashfords.com.au

Dingley Village Financial Services Limited
ABN: 27 098 041 493

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Dingley Village Financial Services Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Ashfords Audit and Assurance

Ashfords Audit and Assurance Pty Ltd
Chartered Accountants

A handwritten signature in black ink, appearing to read 'AW'.

Andrew White
Director

27 September 2023

Level 3, 148 Logis Boulevard, Dandenong South, Vic. 3175



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Financial statements

Statement of profit or loss and other comprehensive income

For the financial year ending 30 June 2023

	Note	2023 \$	2022 \$
Revenue	4	2,014,680	968,866
Employee benefits expense	5	(603,232)	(419,438)
Depreciation and amortisation expense	5	(127,210)	(118,832)
Sponsorship and marketing expenses		(409,140)	(72,090)
Occupancy		(86,664)	(115,159)
Computer expenses		(22,516)	(25,737)
Legal expenses		(2,998)	(50,212)
Other expenses		(221,534)	(146,861)
Finance expenses		(11,497)	(14,870)
Profit before income tax		529,889	5,667
Income tax expense	6	(142,432)	(2,715)
Profit for the year		387,457	2,952
Other comprehensive income, net of tax		-	-
Total comprehensive income for the year		387,457	2,952
Earnings per share			
From continuing and discontinued operations: Basic earnings per share (cents)		61.50	0.47

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of financial position

As at 30 June 2023

	Note	2023 \$	2022 \$
ASSETS			
Current assets			
Cash and cash equivalents	8	982,685	549,659
Trade and other receivables	9	190,943	112,122
Current tax receivable	20	-	8,100
Total current assets		1,173,628	669,881
Non current assets			
Property, plant and equipment	10	453,526	565,370
Deferred tax assets	20	18,274	51,046
Intangible assets	11	39,877	53,170
Total non-current assets		511,677	669,586
Total assets		1,685,305	1,339,467
LIABILITIES			
Current liabilities			
Trade and other payables	12	119,588	109,792
Lease liabilities	13	117,320	111,001
Current tax liabilities	20	102,539	-
Employee benefits	14	20,485	15,299
Total current liabilities		359,932	236,092
Non current liabilities			
Trade and other payables	12	29,243	43,865
Lease liabilities	13	158,577	275,796
Deferred tax liabilities	20	19,599	19,525
Employee benefits	14	9,500	5,382
Total non current liabilities		216,919	344,568
Total liabilities		576,851	580,660
Net assets		1,108,454	758,807
EQUITY			
Issued capital	15	567,000	567,010
Retained earnings		541,454	191,797
Total equity		1,108,454	758,807

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of changes in equity

For the financial year ending 30 June 2023

	Note	Issued capital \$	Retained earnings \$	Total \$
2023				
Balance at 1 July 2022		567,010	191,797	758,807
Total comprehensive Income for the year		-	387,457	387,457
Reduction of shares		(10)	-	(10)
Dividends paid or provided for	7	-	(37,800)	(37,800)
Balance at 30 June 2023		567,000	541,454	1,108,454
2022				
Balance at 1 July 2021		567,010	226,646	793,656
Total comprehensive Income for the year		-	2,951	2,951
Dividends paid or provided for	7	-	(37,800)	(37,800)
Balance at 30 June 2022		567,010	191,797	758,807

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of cash flows

For the financial year ending 30 June 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Receipts from customers		2,145,382	1,039,075
Payments to suppliers and employees		(1,557,006)	(892,623)
Interest received		5,716	1,910
Interest paid		(11,497)	(14,870)
Income taxes refunded/(paid)		-	36,770
Net cash provided by/(used in) operating activities	24	582,595	170,262
Cash flows from investing activities			
Payment for intangible asset		-	(66,462)
Purchase of property, plant and equipment		(2,074)	(54,345)
Net cash used by investing activities		(2,074)	(120,807)
Cash flows from financing activities			
Proceeds from borrowings		(24,644)	25,089
Dividends paid		(36,585)	(35,730)
Payment of lease liabilities		(86,256)	(79,201)
Reduction of share capital		(10)	-
Net cash used by financing activities		(147,495)	(89,842)
Net increase/(decrease) in cash and cash equivalents held		433,026	(40,387)
Cash and cash equivalents at beginning of year		549,659	590,046
Cash and cash equivalents at end of financial year	8	982,685	549,659

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2023

The financial report covers Dingley Village Financial Services Limited as an individual entity. Dingley Village Financial Services Limited is a for-profit company limited by shares, incorporated and domiciled in Australia.

