# Dingley Village Financial Services Limited

ABN 27 098 041 493


# annual report 2011

Dingley Village
**Community Bank®** Branch

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# Chairman's report

## For year ending 30 June 2011

### A decade of success – Together

Welcome to the 10th annual report. A major milestone by any means. We have operated for only nine full financial years, as we opened on 22 April 2002. In fact we had commenced down the path of establishing a **Community Bank®** branch in February 2001 with the first meeting of a Committee formed to "return face to face banking" to Dingley Village, so it's over 10 years for myself.

In this last financial year we funded the research costs for the Dingley Village Historical Society book "Journey to the Village" and have now also provided the funding for the printing of the book. In addition the sales of the book will provide an income stream for the society so an example of our success bringing success to an otherwise struggling Historical Society is just one of the many highlights of the year that our **Community Bank®** branch has been involved in. The second one that I would like to mention is the funding of $20,000 to the Rotary Club of Dingley Village for the commission and installation of a war memorial to commemorate the servicemen and women in all our wars, which is to be erected in Marcus Road. Ben Fasham, a local sculptor, was selected to design this and we look forward to days when school children, local groups and citizens of Dingley Village all merge on the Marcus Road site to pay our respects. What a wonderful opportunity and a great asset to Dingley Village we have helped to create.

As this is my last report as Chairman, permit me to reflect on what our Company has achieved since we started a decade ago when we set out only to "get a bank back".

We opened our doors with zero in our bank but a community full of support. We now hold over $160 million worth of banking business and we employ nine staff. We have contributed over $1,000,000 of profits back to the community. In addition to this, we have supplied many sponsorship grants to keep football, netball, cricket, baseball, scouting, aged care, service clubs, schools, neighbourhood centre and numerous other community groups to continue to offer their services, particularly when the Global Financial Crisis came and donations from alternative sources become scarce.

Of course then there is you, our shareholders, who together with our Board members over the last ten years, put faith in a new banking concept and contributed your funds through a prospectus to raise $630,000 to fund our Community Enterprise – "the bank".

Our returns to shareholders have been as follows:

| | | |
|---|---|---|
| 2006 | Capital return 5c | $63,000 |
| 2007 | Capital return 5c | $63,000 |
| 2008 | Dividend fully franked | $63,000 |
| 2009 | Dividend fully franked | $63,000 |
| 2010 | Dividend fully franked | $63,000 |
| 2011 | Dividend fully franked | $63,000 |
| | **Total** | **$378,000** |

# Chairman's report continued

Not including the return of Capital we have thus returned to shareholders over $250,000 in dividends and also paid the appropriate tax to the Australian Taxation Office to do so.

What is now emerging is what we might describe as "Community Assets" that we could quite rightly call assets on the Community Balance Sheet.

These include;

> The Community Bus, The Netball Courts, Football and Cricket Club electronic scoreboard and new cricket nets, the Rotary Memorial and the many other smaller provisions made to the many groups.

These are assets paid for by the profits of the **Community Bank®** branch for the benefit of members of the community in the years to come.

**Year in review**

Naturally, a business is not always smooth sailing, and we had some staff turnover earlier in the last financial year, however our appointment of Anne McAllister as Branch Manager in March 2011 has seen our branch stabilise and continue to grow and to return to a friendly, efficient and professional team. Anne has many years managing branches and is revelling in the **Community Bank®** model and the successes we are a part of in our community In summary we grew our holdings by $10 million and revealed a net profit of $100,000 over last year's actual profit. When one considers that we have a charter to distribute 80% of our profits to community then this is a significant contribution we are able to make thanks to our customers.

**Board members**

As shareholders may recall, the last Annual General Meeting saw the retirement of founding Secretary/Treasurer Mike Dzuirek and Director Chris Malone and I announced my intention to step down from the Board also within the next 12 months and I shall do so at this year's Annual General Meeting.

We welcome local residents Peter Young, David Starvaggi and Stephen Duggan to the Board, who each bring professional skills and the enthusiasm that we held when we started a decade ago.

As Chairman, I wish to personally thank all Board members and their partners, including my wife Peta, for their support over the years for the time they have given this Company on a voluntary basis. Their commitment, dedication and support to me as the Chairman is measured by the fact of the extraordinary success the Dingley Village **Community Bank®** Branch has achieved during that time.

