annual report 2010

Dingley Village Financial Services Limited

ABN 27 098 041 493

Dingley Village **Community Bank**® Branch

Contents

Chairman's report

For year ending 30 June 2010

"We are living the dream"

Many of our shareholders will know the history and the function of the **Community Bank®** model.

It was the "visionary dream" of Rob Hunt, the former Managing Director of Bendigo and Adelaide Bank Ltd, and also an economist, that he observed that the centralisation and electronic push of banking services was impacting on small and regional communities as banks closed.

Whilst communities lost their banks, he was looking at ways to provide a business opportunity for that community and also to expand Bendigo and Adelaide Bank Ltd's own business. The way forward was to "partner" with each community and share in the profits. If the community had success then so did Bendigo and Adelaide Bank Ltd. It was a classic 'win win'!

So in 2000 and 2001 when Dingley Village lost its two banks respectively, a group of concerned residents got together and formed a committee which became a public Company and over the last eight years has become a very successful community owned business.

It is you our shareholders who provided the capital to embark on the "dream" of that committee and the community to return banking services to our community.

Many of you (if not all) invested to ensure we "got a bank back" and we never realised that the wealth we generate each year would be such that we can and have made a real difference to the community in which we live.

At the close of the financial year which this report covers, we have returned over $850,000 to the local community.

In this coming year we will reach the $1,000,000 milestone of community contributions which is a tremendous achievement and one that we are very proud of.

We are but one of 264 **Community Bank®** branches across Australia who have returned a total of $40 million dollars back to their communities, which really has made a difference to each of those communities.

As shareholders, we have a right to feel proud of the many projects we have jointly funded with local councils including, electronic scoreboards, netball courts, cricket nets, a community bus, Community Enterprise Foundation™ grants to name a few. Let's not forget the many schools, clubs and groups that receive the benefit of the 80% of our profits that we are obliged to return.

On top of that shareholders enjoy a fully franked dividend in excess of the average listed share including last year when the Global Financial Crisis affected many shareholder returns.

So the theme of the Australian **Community Bank®** National Conference of "together we are living the dream" is truly reflected in the business of our Company and our community.

Chairman's report continued

The year in review

The 2009/1010 year saw us recovering from the effects of the Global Financial Crisis and it was a year of consolidating. It was a year when people wanted the economy to remain calm and cautious and we received a large number of deposits during the G.F.C. as investment money moved back into banking products.

Our goal therefore was to retain those newer customers and we have not only achieved that we have grown our branch's total book balance by $26 million. This is an extraordinary achievement as the growth is equal to our first and second years of opening. It puts the Company on a strong foundation to now continue to build as well as retain our holdings.

In November 2009, we relocated to the new site at the rear of the shopping centre as part of our growth and refurbishment plans. The new site has proven to be a great success with increased transactions and also many new accounts and customers. It was described as the "coming of age" for the branch and I believe the facilities provide a great width of personal and modern technological banking services in a relaxed friendly and inviting atmosphere where our customers enjoy doing business with our staff.

Whilst we had good growth and good income during the year, our expenses were higher than we budgeted, mainly due to the relocation expenses which also has resulted in higher leasing costs for the new branch fit out than previous. Also our wages were higher than budgeted as a result of the Board decision to appoint our new Branch Manager, Shane Foster, prior to the resignation taking effect of our previous Branch Manager, Mark Myers, who moved to the country with his family.

It is fortunate that the Company has held reserves to meet those unexpected costs and the Board is mindful to again build reserves whilst maintaining good returns to shareholders and the community.

Our thanks must be made to Mark Myers and our staff during the past financial year with moving to the new premises and the excellent growth of the business resulting in a good profit result overall.

Finally, and regretfully I have to add that two Directors, who were foundation Directors, are stepping down from the Board. We thank Chris Malone for his most valuable input into the Board, especially with franchise experience and our thanks also to Company Secretary and Treasurer, Michel Dzuirek, who has taken on one of the more time consuming tasks with maintaining the accounts and compliance obligations and has executed those tasks to the highest standard over the long period since formation of the Company.