The functional and presentation currency of Dingley Village Financial Services Limited is Australian dollars.

The financial report was authorised for issue by the directors on 20 September 2023.

Comparatives are consistent with prior years, unless otherwise stated.

Note 1. Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

These financial statements and associated notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

Note 2. Summary of significant accounting policies

a) Income tax

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises of current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Notes to the financial statements (continued)

Note 2. Summary of significant accounting policies (continued)
(a) Income tax (continued)

Current tax assets and liabilities are offset where there is a legally enforceable right to set off the recognised amounts and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset where there is a legal right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

b) Revenue and other income

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

Interest revenue

Interest is recognised using the effective interest method.

Revenue from contract with customers

The company has entered into a franchise agreement with Bendigo Bank. The company delivers banking and financial services of Bendigo Bank to its community. The franchise agreement provides for a share of interest, fee and commission revenue earned by the company. Interest margin share is based on a funds transfer pricing methodology which recognises that income is derived from deposits held, and that loans granted incur a funding cost. Fees are based on the company's current fee schedule and commissions are based on the agreements in place. All margin revenue is recorded as non-interest income when the company's right to receive the payment is established.

The company acts as an agent under the franchise agreement and revenue arises from the rendering of services through its franchise agreement.

Revenue is recognised on an accruals basis, at the fair value of consideration specified in the franchise agreement. Under AASB 15 Revenue from Contracts with Customers (AASB 15), revenue recognition for the company's revenue stream is as follows:

Revenue	Includes	Performance obligations	Timing of recognition
Franchise agreement profit share	Margin, commission, and fee income	When the company satisfies its obligation to arrange for the services to be provided to the customer by the supplier (Bendigo Bank as franchisor).	On completion of the provision of the relevant service. Revenue is accrued monthly and paid within 10 business days after the end of each month.

Revenue calculation

The franchise agreement provides that three forms of revenue may be earned by the company; margin, commission and fee income. Bendigo Bank decides the form of revenue the company earns on different types of products and services.

The revenue earned by the company is dependent on the business that it generates. It may also be affected by other factors, such as economic and local conditions, for example, interest rates.

Notes to the financial statements (continued)

Note 2. Summary of significant accounting policies (continued)

(b) Revenue and other income (continued)

Core banking products

Bendigo Bank has identified some Bendigo Bank Group products and services as 'core banking products'. It may change the products and services which are identified as core banking products by giving the company at least 30 days' notice. Core banking products currently include Bendigo Bank branded home loans, term deposits and at call deposits.

Margin

Margin is arrived at through the following calculation:

- Interest paid by customers on loans less interest paid to customers on deposits
- *plus* any deposit returns i.e. interest return applied by Bendigo Bank for a deposit
- *minus* any costs of funds i.e. interest applied by Bendigo Bank to fund a loan.

For those products and services on which margin is paid, the company is entitled to a share of the margin earned by Bendigo Bank (i.e. income adjusted for Bendigo Bank interest expense and interest income return). However, if this reflects a loss, the company incurs a share of that loss.

Commission

Commission revenue is in the form of commission generated for products and services sold. This commission is recognised at a point in time which reflects when the company has fulfilled its performance obligation.

The company receives trailing commission for products and services sold. Ongoing trailing commission payments are recognised on receipt as there is insufficient detail readily available to estimate the most likely amount of income without a high probability of significant reversal in a subsequent reporting period. The receipt of ongoing trailing commission is outside the control of the company, and is a significant judgement area.

Fee income

Fee income is a share of what is commonly referred to as 'bank fees and charges' charged to customers by Bendigo Bank Group entities including fees for loan applications and account transactions.

Ability to change financial return

Under the franchise agreement, Bendigo Bank may change the form and amount of financial return that the company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo Bank earns revenue.

The change may be to the method of calculation of margin, the amount of margin, commission and fee income or a change of a margin to a commission or vice versa. This may affect the amount of revenue the company receives on a particular product or service. The effect of the change on the revenue earned by the company is entirely dependent on the change.

If Bendigo Bank makes a change to the margin or commission on core banking products and services, it must not reduce the margin and commission the company receives on core banking products and services Bendigo Bank attributes to the company to less than 50% (on an aggregate basis) of Bendigo Bank margin at that time. For other products and services, there is no restriction on the change Bendigo Bank may make.