Bendigo and Adelaide Bank Ltd has rated our branch eighth best out of 278 **Community Bank®** branches, based on a number of factors like banking business, customers and community contributions, in Australia and with both the new Board members skills, as well as the skills and experience of the current Board members I leave the Company and the business in good hands and in good financial shape for the future.

I am confident the next decade will bring continued success for Dingley Village **Community Bank®** Branch through the Board, shareholders and most importantly the passionate Dingley Village community.

**Michael Benjamin**
**Chairman**

# Manager's report

## For year ending 30 June 2011

This is my first report since taking up the Branch Manager's position in March this year and I always knew it would be a challenge; what surprised me was that I have never felt more welcomed in an unfamiliar place. The sense of community and belonging in Dingley Village is strong and unites us all.

Our branch had a number of issues to overcome this year; not least of which was the succession of new faces, including mine, which you will have noticed throughout the year. I must pay tribute here to the remaining few, whom you know, who kept everything going until we were able to get the right people in place. Thank you to Beverley, Shelley, Terese and Michelle in particular for doing a great job during this transition period. Our culture here has always been strong, but these four ladies went above and beyond their job descriptions on a number of occasions; from donning the Piggy suit to visit local schools, to looking after some of our more senior customers to delivering caps and pens to functions after hours.

We have invested a lot of time and effort this year into building a cohesive team by getting the training right and by putting the right people in the right jobs. We are ensuring our staff are interested and engaged in what they are doing, in order to provide our customers and shareholders with the best service possible and simultaneously, provide our people with real job satisfaction.

On the technology front, we are now well used to the strengths and idiosyncrasies of our TCRs (Teller Cash Recyclers) which work like mini ATMs and we are very thankful for our coin machine and the time it saves for both customers and staff.

We have made our specialist staff more accessible to our customers and have had amazing feedback about Catriona Smith, our Financial Planner, who is currently doing so much for our customers that we are looking to provide dedicated office space for her use. Similarly, our Business Banking Manager Christine Carter, has been working with a number of our business customers to provide great outcomes this year. Our Equipment Finance, Debtor Finance and International Trade departments have all been more active in our branch and we are hoping to build on this. I have been very grateful to Bendigo and Adelaide Bank Ltd State Support Centre team which have also provided support and training throughout the year.

We have become more organised and focussed about how and where we assist in the community. You may have heard that now when we are asked to contribute or sponsor a group or cause, we ask "what's in it for us?" This is not just the bank being mercenary and looking for an extra sale. We are looking for extra profit. This is so that we can provide further funds to be used in the community.

"The more business you do with us; the more we have to give back to your community."

In conclusion, I am pleased with the progress made this year and our ongoing focus will be on continued improvement of our people and processes, to build on the strong momentum we have seen so far.

As a team, we intend to deliver outstanding service and a great return for the whole of the Dingley Village community and trust you will continue to support us to be able to do this.

**Anne McAllister**
**Branch Manager**

# Bendigo and Adelaide Bank Ltd report

## For year ending 30 June 2011

As **Community Bank®** shareholders you are part of something special, a unique banking movement which has evolved into a whole new way of thinking about organising and strengthening community.

Together, we have reached new heights and achieved many great successes, all of which has been underpinned by our commitment and dedication to the communities we're a part of.

Together we're making extraordinary progress, with more than $58.25 million returned to support community groups and endeavours since the network was established in 1998.

The returns grow exponentially each year, with $469 thousand returned within the first five years, $8.15 million within the first eight and $22.58 million by the end of the first decade of operation. Based on this, we can predict the community returns should top $100 million within the next three years, which equates to new community facilities, better health care, increased transport services and generally speaking, more prosperous communities.

Together, we haven't just returned $58.25 million; there is also the flow on economic impact to consider. Bendigo and Adelaide Bank is in the process of establishing an evidential basis that captures the complete picture and the economic outcomes these initiatives generate. However, the tangible outcomes are obvious. We see it in tenanted shops, increased consumer traffic, retained local capital and new jobs but we know that there are broader elements of community strength beyond the economic indicators, which demonstrate the power of our community models.

It is now evident that branches go through a clear maturity phase, building customer support, generating surpluses and establishing a sustainable income stream. This enables Boards to focus less on generating business and more on the community's aspirations. Bendigo is facilitating this through Director engagement and education, community consultations and other community solutions (Community Enterprise Foundation™, Community Sector Banking, Community Telco, Generation Green™ and Community Enterprises) that will provide Boards with further development options.