We look forward to our team of staff, with our Branch Manager Shane Foster at the helm, leading us to continued success as we all "live the dream".

Michael Benjamin

Chairman

Bendigo and Adelaide Bank Ltd report

For year ending 30 June 2010

Now in its 13th year, the **Community Bank®** network continues to grow and make significant contributions to local communities right across Australia.

In the 2009/10 financial year 22 new **Community Bank®** branches were opened, taking the total number of branches to 259.

More than 545,000 customers chose to support the network with their banking business made up of more than 788,000 accounts, giving the networks a combined banking book of more than $16.3 billion.

Our **Community Bank®** customers have been served by more than 1150 staff that are supported by almost 1700 volunteer Directors.

And these Directors are endorsed by around 63,000 shareholders who have received more than $14.7 million in dividends, a reward for their belief in the **Community Bank®** concept.

All of this support has enabled the **Community Bank®** network to return more than $40.3 million to assist local community groups and projects since the first **Community Bank®** branch opened in 1998.

These figures add up to a strong **Community Bank®** network, a franchise of the Bendigo and Adelaide Bank Ltd, which like its community partners, continues to flourish attracting more than 10,000 new customers every month.

This has been made possible through the restructure of the bank's executive team under the leadership of Managing Director, Mike Hirst.

At the start of 2010, the world's great economies continued to feel the aftershocks of the Global Financial Crisis. However, Australia's economy remained relatively stable during the turbulent times. While the impact of the GFC was felt by our community owned and operated branches, it is a testament to our business models and partners that our **Community Bank®** network continues to develop.

In fact, not only did our network continue to develop, in the past year we have witnessed one of our most successful launch programs to date. We saw a new branch emerge out of the ashes in Kinglake, less than a year after the region was devastated by Victoria's Black Saturday Bushfires.

The Pyrmont **Community Bank®** Branch saw us make an inroad into the competitive but lucrative Sydney banking market. And over the next 12 months Bendigo Bank will continue to grow its ATM and branch network in New South Wales, providing further support in boosting the profile of Bendigo's brand in the state.

This year we have also launched Community Snapshots on the Bendigo Bank website. This online initiative shares and highlights the great contributions and tangible outcomes the **Community Bank®** network generates for its local communities.

Bendigo and Adelaide Bank Ltd report continued

There has also been a focus on the continued roll out of our Good for Business, Good for Community program, which is an important element of our overall Community Strengthening for the coming year.

Thank you again for your continued commitment and support of the **Community Bank®** network.

Russell Jenkins
Executive Customer and Community

Directors' report

For the financial year ended 30 June 2010

Your Directors present their report, together with the statement of the Group, being the Company, for the financial year ended 30 June 2010.

1. General information

Directors

The names of the Directors in office at any time during, or since the end of, the year are:

Michael Howard Benjamin

Michel Andre Dzuirek

Christopher Gerard Malone

Karl Andrew Pickford

Bryan Ford

Suzanne Mary Barry

Donald Ewart Chenery

Robert Allan Bowden

Darren Bodey

Leigh Menzel

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 activities of Dingley Village Financial Services Limited during the financial year were the provision of banking services to the business and residential community.

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

2. Operating results and review of operations for the year

Operating results

The profit of the Company after providing for income tax amounted to $199,262.

Dividends paid or recommended

Dividends paid or declared since the start of the financial year are as follows:

- A fully franked dividend of $63,000 was paid during the year as recommended in last year's report.

3. Other items

After balance date events

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.

Auditors Independence Declaration

The lead Auditors independence declaration for the year ended 30 June 2010 has been received and can be found on page 11 of the financial report.

Meetings of Directors

During the financial year, 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**
Michael Howard Benjamin	11	10
Michel Andre Dzuirek	11	11
Christopher Gerard Malone	11	9
Karl Andrew Pickford	11	11
Bryan Ford	11	11
Suzanne Mary Barry	11	10
Donald Ewart Chenery	11	10
Robert Allan Bowden	11	5
Darren Bodey	11	10
Leigh Menzel	11	9

Options

Option holders do not have any rights to participate in any issues of shares or other interests in the Company.