Discretionary financial contributions

In addition to margin, commission and fee income, and separate from the franchise agreement, Bendigo Bank has also made discretionary financial payments to the company. These are referred to by Bendigo Bank as a "Market Development Fund" (MDF).

Notes to the financial statements (continued)

Note 2. Summary of significant accounting policies (continued)

(b) Revenue and other income (continued)

The amount has been based on the volume of business attributed to a branch. The purpose of the discretionary payments is to assist with local market development activities, including community sponsorships and donations. It is for the board to decide how to use the MDF.

The payments from Bendigo Bank are discretionary and Bendigo Bank may change the amount or stop making them at any time. No MDF payments were received this financial year.

Other income is recognised on an accruals basis when the company is entitled to it.

c) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

d) Property, plant and equipment

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

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include: purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on straight-line or reducing balance basis over the assets useful life to the company, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Buildings right of use	20%
Plant and equipment	7.5% to 37.5%
Leasehold improvements	2.5% to 20%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

Notes to the financial statements (continued)

Note 2. Summary of significant accounting policies (continued)

e) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The company's financial instruments include trade debtors and creditors, cash and cash equivalents, borrowings and leases.

Sub-note below refer to the following acronyms:

Acronym	Meaning
FVTPL	Fair value through profit or loss
FVTOCI	Fair value through other comprehensive income
SPPI	Solely payments of principal and interest
ECL	Expected credit loss
CGU	Cash-generating unit

Recognition and initial measurement

Trade receivables are initially recognised when they originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to the acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets – classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost, FVTOCI – debt investment; FVTOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets, in which case all affected assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows: and
- its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. On initial recognition, the company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVTOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – business model assessment

The company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed.

Notes to the financial statements (continued)

Note 2. Summary of significant accounting policies (continued)

(e) Financial instruments (continued)

Financial assets – subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit and loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities – classification, subsequent measurement and gains and losses

Borrowings and other financial liabilities (including trade payables) are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial assets

The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire. The company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company currently has a legally enforceable right to set off the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to the profit or loss.

Losses recognised in the prior period statement of profit or loss and other comprehensive income resulting from the impairment of debt securities are reversed through the statement of profit or loss and other comprehensive income, if the subsequent increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired. Although the company uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions.

The company's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

Notes to the financial statements (continued)

Note 2. Summary of significant accounting policies (continued)

(e) Financial instruments (continued)

Impairment of financial assets

Non-derivative financial assets

The company recognises a loss allowance for ECL on:

- financial assets that are measured at FVTOCI;
- lease receivables;
- loan commitments that are not measured at FVTPL; and
- financial guarantee contracts that are not measured at FVTPL

At the end of the reporting period the company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Available-for-sale financial assets

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

f) Impairment of non-financial assets

At the end of each reporting period the company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

g) Intangible assets

The franchise fee paid to Bendigo Bank has been recorded at cost and is amortised on a straight line basis over the life of the franchise agreement.

The renewal processing fee paid to Bendigo Bank when renewing the franchise agreement has also been recorded at cost and is amortised on a straight line basis over the life of the franchise agreement.

Notes to the financial statements (continued)

Note 2. Summary of significant accounting policies (continued)

h) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

i) Leases

At inception of a contract, the company assesses whether a lease exists – i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset – this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The company has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

At the lease commencement, the company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to lease accounting

The company has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

j) Provisions

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

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount is taken to finance costs in the statement of profit or loss and other comprehensive income.

Notes to the financial statements (continued)

Note 2. Summary of significant accounting policies (continued)

k) Economic dependence

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank branch at Dingley Village, Victoria.

The company operates as a franchise of Bendigo Bank, using the name "Bendigo Bank" and the logo and system of operations of Bendigo Bank. The company manages the Community Bank branch on behalf of Bendigo Bank, however all transactions with customers conducted through the Community Bank branches are effectively conducted between the customers and Bendigo Bank.

All deposits are made with Bendigo Bank, and all personal and investment products are products of Bendigo Bank, with the company facilitating the provision of those products. All loans, leases or hire purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction that involves creating a new debt, or increasing or changing the terms of an existing debt owed to Bendigo Bank, must be approved by Bendigo Bank.