In Bendigo, your **Community Bank®** Board has a committed and successful partner. Our past efforts and continued commitment to be Australia's leading customer-connected bank, that is relevant, connected and valued, is starting to attract attention and reap rewards.

In January, a Roy Morgan survey into customer satisfaction saw Bendigo Bank achieve an industry leading score among Australian retail banks. This was the first time Bendigo Bank has led the overall results since August 2009.

In May, Fitch Ratings upgraded Bendigo and Adelaide Banks Long-Term Issuer Default Rating (IDR) to A- from BBB+. This announcement saw us become the first Australian bank – and one of the very few banks globally – to receive an upgrade since the Global Financial Crisis.

Standard & Poor's revised credit rating soon followed seeing Bendigo and Adelaide Bank shift from BBB+ stable, to BBB+ positive. These announcements reflect the hard and diligent work by all our staff, our sound risk management practices, low-risk funding and balance sheet structure, sound capital ratios and a sustained improvement in profitability.

The strength of our business model – based on our commitment to our customers and the communities that we operate in – is being recognised by all three ratings agencies.

# Bendigo and Adelaide Bank Ltd report continued

Over the past year the bank has also added more than 700 additional ATMs through a network sharing agreement with Suncorp Bank, which further enhances our customers' convenience and expands our footprint across the country. In addition to this a further 16 **Community Bank®** branches were opened.

The bank has also had a renewed focus on business banking and re-launched our wealth management services through Bendigo Wealth, which oversees the Adelaide Bank, Leveraged Equities, Sandhurst Trustees and financial planning offering.

The **Community Bank®** model is unique and successful, it's one of our major points of difference and it enables us to connect with more than 550,000 customers, in excess of 270 communities and make a difference in the lives of countless people.

We are very proud of the model we have developed and we're very thankful for the opportunity to partner with communities to help build their balance sheets.

We thank you all for the part you play in driving this success.

**Russell Jenkins**
**Executive Customer and Community**

# Directors' report

## For the financial year ended 30 June 2011

Your Directors present their report, together with the statement of the Company, for the financial year ended 30 June 2011.

### 1. General information

**Directors**

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

| Names | Appointed/resigned |
|---|---|
| Michael Howard Benjamin (Chairman) | |
| Michel Andre Dzuirek | Resigned November 2010 |
| Christopher Gerard Malone | Resigned November 2010 |
| Karl Andrew Pickford | |
| Bryan Ford | |
| Suzanne Mary Barry | Resigned December 2010 |
| Donald Ewart Chenery | |
| Darren Bodey | |
| Leigh Menzel | |
| Stephen Duggan | Appointed January 2011 |
| David Starvaggi | Appointed January 2011 |
| Peter Young (Secretary) | Appointed February 2011 |

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 $82,572.

**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 2011 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 Benjamin | 11 | 11 |
| Michel Dzuirek | 5 | 2 |
| Christopher Gerard Malone | 5 | 4 |
| Karl Andrew Pickford | 11 | 9 |
| Bryan Ford | 11 | 11 |
| Suzanne Mary Barry | 5 | 3 |
| Donald Ewart Chenery | 11 | 11 |
| Darren Bodey | 11 | 8 |
| Leigh Menzel | 11 | 7 |
| Stephen Duggan | 6 | 5 |
| David Starvaggi | 6 | 6 |
| Peter Young | 4 | 4 |

### Options

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

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.

# Directors' report continued

**3. Other items (continued)**

**Information on Directors**

| | |
|---|---|
| **Michael Benjamin** | Chairman and Director<br>Qualifications/Experience<br>20 Years as Barrister and Solicitor. Inaugural Chairman |
| **Peter Young** | Company Secretary and Director<br>Qualifications/Experience<br>Chartered Accountant with more than 15 years experience in senior financial management roles including previous Directorships and Company Secretary roles. |
| **David Starvaggi** | Director<br>Qualifications/Experience<br>Barrister and current member of the Victorian Bar with experience in commercial, family and criminal law. Board member of the Springvale Monash Legal Service since 2004 and also former Deputy Chairman of this body. |
| **Darren Bodey** | Director<br>Qualifications/Experience<br>Qualified electrician, registered commercial building practitioner, 21 years as the managing Director. Director of DVFS for 5 years. |
| **Don Chenery** | Director<br>Qualifications/Experience<br>Retired after 17 years as Executive Director of a large Aged Care organisation and a number of years as Secretary of Aged Care Victoria. Previously 23 years in Real Estate, 17 years as Managing Director. 37 years membership of Kingswood Golf club. Justice of the Peace. Approximately 4 years on the Board of DVFS. |
| **Bryan Ford** | Director<br>Qualifications/Experience<br>20 years Director/Owner of two offices in major Real Estate franchise. Total of 29 years experience in Real Estate. Past Director Governor, zone Chairman, president and life member of Apex Australia. Past president and Director Oakleigh Football Club (VFA). Current Director of Dabprop P/L, residential property developers. |