Indemnifying Officers or Auditors

The Company has paid premiums to insure each of the following 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 $518.

Directors' report continued

3. Other items (continued)

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 proceedings during the year.

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

Michael Howard Benjamin
Director

Michel Andre Dzuirek
Director

Dated 22 October 2010

Auditor's independence declaration

Dingley Village Financial Services Limited

ABN 27098041493

Auditors 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 2010 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.

Aston Ryan and Malcolm
Certified Practising Accountants

Andrew White

22 October 2010

Dingley

Financial statements

Income statement
For the year ended 30 June 2010

	Note	2010 $	2009 $
Revenue	2	1,202,079	985,420
Other income	2	200,000	-
Employee benefits expense		(490,296)	(377,019)
Depreciation and amortisation expense	3	(36,421)	(23,757)
Sponsorship and marketing		(281,110)	(318,791)
Occupancy expenses		(143,860)	(87,753)
Other expenses		(188,649)	(128,325)
Profit before income tax		**261,743**	**49,775**
Income tax expense	4	(62,481)	(14,933)
Profit for the year		**199,262**	**34,842**

Statement of comprehensive income
For the year ended 30 June 2010

	Note	2010 $	2009 $
Profit for the year		**199,262**	**34,843**
Other comprehensive income:			
Total comprehensive income for the year		**199,262**	**34,843**

The accompanying notes form part of these financial statements.

Statement of financial position
As at 30 June 2010

	Note	2010 $	2009 $
Assets			
Current assets			
Cash and cash equivalents	6	219,731	295,195
Trade and other receivables	7	176,981	167,612
Current tax receivable	15	-	13,903
Total current assets		**396,712**	**476,710**
Non current assets			
Property, plant and equipment	8	368,418	95,031
Deferred tax assets	15	2,390	2,273
Intangible assets	9	19,200	29,420
Total non current assets		**390,008**	**126,724**
Total assets		**786,720**	**603,434**
Liabilities			
Current liabilities			
Trade and other payables	10	87,399	61,172
Current tax liabilities	15	16,516	-
Short term provisions	11	7,966	7,576
Total current liabilities		**111,881**	**68,748**
Non current liabilities			
Deferred tax liabilities	15	9,001	5,110
Total non current liabilities		**9,001**	**5,110**
Total liabilities		**120,882**	**73,858**
Net assets		**665,838**	**529,576**
Equity			
Issued capital	12	567,000	567,000
Retained earning/profit		98,838	(37,424)
Total equity		**665,838**	**529,576**

The accompanying notes form part of these financial statements.

Statement of changes in equity
For the year ended 30 June 2010

2010	Note	Ordinary shares $	Retained earnings $	Total $
Balance at 1 July 2009		567,000	(37,424)	529,576
Profit attributable to members of the entity		-	199,262	199,262
Sub total		**-**	**199,262**	**199,262**
Dividends paid or provided for	5	-	(63,000)	(63,000)
Balance at 30 June 2010		**567,000**	**98,838**	**665,838**

2009	Note	Ordinary shares $	Retained earnings $	Total $
Balance at 1 July 2008		567,000	(9,266)	557,734
Profit attributable to members of the entity		-	34,842	34,842
Sub total		**-**	**34,842**	**34,842**
Dividends paid or provided for	5	-	(63,000)	(63,000)
Balance at 30 June 2009		**567,000**	**(37,424)**	**529,576**

The accompanying notes form part of these financial statements.

Statement of cash flows
For the year ended 30 June 2010

	Note	2010 $	2009 $
Cash from operating activities:			
Receipts from customers		1,165,620	970,456
Payments to suppliers and employees		(1,069,458)	(938,414)
Other receipts		200,000	-
Interest received		12,315	15,514
Income tax paid		(24,514)	(35,873)
Net cash provided by (used in) operating activities	**17(a)**	**283,963**	**11,683**
Cash flows from investing activities:			
Purchase of property, plant and equipment		(299,587)	-
Net cash provided by (used in) investing activities		**(299,587)**	**-**
Cash flows from financing activities:			
Dividends paid		(59,821)	(53,290)
Return of capital paid		(19)	(1,989)
Net cash provided by (used in) financing activities		**(59,840)**	**(55,279)**
Other activities:			
Net increase (decreases) in cash held		**(75,464)**	**(43,596)**
Cash at beginning of financial year		295,195	338,791
Cash at end of financial year	**6**	**219,731**	**295,195**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2010

Note 1. Summary of significant accounting policies

(a) Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has 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.