All credit transactions are made with Bendigo Bank, and all credit products are products of Bendigo Bank. Bendigo Bank provides significant assistance in establishing and maintaining the Community Bank branch franchise operations. It also continues to provide ongoing management and operational support, and other assistance and guidance in relation to all aspects of the franchise operation, including advice in relation to:

- advice and assistance in relation to the design, layout and fit out of the Community Bank branch;
- training for the branch manager and other employees in banking, management systems and interface protocol;
- methods and procedures for the sale of products and provision of services;
- security and cash logistic controls;
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs; and
- sales techniques and proper customer relations.

l) Adoption of new and revised accounting standards

During the current year, the company adopted all of the new, revised or amended accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period. The adoption of new and accounting standards and interpretations did not have any significant impact on the financial performance or position of the company.

Notes to the financial statements (continued)

2023
\$

2022
\$

Note 3. Critical accounting estimates and judgements

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note	Judgement
Note 5 – revenue recognition	· whether revenue is recognised over time or at a point in time
Note 15 – leases	<ul style="list-style-type: none"> · whether a contract is or contains a lease at inception by assessing whether the company has the right to direct the use of the identified asset and obtain substantially all the economic benefits from the use of that asset · whether the company is reasonably certain to exercise extension options, termination periods, and purchase options; · judgement is required to determine the discount rate, where the discount rate is the company's incremental borrowing rate if the rate implicit in the lease contract cannot be readily determined. The incremental borrowing rate is determined with reference to factors specific to the company and underlying asset including: <ul style="list-style-type: none"> - the amount - the lease term - economic environment; and - other relevant factors

Note 4. Revenue and other income

Revenue from continuing operations

Revenue from contracts with customers

Provision of services	1,877,856	837,880
Upfront product commissions	41,172	50,385
Fee Income	68,327	64,312
Products/services commission	13,775	14,456
	2,001,130	967,033
Finance income		
Other interest received	5,716	1,833
Finance income	5,716	1,833
Other trading revenue	7,834	-
Total revenue	2,014,680	968,866

Notes to the financial statements (continued)

	2023 \$	2022 \$
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Note 4. Revenue and other income (continued)

Disaggregation of revenue from contracts with customers

Time of revenue recognition

At a point in time	2,001,130	967,033
Revenue from contracts with customers	2,001,130	967,033
Type of contract		
Provision of services	2,001,130	967,033
Revenue from contracts with customers	2,001,130	967,033

Note 5. Result for the year

The result for the year includes the following specific expenses.

Other expenses

Employee benefits expense	603,232	419,438
Depreciation expense	113,918	105,539
Amortisation expense	13,292	13,293
Impairment of receivables		
Bad debts	194	792
Total impairment of receivables	194	792

Note 6. Income tax expense

a) The major components of tax expense (income) comprise:

Deferred tax expense		
Origination and reversal of temporary differences	32,846	2,715
Current tax	102,539	-
Under/(over) provision in respect of prior years	7,047	-
Total income tax expense	142,432	2,715

b) Reconciliation of income tax to accounting profit

Prima facie tax payable on profit from ordinary activities before income tax at 25% (2022: 25%)	132,472	1,417
Add tax effect of:		
Under provision for income tax in prior year	7,047	-
Non-deductible expenses	2,913	-
	142,432	1,417
Less tax effect of:		
Change in tax rate	-	1,298
Income tax expense	142,432	2,715

Notes to the financial statements (continued)

	2023 \$	2022 \$
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Note 7. Dividends

a) The following dividends were declared

Final franked ordinary dividend of 6 cents (2022: 6 cents) per share	37,800	37,800
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Franking account

The franking credits available for subsequent financial years at a tax rate of 25%	119,537	121,645
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The above available balance is based on the dividend franking account at year-end adjusted for:

- a) Franking credits that will arise from the payment of the current tax liabilities;
- b) Franking debits that will arise from the payment of dividends recognised as a liability at the year end;
- c) Franking credits that will arise from the receipt of dividends recognised as receivables at the end of the year.

The ability to use the franking credits is dependent upon the company's future ability to declare dividends.