**3. Other items (continued)**

**Information on Directors (continued)**

| | |
|---|---|
| **Leigh Menzel** | Director<br>Qualifications/Experience<br>B.Sc (Ma) University of Adelaide and currently a computer programmer at AppliCad Australia. Board member for 3 years and part of the Marketing Subcommittee |
| **Stephen Duggan** | Director<br>Qualifications/Experience<br>Global Director Marketing & Communications. B Business, MBA (Distinction). Previous Board and committee experience. Part of the Marketing Subcommittee. |
| **Karl Andrew Pickford** | Qualifications/Experience<br>Business owner for the last 28 years. Inaugural Director 10 years experience on the Board. Part of the Marketing subcommittee. |

**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.

**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 Benjamin**
**Director**

**Peter Young**
**Director**

Dated 10 October 2011

# Auditor’s independence declaration

**Dingley Village Financial Services Limited**

**ABN 27 098 041 493**

**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 2011 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**

10 October 2011

Dingley

# Financial statements

## Statement of comprehensive income for the year ended 30 June 2011

| | Note | 2011 $ | 2010 $ |
|---|---|---|---|
| Revenue | 2 | 1,371,859 | 1,202,079 |
| Other income | | 1,859 | 200,000 |
| Employee benefits expense | | (469,097) | (490,296) |
| Depreciation and amortisation expense | | (44,553) | (36,421) |
| Sponsorship and Marketing | | (384,171) | (281,110) |
| Occupancy expenses | | (154,948) | (143,860) |
| Other expenses | | (202,990) | (188,649) |
| **Profit before income tax** | | **117,959** | **261,743** |
| Income tax expense | 4 | (35,387) | (62,481) |
| **Profit for the year** | | **82,572** | **199,262** |
| **Other comprehensive income:** | | | |
| **Total comprehensive income for the year** | | **82,572** | **199,262** |

The accompanying notes form part of these financial statements.

## Statement of financial position as at 30 June 2011

| | Note | 2011 $ | 2010 $ |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 6 | 205,697 | 219,731 |
| Trade and other receivables | 7 | 146,075 | 176,981 |
| Current tax receivable | 15 | 11,580 | - |
| **Total current assets** | | **363,352** | **396,712** |
| **Non current assets** | | | |
| Property, plant and equipment | 8 | 386,798 | 368,418 |
| Deferred tax assets | 15 | 2,695 | 2,390 |
| Intangible assets | 9 | 8,836 | 19,200 |
| **Total non current assets** | | **398,329** | **390,008** |
| **Total assets** | | **761,681** | **786,720** |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 10 | 67,170 | 87,399 |
| Current tax liabilities | 15 | - | 16,516 |
| Short term provisions | 11 | 8,986 | 7,966 |
| **Total current liabilities** | | **76,156** | **111,881** |
| **Non current liabilities** | | | |
| Deferred tax liabilities | 15 | 115 | 9,001 |
| **Total non current liabilities** | | **115** | **9,001** |
| **Total liabilities** | | **76,271** | **120,882** |
| **Net assets** | | **685,410** | **665,838** |
| **Equity** | | | |
| Issued capital | 12 | 567,010 | 567,010 |
| Retained earnings | | 118,400 | 98,828 |
| **Total equity** | | **685,410** | **665,838** |

The accompanying notes form part of these financial statements.

## Statement of changes in equity for the year ended 30 June 2011

| 2011 | Note | Ordinary shares $ | Retained earnings $ | Total $ |
|---|---|---|---|---|
| Balance at 1 July 2010 | | 567,010 | 98,828 | 665,838 |
| Profit attributable to members of the entity | | - | 82,572 | 82,572 |
| **Sub total** | | **-** | **82,572** | **82,572** |
| Dividends paid or provided for | 5 | - | (63,000) | (63,000) |
| **Balance at 30 June 2011** | | **567,010** | **118,400** | **685,410** |

| 2010 | Note | Ordinary shares $ | Retained earnings $ | Total $ |
|---|---|---|---|---|
| Balance at 1 July 2009 | | 567,010 | (37,434) | 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** | | **567,010** | **98,828** | **665,838** |

The accompanying notes form part of these financial statements.