(b) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

When the Company has retrospectively applied an accounting policy or makes a retrospective restatement or reclassifies items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

Where the Company has retrospectively applied an accounting policy, made a retrospective restatement or reclassifies items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(c) Property, plant and equipment

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

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

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.

Note 1. Summary of significant accounting policies (continued)

(c) Property, plant and equipment (continued)

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	
Plant and equipment	37.5%
Leasehold improvements	6.67%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

(d) Impairment of assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including, dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, 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 in the statement of financial position.

(f) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on costs. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

Note 1. Summary of significant accounting policies (continued)

(g) 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.

(h) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(i) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. 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 assets and liabilities are calculated 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 enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Note 1. Summary of significant accounting policies (continued)

(i) Income tax (continued)

Current assets and liabilities are offset where a legally enforceable right of set off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(j) Leases

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

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts 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 their estimated useful lives where it is likely that the Group will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

(k) Revenue and other income

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

Revenue recognition relating to the provision of services is recognised upon the delivery of service..

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

(l) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

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

Note 1. Summary of significant accounting policies (continued)

(m) Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial statements 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 Company.

Key estimates – Impairment

The Company assesses impairment at the end of the reporting period by evaluating conditions specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value in use calculations which incorporate various key assumptions.

(n) Change in accounting policy

As the Company has retrospectively applied a change in an accounting policy and made a retrospective restatement of items in the financial statements, an additional statement of financial position as at the beginning of the earliest comparative period, being , has been disclosed within the financial statements.

(o) Adoption of new and revised accounting standards

During the current year the Company adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of Dingley Village Financial Services Limited.

AASB 101: Presentation of Financial Statements

In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Company's financial statements.

- Disclosure impact

  Terminology changes – The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

  Reporting changes in equity – The revised AASB 101 requires all changes in equity arising from transactions with owners in their capacity as owners to be presented separately from non owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

  Statement of comprehensive income – The revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

Note 1. Summary of significant accounting policies (continued)

(o) Adoption of new and revised accounting standards (continued)

AASB 101: Presentation of Financial Statements (continued)

- Disclosure impact (continued)

  The Company's financial statements now contain a statement of comprehensive income.

  Other comprehensive income – The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expenses that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

(p) New accounting standards for application in future periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Company has decided against early adoption of these standards . A discussion of those future requirements and their impact on the Company is as follows:

- AASB 2009 4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2009 5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).

  These standards detail numerous non urgent but necessary changes to accounting standards arising from IASB's annual improvements project. No changes are expected to materially affect the Company.

The Company does not anticipate early adoption of any of the above accounting standards.

	2010 $	2009 $

Note 2. Revenue and other income

Sales revenue		
– provision of services	1,191,221	972,215
	1,191,221	**972,215**

Notes to the financial statements continued

	Note	2010 $	2009 $

Note 2. Revenue and other income (continued)

Other revenue

– interest received	2(a)	10,858	13,205
– other revenue		200,000	-
		210,858	**13,205**
Total revenue		**1,402,079**	**985,420**
Other income			
(a) Interest revenue			
Interest revenue from:			
– interest income – bank		**10,858**	**13,205**
Total interest revenue on financial assets not at fair value through profit or loss		**10,858**	**13,205**

Note 3. Profit for the year

(a) Expenses

Other expenses:		
Bad and doubtful debts		
Bad debts	1,579	1,325
Total bad and doubtful debts	**1,579**	**1,325**
(b) Significant revenue and expenses		
The following significant revenue and expense items are relevant in explaining the financial performance:		
Franchise margin income	682,762	579,132
Upfront product commissions	330,402	243,232
Fee income	114,632	106,849
Salaries and wages	(431,101)	(324,257)