Note 8. Cash and cash equivalents

Cash at bank in hand	982,685	549,659
	982,685	549,659

Note 9. Trade and other receivables

Current

Trade receivables	186,926	110,443
	186,926	110,443
Deposits	4,017	1,679
Total current trade and other receivables	190,943	112,122

Notes to the financial statements (continued)

	2023 \$	2022 \$
Plant and equipment		
At cost	100,788	98,717
Accumulated depreciation	(91,129)	(87,892)
Total plant and equipment	9,659	10,825
Motor vehicles		
At cost	69,527	69,527
Accumulated depreciation	(25,370)	(10,651)
Total motor vehicles	44,157	58,876
Leasehold improvements		
At cost	526,138	526,138
Accumulated amortisation	(329,255)	(317,224)
Total leasehold improvements	196,883	208,914
Right of use asset		
At cost	573,509	573,509
Accumulated depreciation	(370,682)	(286,754)
Total right of use asset	202,827	286,755
Total property, plant and equipment	453,526	565,370

a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Plant and equipment \$	Motor vehicles \$	Leasehold improvements \$	Right of use asset \$	Total \$
Year ended 30 June 2023					
Balance at the beginning of year	10,825	58,876	208,914	286,755	565,370
Additions	2,071	-	-	-	2,071
Depreciation expense	(3,237)	(14,719)	(12,031)	(83,928)	(113,915)
Balance at the end of the year	9,659	44,157	196,883	202,827	453,526
Year ended 30 June 2022					
Balance at the beginning of year	12,280	32,998	200,603	370,683	616,564
Additions	1,624	35,213	17,508	-	54,345
Depreciation expense	(3,079)	(9,335)	(9,197)	(83,928)	(105,539)
Balance at the end of the year	10,825	58,876	208,914	286,755	565,370

Notes to the financial statements (continued)

	2023 \$	2022 \$
Note 11. Intangible assets		
Development costs		
Cost	720	720
Accumulated amortisation and impairment	(720)	(720)
Net carrying value	-	-
Licenses and franchises		
Cost	66,462	66,462
Accumulated amortisation and impairment	(26,585)	(13,292)
Net carrying value	39,877	53,170
Borrowing costs		
Other Intangible assets		
Cost	19,758	19,758
Accumulated amortisation and impairment	(19,758)	(19,758)
Net carrying value	-	-
Total Intangibles	39,877	53,170

a) Movements in carrying amounts of intangible assets

	Licenses and franchises \$	Total \$
Year ended 30 June 2023		
Balance at the beginning of the year	53,170	53,170
Amortisation	(13,293)	(13,293)
Closing value at 30 June 2023	39,877	39,877

The franchise agreement was renewed in 2022 and expires in 2027. The Franchise Fee is amortised over the five year term.

Notes to the financial statements (continued)

	2023 \$	2022 \$
Current		
Unsecured liabilities		
Trade payables	45,166	43,936
Franchise Fee payable	15,772	15,772
Other payables	40,459	33,612
	101,397	93,320
Dividend payable	18,191	16,472
	119,588	109,792
Non-current		
Franchise Fee Payable	29,243	43,865
	29,243	43,865

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

Note 13. Lease liabilities

Lease liabilities were measured at amounts equal to the present value of enforceable future payments of the term reasonably expected to be exercised, discounted at the appropriate incremental borrowing rate on the adoption date. The discount rate used on recognition was 4%.

The discount rate used in calculating the present value of enforceable future payments takes into account the particular circumstances applicable to the underlying leased assets (including the amount, lease term, economic environment, and other relevant factors).

The company has applied judgement in estimating the remaining lease term including the effects of any extension or termination options reasonably expected to be exercised, applying hindsight where appropriate.

Lease portfolio

The company's lease portfolio includes:

- Branch – The lease agreement is a non-cancellable lease with a term of five years which commenced on 16 November 2019. No significant changes as at 30 June 2023.

The company assesses at the lease commencement date whether it is reasonably certain to exercise extension options. The company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

a) Lease liability measurement

Where the company is a lessee for the premises to conduct its business, extension options are included in the lease term except when the company is reasonably certain not to exercise the extension option. This is due to the significant disruption of relocating premises and the loss on disposal of leasehold improvements fitted out in the demised leased premises.