## Statement of cash flows
## for the year ended 30 June 2011

| | Note | 2011 $ | 2010 $ |
|---|---|---|---|
| **Cash from operating activities:** | | | |
| Receipts from customers | | 1,364,712 | 1,165,620 |
| Payments to suppliers and employees | | (1,174,783) | (1,069,458) |
| Other receipts | | - | 200,000 |
| Interest received | | 6,816 | 12,315 |
| Income tax paid | | (76,448) | (24,514) |
| **Net cash provided by (used in) operating activities** | **18** | **120,297** | **283,963** |
| **Cash flows from investing activities:** | | | |
| Purchase of property, plant and equipment | | (52,569) | (299,587) |
| Net cash provided by (used in) investing activities | | (52,569) | (299,587) |
| Cash flows from financing activities: | | | |
| Dividends paid | | (74,225) | (59,821) |
| Return of capital paid | | (7,537) | (19) |
| **Net cash provided by (used in) financing activities** | | **(81,762)** | **(59,840)** |
| **Other activities:** | | | |
| **Net increase (decreases) in cash held** | | **(14,034)** | **(75,464)** |
| Cash at beginning of financial year | | 219,731 | 295,195 |
| **Cash at end of financial year** | **6** | **205,697** | **219,731** |

The accompanying notes form part of these financial statements.

# Notes to the financial statements

For year ended 30 June 2011

## 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.

<u>Plant and equipment</u>

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 statement of comprehensive income.

**(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.

**(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.

# Notes to the financial statements continued

## Note 1. Summary of significant accounting policies (continued)

**(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.

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.

## Note 1. Summary of significant accounting policies (continued)

**(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.

**(m) Critical accounting estimates and judgements**

The Directors evaluate estimates and judgements 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.

## Note 1. Summary of significant accounting policies (continued)

**(n) 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.

  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.

**(o) 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 9: Financial instruments and AASB 2009 11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or alter 1 January 2013).

## Note 1. Summary of significant accounting policies (continued)

**(o) New accounting standards for application in future periods (continued)**

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Company has not yet determined the potential impact on the financial statements.

The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held to maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and
- reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:

  (a) the objective of the entity's business model for managing the financial assets; and

  (b) the characteristics of the contractual cash flows.

• AASB 2009 12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. The standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. These amendments are not expected to impact the Company.

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

# Notes to the financial statements continued

| | Note | 2011<br>$ | 2010<br>$ |
|---|---|---|---|

## Note 2. Revenue and Other Income

| | Note | 2011 $ | 2010 $ |
|---|---|---|---|
| Sales revenue | | | |
| provision of services | | 1,365,236 | 1,191,221 |
| | | **1,365,236** | **1,191,221** |
| Other revenue | | | |
| interest received | 2(a) | 6,623 | 10,858 |
| other revenue | | 1,859 | 200,000 |
| | | **8,482** | **210,858** |
| **Total revenue** | | **1,373,718** | **1,402,079** |
| **(a) Interest revenue** | | | |
| Interest revenue from: | | | |
| interest income bank | | 6,623 | 10,858 |
| **Total interest revenue on financial assets not at fair value through profit or loss** | | **6,623** | **10,858** |

## Note 3. Profit for the year

| | 2011 $ | 2010 $ |
|---|---|---|
| **(a) Expenses** | | |
| **Other expenses:** | | |
| Bad and doubtful debts | | |
| Bad debts | 4,156 | 1,579 |
| **Total bad and doubtful debts** | **4,156** | **1,579** |
| **(b) Significant revenue and expenses** | | |
| The following significant revenue and expense items are relevant in explaining the financial performance: | | |
| Franchise margin income | 796,831 | 682,762 |
| Upfront product commissions | 396,853 | 330,402 |
| Fee income | 121,552 | 114,632 |
| Salaries and wages | (407,995) | (431,101) |

# Notes to the financial statements continued

| | Note | 2011 $ | 2010 $ |
|---|---|---|---|

## Note 4. Income tax expense

**(a) The components of tax expense comprise:**

| | Note | 2011 $ | 2010 $ |
|---|---|---|---|
| Current tax | | 44,579 | 58,706 |
| Originating and reversing temporary differences | 15 | (9,192) | 3,774 |
| | | **35,387** | **62,480** |