	Note	2010 $	2009 $

Note 4. Income tax expense

	Note	2010 $	2009 $
(a) The components of tax expense comprise:			
Current tax		58,706	11,331
Originating and reversing temporary differences	15	3,774	3,601
		62,480	**14,932**
(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:			
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2009: 30%)		78,523	14,932
Add:			
Tax effect of:			
		78,523	**14,932**
Less:			
Tax effect of:			
– Special capital allowance deduction		16,043	-
Income tax attributable to entity		**62,480**	**14,932**

Note 5. Dividends

	Note	2010 $	2009 $
Distributions paid			
Fully franked redeemable preference dividend of 10 cents (2009: 10) cents per share franked at the tax rate of 30% (2009: 30%)		63,000	63,000
Total		**63,000**	**63,000**
a. Balance of franking account at period end adjusted for franking credits arising from:			
– payment of provision for income tax		28,810	27,810
– dividends recognised as receivables, and franking debits arising from payment of proposed dividends, and franking credits that may be prevented from distribution in subsequent financial years		(27,000)	(27,000)
Opening balance		810	-
		2,620	**810**

Notes to the financial statements continued

	2010 $	2009 $
Note 6. Cash and cash equivalents		
Cash on hand	400	300
Cash at bank	113,705	38,569
Short term bank deposits	105,626	256,326
	219,731	**295,195**
The effective interest rate on short term bank deposits was 5.2% (2009: 3.9%); these deposits have an average maturity of 90 days.		
Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	219,731	295,195
	219,731	**295,195**

Note 7. Trade and other receivables

Current		
Trade receivables	123,841	98,240
	123,841	**98,240**
Prepayments	5,756	38,144
Other receivables	47,384	31,228
Total current trade and other receivables	**176,981**	**167,612**

Note 8. Property, plant and equipment

Plant and equipment		
At cost	60,261	60,261
Accumulated depreciation	(43,513)	(40,663)
Total plant and equipment	**16,748**	**19,598**

Notes to the financial statements continued

	2010 $	2009 $

Note 8. Property, plant and equipment (continued)

Improvements		
At cost	444,569	144,981
Accumulated depreciation	(92,899)	(69,548)
Total improvements	**351,670**	**75,433**
Total property, plant and equipment	**368,418**	**95,031**

(a) Movements in carrying amounts

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

	Plant and equipment $	Improvements $	Total $
Balance at the beginning of year	19,598	75,433	95,031
Additions	-	299,587	299,587
Depreciation expense	(2,850)	(23,350)	(26,200)
Carrying amount at the end of 30 June 2010	**16,748**	**351,670**	**368,418**
Balance at			
Balance at the beginning of year	23,464	85,104	108,568
Depreciation expense	(3,866)	(9,671)	(13,537)
Carrying amount at the end of	19,598	75,433	95,031

	2010 $	2009 $

Note 9. Intangible assets

Development costs		
Cost	720	720
Net carrying value	**720**	**720**
Licenses and franchises		
Cost	51,100	51,100
Accumulated amortisation and impairment	(32,620)	(22,400)
Net carrying amount	**18,480**	**28,700**

Notes to the financial statements continued

	2010 $	2009 $

Note 9. Intangible assets (continued)

Other intangible assets

	2010 $	2009 $
Cost	19,758	19,758
Accumulated amortisation and impairment	(19,758)	(19,758)
Total Intangibles	**19,200**	**29,420**

	Licenses and franchises $	Development costs $	Total $
Year ended 30 June 2009			
Opening balance	28,700	720	29,420
Amortisation	(10,220)	-	(10,220)
Balance at 30 June 2009	**18,480**	**720**	**19,200**
Year ended 30 June 2010			
Opening balance	38,920	720	39,640
Amortisation	(10,220)	-	(10,220)
Balance at 30 June 2010	**28,700**	**720**	**29,420**

Note 10. Trade and other payables

Current

	2010 $	2009 $
Unsecured liabilities		
Trade payables	49,457	28,461
Other payables	13,372	10,819
Amount payable to:	**62,829**	**39,280**
Dividend payable	24,570	21,891
Amount payable to:	**24,570**	**21,891**
	87,399	**61,171**

	2010 $	2009 $

Note 11. Provisions

Analysis of total provisions

Current	7,966	7,576
	7,966	**7,576**

Note 12. Issued capital

567,000 (2009: 567,000) Ordinary	567,000	567,000
Total	**567,000**	**567,000**

The Company has authorised share capital amounting to $567,000.