Notes to the financial statements (continued)

	2023 \$	2022 \$
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Note 13. Lease liabilities (continued)

b) Lease liabilities

Current

Lease liability	16	93,753	86,257
Bank loans		23,567	24,744
Total current borrowings		117,320	111,001

Non-current

Lease liability	16	146,186	239,938
Bank loans		12,391	35,858
Total non-current borrowings		158,577	275,796

Note 14. Employee benefits

Current liabilities

Provision for employee benefits	20,485	15,299
	20,485	15,299

Non current liabilities

Long service leave	9,500	5,382
	9,500	5,382

Note 15. Issued capital

630,000 (2022: 630,010) Ordinary shares	567,000	567,010
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a) Voting rights

On a show of hands or a poll, each member attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of shares held. However, where a person attends a meeting in person and is entitled to vote in more than one capacity (for example, the person is a member and has also been appointed as proxy for another member) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a member and one vote for each other member that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each member only one vote, regardless of the number of shares held, is to reflect the nature of the company as a community based company, by providing that all members of the community who have contributed to the establishment and ongoing operation of the Community Bank branch have the same ability to influence the operation of the company.

b) Dividends

Generally, dividends are payable to members in proportion to the amount of the share capital paid up on the shares held by them, subject to any special rights and restrictions for the time being attaching to shares. The franchise agreement with Bendigo Bank contains a limit on the level of profits or funds that may be distributed to shareholders.

Notes to the financial statements (continued)

	2023 \$	2022 \$
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Note 15. Issued capital (continued)

c) Transfer

Generally, ordinary shares are freely transferable. However, the directors have a discretion to refuse to register a transfer of shares.

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the company's constitution and the *Corporations Act 2001*.

Note 16. Capital and leasing commitments

a) Leases

Minimum lease payments

Not later than one year	101,664	97,753
Between one year and five years	150,648	252,313
Minimum lease payments	252,312	350,066
Less: finance changes	(12,374)	(23,871)
Present value of minimum lease payments	239,938	326,195

Note 17. Remuneration of auditors

Remuneration of the auditor of the entity for auditing or reviewing the financial statements	12,428	12,145
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Note 18. Related parties

All directors of the company are on a voluntary basis, therefore no remuneration guidelines have been prepared. There were no related party transactions during the year.

Note 19. Events occurring after the reporting date

The financial report was authorised for issue on 20 September 2023 by the board of directors.

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 future financial years.

Notes to the financial statements (continued)

	2023 \$	2022 \$
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Note 20. Tax assets and liabilities

Current tax	-	8,100
Current tax receivable	-	8,100
Income tax payable	102,539	-
Current tax liabilities	102,539	-
Recognised deferred tax assets and liabilities		
Deferred tax assets	18,274	51,046
Deferred tax liabilities	19,599	19,525

	Opening balance \$	Charged to income \$	Closing balance \$
Deferred tax assets			
Provisions – employee benefits	7,327	(2,157)	5,170
Right to use asset	9,025	835	9,860
Tax losses	26,645	9,371	36,016
Balance at 30 June 2022	42,997	8,049	51,046
Provisions – employee benefits	5,170	2,326	7,496
Accruals	-	1,500	1,500
Right to use asset	9,860	(582)	9,278
Tax losses	36,016	(36,016)	-
Balance at 30 June 2023	51,046	(32,772)	18,274
Deferred tax liabilities			
Property, plant and equipment – tax allowance	8,741	10,784	19,525
Prepayment	20	(20)	-
Balance at 30 June 2022	8,761	10,764	19,525
Property, plant and equipment – tax allowance	19,525	74	19,599
Balance at 30 June 2023	19,525	74	19,599

Notes to the financial statements (continued)

Note 21. Financial risk management

The company's activities expose it to a limited variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the entity. The entity does not use derivative instruments.

Risk management is carried out directly by the board of directors.

Market risk

The company has no exposure to any transactions denominated in a currency other than Australian dollars.

Price risk

The company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. The company is not exposed to commodity price risk.

Credit risk

The company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank.

Liquidity risk

Prudent liquidity management implies maintaining sufficient cash and marketable securities and the availability of funding from credit facilities. The company believes that its sound relationship with Bendigo Bank mitigates this risk significantly.

Cash flow and fair value interest rate risk

Interest bearing assets are held with Bendigo Bank and subject to movements in market interest. Interest rate risk could also arise from long term borrowings. Borrowings issued at variable rates expose the company to cash flow interest rate risk. The company believes that its sound relationship with Bendigo Bank mitigates this risk significantly.

Capital manager

The board's policy is to maintain a strong capital base so as to sustain future development of the company. The board of directors monitor the return on capital and the potential level of dividends to shareholders. Capital is represented by total equity as recorded in the Balance Sheet.

In accordance with the franchise agreement, in any 12 month period, the funds distributed to shareholders shall not exceed the distribution limit.