**(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:**

| | Note | 2011 $ | 2010 $ |
|---|---|---|---|
| Prima facie tax payable on profit from ordinary activities before income tax at 30% (2010: 30%) | | 35,387 | 78,523 |
| Less: | | | |
| Tax effect of: | | | |
| Special capital allowance deduction | | - | 16,043 |
| **Income tax attributable to entity** | | **35,387** | **62,480** |

## Note 5. Dividends

Distributions paid

| | Note | 2011 $ | 2010 $ |
|---|---|---|---|
| Fully franked redeemable preference dividend of 10 cents (2010: 10) cents per share franked at the tax rate of 30% (2010: 30%) | | 63,000 | 63,000 |
| **Total** | | **63,000** | **63,000** |

**a. Balance of franking account at period end adjusted for franking credits arising from:**

| | Note | 2011 $ | 2010 $ |
|---|---|---|---|
| - payment of provision for income tax | | 72,675 | 28,810 |
| - 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 | | 2,620 | 810 |
| | | **48,295** | **2,620** |

# Notes to the financial statements continued

| | Note | 2011 $ | 2010 $ |
|---|---|---|---|

## Note 6. Cash and cash equivalents

| | | | |
|---|---|---|---|
| Cash on hand | | 400 | 400 |
| Cash at bank | | 59,872 | 113,705 |
| Short term bank deposits | | 145,425 | 105,626 |
| | | **205,697** | **219,731** |
| The effective interest rate on short term bank deposits was 5.1% (2010: 5.2%); 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 | | 205,697 | 219,731 |
| | | **205,697** | **219,731** |

## Note 7. Trade and other receivables

**Current**

| | | | |
|---|---|---|---|
| Trade receivables | | 126,223 | 123,841 |
| | | **126,223** | **123,841** |
| Prepayments | | 4,682 | 5,756 |
| Other receivables | | 15,170 | 47,384 |
| **Total current trade and other receivables** | | **146,075** | **176,981** |

## Note 8. Property, plant and equipment

**Plant and equipment**

| | | | |
|---|---|---|---|
| At cost | | 60,803 | 60,261 |
| Accumulated depreciation | | (45,795) | (43,513) |
| **Total plant and equipment** | | **15,008** | **16,748** |

| | Note | 2011<br>$ | 2010<br>$ |
|---|---|---|---|

## Note 8. Property, plant and equipment (continued)

**Improvements**

| | | | |
|---|---|---|---|
| At cost | | 496,595 | 444,569 |
| Accumulated depreciation | | (124,805) | (92,899) |
| **Total improvements** | | **371,790** | **351,670** |
| **Total property, plant and equipment** | | **386,798** | **368,418** |

**(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<br>$ | Improvements<br>$ | Total<br>$ |
|---|---|---|---|
| Balance at the beginning of year | 16,748 | 351,670 | 368,418 |
| Additions | 542 | 52,027 | 52,569 |
| Depreciation expense | (2,282) | (31,907) | (34,189) |
| **Carrying amount at the end of 30 June 2011** | **15,008** | **371,790** | **386,798** |
| 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** |

| | Note | 2011<br>$ | 2010<br>$ |
|---|---|---|---|

## Note 9. Intangible assets

**Development costs**

| | | | |
|---|---|---|---|
| Cost | | 720 | 720 |
| Accumulated amortisation and impairment | | (144) | - |
| **Net carrying value** | | **576** | **720** |

**Licenses and franchises**

| | | | |
|---|---|---|---|
| Cost | | 51,100 | 51,100 |
| Accumulated amortisation and impairment | | (42,840) | (32,620) |
| **Net carrying amount** | | **8,260** | **18,480** |

# Notes to the financial statements continued

| | Note | 2011 $ | 2010 $ |
|---|---|---|---|

## Note 9. Intangible assets (continued)

**Other intangible assets**

| | | |
|---|---|---|
| Cost | 19,758 | 19,758 |
| Accumulated amortisation and impairment | (19,758) | (19,758) |
| **Total Intangibles** | **8,836** | **19,200** |