Note 13. Capital and leasing commitments

(a) Operating lease commitments

Non cancellable operating leases contracted for but not capitalised in the financial statements:		
Payable – minimum lease payments:		
– not later than 12 months	53,300	53,000
– between 12 months and 5 years	170,000	-
	223,300	**53,000**

Rental of premises.

Note 14. Financial risk management

The Company's financial instruments consist mainly of deposits with banks, short term investments, accounts receivable and payable

The Company does not have any derivative financial instruments at 30 June 2010..

Financial risk management policies

The Directors meet on a regular basis to analyse to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

Specific financial risk exposures and management

The main risks the Company is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, and credit risk.

Note 14. Financial risk management (continued)

(a) Credit risk

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at balance date, excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position. The Company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Company.

(b) Liquidity risk

The Company manages liquidity risk by moitoring forecast cashflows.

(c) Interest rate risk

The Company is not exposed to any significant interest rate risk.

(d) Price Risk

The Company is not exposed to any material commodity price risk.

(i) 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	
	2010 %	2009 %	2010 $	2009 $
Financial assets:				
Cash and cash equivalents	0.01	0.01	114,105	38,869
Short term deposits	5.80	3.48	105,626	256,326
Receivables	-	-	-	-
Total financial assets			**219,731**	**295,195**
Financial liabilities:				
Trade and sundry payables	-	-	-	-
Total financial liabilities			**-**	**-**

Note 14. Financial risk management (continued)

(i) Financial instrument composition and maturity analysis

	Non-interest bearing		Total	
	2010	**2009**	**2010**	**2009**
	$	**$**	**$**	**$**
Financial assets:				
Cash and cash equivalents	-	-	114,105	38,869
Short term deposits	-	-	105,626	256,326
Receivables	176,981	167,612	176,981	167,612
Total financial assets	**176,981**	**167,612**	**396,712**	**462,807**
Financial liabilities:				
Trade and sundry payables	97,399	61,171	97,399	61,171
Total financial liabilities	**97,399**	**61,171**	**97,399**	**61,171**

	2010	**2009**
	$	**$**

Note 15. Tax

Current		
Income tax	16,516	-
	16,516	**-**
Non current		
Deferred tax liability comprises:		
Other deferred tax	9,001	5,110
	9,001	**5,110**
Current		
Normal tax	-	13,903
	-	**13,903**
Non current		
Deferred tax assets comprise:		
Other deferred tax	2,390	2,273
	2,390	**2,273**

Notes to the financial statements continued

Note 15. Tax (continued)

	Opening balance $	Charged to income $	Charged directly to equity $	Changes in tax rate $	Exchange differences $	Closing balance $
Deferred tax liability						
Other deferred tax	1,303	3,807	-	-	-	5,110
Balance at 30 June 2009	**1,303**	**3,807**	**-**	**-**	**-**	**5,110**
Other deferred tax	5,110	3,891	-	-	-	9,001
Balance at 30 June 2010	**5,110**	**3,891**	**-**	**-**	**-**	**9,001**

	Opening balance $	Charged to income $	Charged directly to equity $	Changes in tax rate $	Exchange differences $	Closing balance $
Deferred tax assets						
Provisions						
employee benefits	2,067	206	-	-	-	2,273
Balance at 30 June 2009	**2,067**	**206**	**-**	**-**	**-**	**2,273**
Provisions						
employee benefits	2,273	117	-	-	-	2,390
Balance at 30 June 2010	**2,273**	**117**	**-**	**-**	**-**	**2,390**