The distribution limit is the greater of:

- a) 20% of the profit or funds of the franchisee otherwise available for distribution to shareholders in that 12 month period; and
- b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the franchisee over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2023 can be seen in the Statement of Profit or Loss and Other Comprehensive Income.

There were no changes in the company's approach to capital management during the year.

Notes to the financial statements (continued)

Note 21. Financial risk management (continued)

Financial instrument composition and maturity analysis

The company's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted average effective interest rate		Floating interest rate		Non-interest bearing	
	2023 %	2022 %	2023 \$	2022 \$	2023 \$	2022 \$
Financial assets						
Cash and cash equivalents	3.00	0.01	153,545	125,373	-	-
Short term deposits	5.00	0.65	829,140	424,286	-	-
Receivables	-	-	-	-	190,943	112,122
Total financial assets			982,685	549,659	190,943	112,122
Financial liabilities						
Bank loans and overdrafts	5.00	3.55	35,958	60,602	-	-
Trade and other payables	-	-	-	-	118,438	109,729
Lease liabilities	4.00	4.00	239,939	326,195	-	-
Total financial liabilities			275,897	386,797	118,438	109,729

	2023 \$	2022 \$
Financial assets		
Cash and cash equivalents	153,545	125,373
Short term deposits	829,140	424,286
Receivables	190,943	112,122
Total financial assets	1,173,628	661,781
Financial liabilities		
Bank loans and overdrafts	35,958	60,602
Trade and other payables	118,438	109,729
Lease liabilities	239,939	326,195
Total financial liabilities	394,335	496,526

Credit risk

The company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 9. The main source of credit risk to the company is considered to relate to the class of assets described as 'trade and other receivables'. It has policies in place to ensure that customers have an appropriate credit history. The company's franchise agreement limits the company's credit risk exposure to one financial institution, being Bendigo Bank.

Notes to the financial statements (continued)

2023	2022
\$	\$

Note 22. Contingencies

On 25 June 2021, the company received a notice from the Australian Securities and Investments Commission (ASIC) requesting information to be provided to ASIC. The company has complied with the ASIC notice. As at the date of this report the process initiated by ASIC is continuing and, as a result, no further information will be disclosed in this report.

In the opinion of the Directors, the company did not have any other contingencies at 30 June 2023 (30 June 2022: no other contingencies).

Note 23. Segment reporting

The company operates in the financial services sector where it provides banking services to its clients. The company operates in one geographic area being Dingley Village, Victoria. The company has a franchise agreement in place with Bendigo Bank which accounts for 100% of the revenue.

Note 24. Cash flow information

a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

Profit/(loss) for the year	387,457	2,952
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit		
Amortisation	13,292	13,292
Depreciation	113,918	105,538
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and other receivables	(70,721)	(22,158)
(Increase)/decrease in deferred tax receivable	32,772	(8,049)
Increase/(decrease) in trade and other payables	(6,041)	44,452
(Increase)/decrease in income taxes receivable	-	30,970
Increase/(decrease) in income taxes payable	102,614	10,765
Increase/(decrease) in employee benefits	9,304	(7,500)
Cashflow from operations	582,595	170,262

Note 25. Company details

The registered office and principal place of business of the company is:

Dingley Village Financial Services Limited
Shop 11, 79 Centre Dandenong Road
Dingley Village VIC 3172

Directors' declaration

The directors of the company declare that:

1. The financial statements and notes for the year ended 30 June 2023 are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards, which, as stated in accounting policy note 2 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position and performance of the company.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the board of directors.



Darren Bodey
Chair

Dated 20 September 2023



Vittesh Lilani
Company Secretary

Independent audit report



Ashfords Audit & Assurance Pty Ltd
ABN 52 138 965 241
Unit 301, 148 Logis Boulevard, Dandenong South VIC 3175
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Dingley Village Financial Services Limited

Independent Audit Report to the members of Dingley Village Financial Services Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Dingley Village Financial Services Limited (the Company), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2023 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

Independent audit report (continued)

Dingley Village Financial Services Limited

Independent Audit Report to the members of Dingley Village Financial Services Limited

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ashfords Audit and Assurance

Ashfords Audit and Assurance Pty Ltd
Chartered Accountants



Andrew White
Director
27 September 2023

Level 3, 148 Logis Boulevard, Dandenong South, Vic. 3175



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Web: www.bendigobank.com.au/dingley-village

Franchisee: Dingley Village Financial Services Limited
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 **Bendigo Bank**