**(a) Reconciliation detailed table**

| | Licenses and franchises $ | Development costs $ | Total $ |
|---|---|---|---|
| **Year ended 30 June 2011** | | | |
| Opening balance | 18,480 | 720 | 19,200 |
| Amortisation | (10,220) | (144) | (10,364) |
| **Balance at 30 June 2011** | **8,260** | **576** | **8,836** |
| **Year ended 30 June 2011** | | | |
| Opening balance | 28,700 | 720 | 29,420 |
| Amortisation | (10,220) | - | (10,220) |
| **Balance at 30 June 2010** | **18,480** | **720** | **19,200** |

| | Note | 2011 $ | 2010 $ |
|---|---|---|---|

## Note 10. Trade and other payables

**Current**

| | | |
|---|---|---|
| Unsecured liabilities | | |
| Trade payables | 17,548 | 49,457 |
| Other payables | 35,777 | 13,372 |
| | **53,325** | **62,829** |
| Dividend payable | 13,845 | 24,570 |
| | **67,170** | **87,399** |

# Notes to the financial statements continued

| | 2011 $ | 2010 $ |
|---|---|---|

## Note 11. Provisions

**Analysis of total provisions**

| | | |
|---|---|---|
| Current | 8,986 | 7,966 |
| | **8,986** | **7,966** |

## Note 12. Issued capital

| | | |
|---|---|---|
| 567,010 (2010: 567,010) Ordinary | 567,010 | 567,010 |
| **Total** | **567,010** | **567,010** |

The Company has authorised share capital amounting to $567,010.

## Note 13. Capital and leasing commitments

**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 | 54,900 | 53,300 |
| between 12 months and 5 years | 115,100 | 170,000 |
| | **170,000** | **223,300** |

Operating lease is for 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 2011.

**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)

**Specific financial risk exposures and 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** | |
|---|---|---|---|---|
| | **2011** % | **2010** % | **2011** $ | **2010** $ |
| **Financial assets:** | | | | |
| Cash and cash equivalents | 0.01 | 0.01 | 60,392 | 114,105 |
| Short term deposits | 5.70 | 5.80 | 145,425 | 105,626 |
| Receivables | - | - | - | - |
| **Total financial assets** | | | **205,817** | **219,731** |
| **Financial liabilities:** | | | | |
| Trade and sundry payables | - | - | - | - |
| **Total financial liabilities** | | | **-** | **-** |

# Notes to the financial statements continued

## Note 14. Financial risk management (continued)

**Specific financial risk exposures and management (continued)**

(d) Price Risk (continued)

**(i) Financial instrument composition and maturity analysis (continued)**

| | Non interest bearing | | Total | |
|---|---|---|---|---|
| | 2011 $ | 2010 $ | 2011 $ | 2010 $ |
| **Financial assets:** | | | | |
| Cash and cash equivalents | - | - | 60,392 | 114,105 |
| Short term deposits | - | - | 145,425 | 105,626 |
| Receivables | 146,075 | 176,981 | 146,075 | 176,981 |
| **Total financial assets** | **146,075** | **176,981** | **351,892** | **396,712** |
| **Financial liabilities:** | | | | |
| Trade and sundry payables | 67,170 | 87,399 | 67,170 | 87,399 |
| **Total financial liabilities** | **67,170** | **87,399** | **67,170** | **87,399** |

| | 2011 $ | 2010 $ |
|---|---|---|

## Note 15. Tax

| | | |
|---|---|---|
| **Current** | | |
| Income tax | - | 16,516 |
| | **-** | **16,516** |
| **Non current** | | |
| Deferred tax liability comprises: | | |
| Other deferred tax | 115 | 9,001 |
| | **115** | **9,001** |
| **Current** | | |
| Normal tax | 11,580 | - |
| | **11,580** | **-** |

# Notes to the financial statements continued

| | 2011<br>$ | 2010<br>$ |
|---|---|---|
| **Note 15. Tax (continued)** | | |
| **Non current** | | |
| Deferred tax assets comprise: | | |
| Other deferred tax | 2,695 | 2,390 |
| | **2,695** | **2,390** |

| | Opening balance<br>$ | Charged to income<br>$ | Closing balance<br>$ |
|---|---|---|---|
| **Deferred tax liability** | | | |
| Other deferred tax | 5,110 | 3,891 | 9,001 |
| **Balance at 30 June 2010** | **5,110** | **3,891** | **9,001** |
| Other deferred tax | 9,001 | (8,886) | 115 |
| **Balance at 30 June 2011** | **9,001** | **(8,886)** | **115** |

| | Opening balance<br>$ | Charged to income<br>$ | Closing balance<br>$ |
|---|---|---|---|
| **Deferred tax assets** | | | |
| Provisions | | | |
| employee benefits | 2,273 | 117 | 2,390 |
| **Balance at 30 June 2010** | **2,273** | **117** | **2,390** |
| Provisions | | | |
| employee benefits | 2,390 | 305 | 2,695 |
| **Balance at 30 June 2011** | **2,390** | **305** | **2,695** |

| | 2011<br>$ | 2010<br>$ |
|---|---|---|
| **Note 16. Auditors' remuneration** | | |
| Remuneration of the Auditor of the Company for: | | |
| **auditing or reviewing the financial statements** | **9,000** | **9,750** |