	2010 $	2009 $
Note 16. Auditors' remuneration		
Remuneration of the Auditor of the Company for:		
– auditing or reviewing the financial statements	**9,750**	**8,500**

	2010 $	2009 $

Note 17. Cash flow information

(a) Reconciliation of cash flow from operations with profit after income tax

Profit for the year	199,262	34,843
Cash flows excluded from profit attributable to operating activities		
Non cash flows in profit		
– Amortisation	10,220	10,220
– Depreciation	26,201	13,537
Changes in assets and liabilities		
– (Increase)/decrease in trade and term receivables	18,113	(24,113)
– (Increase)/decrease in deferred tax receivable	(117)	(206)
– Increase/(decrease) in trade payables and accruals	(8,190)	(650)
– Increase/(decrease) in income taxes payable	34,193	(24,542)
– Increase/(decrease) in deferred taxes payable	3,891	3,807
– Increase/(decrease) in provisions	390	(1,213)
	283,963	**11,683**

Note 18. Events after the end of the reporting period

The financial report was authorised for issue on 22 October 2010 by the Board of Directors.

Note 19. Company details

The registered office of the Company and Principal place of business 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, as set out on pages 12 to 31, present fairly the Company's financial position as at 30 June 2010 and its performance for the year ended on that date in accordance with Australian Accounting Standards (including Australian Accounting Interpretations); and
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.

Michael Howard Benjamin
Director

Michel Andre Dzuirek
Director

Dated 22 October 2010

Independent audit report

Dingley Village Financial Services Limited

ABN 27098041493

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

Report on the financial report

We have audited the accompanying financial report of Dingley Village Financial Services Limited (the Company), which comprises the statement of financial position as at 30 June 2010, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date a summary of significant accounting policies, other explanatory notes and the Directors' declaration.

The responsibility of the Directors for the financial report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the financial reporting requirements of the Company's constitution. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In Note 1, the Directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the Auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the Auditor considers internal control relevant to the Company's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

Independent audit report continued

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional ethical pronouncements.

Auditor's opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of Dingley Village Financial Services Limited as of 30 June 2010 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)

Aston Ryan and Malcolm

Certified Practising Accountants

Andrew White

Dingley

22 October 2010

Profit and loss account

Disclaimer

The additional financial data presented on pages 35 - 36 is in accordance with the books and records of the Company which have been subjected to the auditing procedures applied in our statutory audit of the Company for the year ended 30 June 2010. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and we give no warranty of accuracy or reliability in respect of the data provided. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person (other than Dingley Village Financial Services Limited) in respect of such data, including any errors of omissions therein however caused.

Aston Ryan and Malcolm
Dingley

Profit and loss account
For the year ended 30 June 2010

	2010 $	2009 $
Income		
Fees	1,191,221	972,215
Interest income	10,858	13,205
Other income	200,000	-
Total income	**1,402,079**	**985,420**
Less: Expenses		
Accounting fees	5,580	4,730
Auditors remuneration	9,750	8,500
Bad debts	1,579	1,325
Body corporate and management fees	8,706	7,440
Computer expenses	19,113	15,530
Consulting and professional fees	-	1,031
Depreciation	36,421	23,757
Donations	1,155	500

Profit and loss account continued

	2010 $	2009 $
Less: Expenses (continued)		
Filing fees	1,720	1,000
Freight and cartage	8,062	6,972
Leave pay	-	1,298
Long service leave	-	863
Other employee costs	4,617	5,302
Postage	4,972	3,010
Printing and stationery	22,501	17,516
Salaries	431,101	321,257
Staff training	9,900	7,700
Sundry expenses	-	3,457
Superannuation contributions	44,678	40,599
Travel – domestic	54,936	14,010
Uniforms	1,333	-
Sponsorship and marketing	281,110	318,791
Occupancy costs	143,860	87,753
Other operating expenses	49,242	43,306
Total expenses	**(1,140,336)**	**(935,647)**
Profit before income tax	**261,743**	**49,773**

Dingley Village **Community Bank**® Branch
Shop 11, 79 Centre Dandenong Road, Dingley Village VIC 3172
Phone: (03) 9551 6111

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