## Note 17. Key Management Personnel Disclosures

No Director of the Company receives remuneration for services as a Company Director or committee member.

There are no executives with the Company whose remuneration is required to be disclosed.

## Note 18. Cash flow information

| | 2011 $ | 2010 $ |
|---|---|---|
| Reconciliation of cash flow from operations with profit after income tax | | |
| Profit for the year | 82,572 | 199,262 |
| Cash flows excluded from profit attributable to operating activities | | |
| Non cash flows in profit | | |
| Amortisation | 10,364 | 10,220 |
| Depreciation | 34,189 | 26,201 |
| Changes in assets and liabilities | | |
| (Increase)/decrease in trade and term receivables | 14,916 | 18,113 |
| (Increase)/decrease in deferred tax receivable | (306) | (117) |
| Increase/(decrease) in trade payables and accruals | 18,298 | (8,190) |
| Increase/(decrease) in income taxes payable | (31,869) | 34,193 |
| Increase/(decrease) in deferred taxes payable | (8,886) | 3,891 |
| Increase/(decrease) in provisions | 1,019 | 390 |
| | **120,297** | **283,963** |

## Note 19. Events after the end of the reporting period

The financial report was authorised for issue on 10 October 2011 by the Board of Directors. There were no events after the end of the financial year that would materially affect the financial statements.

## Note 20. 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 7 to 31, present fairly the Company's financial position as at 30 June 2011 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 Benjamin**
**Director**

**Peter Young**
**Director**

Dated 10 October 2011

# Independent audit report

## 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 2011, and the 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 Corporations Act 2001 and 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 2011 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

10 October 2011

# Profit and loss account

**Disclaimer**

The additional financial data presented on pages 28 - 29 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 2011. 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

10 October 2011

## Profit and loss acount for the year ended 30 June 2011

| | 2011 $ | 2010 $ |
|---|---|---|
| **Income** | | |
| Fees | 1,365,236 | 1,191,221 |
| Interest income | 6,623 | 10,858 |
| Other income | 1,859 | 200,000 |
| **Total income** | **1,373,718** | **1,402,079** |
| **Less: Expenses** | | |
| Accounting fees | 6,355 | 5,580 |
| Auditors remuneration | 9,000 | 9,750 |
| Bad debts | 4,156 | 1,579 |
| Bank charges | 1 | - |
| Body corporate and management fees | 3,660 | 8,70 |
| Computer expenses | 35,310 | 19,113 |
| Consulting and professional fees | 24,609 | - |
| Depreciation | 44,553 | 36,421 |
| Donations | 710 | 1,155 |
| Filing fees | 1,652 | 1,720 |

# Profit and loss account continued

| | 2011 $ | 2010 $ |
|---|---|---|
| **Less: Expenses (continued)** | | |
| Freight and cartage | 8,076 | 8,062 |
| Leave pay | 4,046 | - |
| Long service leave | 1,909 | - |
| Other employee costs | 5,989 | 4,617 |
| Postage | 5,604 | 4,972 |
| Printing and stationery | 29,505 | 22,501 |
| Salaries | 407,995 | 431,101 |
| Staff training | 13,630 | 9,900 |
| Superannuation contributions | 35,528 | 44,678 |
| Travel – domestic | 3,808 | 54,936 |
| Uniforms | 5,298 | 1,333 |
| Sponsorship and marketing | 384,171 | 281,110 |
| Occupancy costs | 154,948 | 143,860 |
| Other operating expenses | 65,246 | 49,242 |
| **Total expenses** | **(1,255,759)** | **(1,140,336)** |
| **Profit before income tax** | **117,959** | **261,743** |

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

Franchisee: Dingley Village Financial Services Limited
Shop 11/79 Centre Dandenong Road, Dingley Village VIC 3172
Phone: (03) 9551 6111
ABN: 27 098 041 493

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Bendigo Bank

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