



Dingley Village
Financial Services Limited

ABN 27 098 041 493

**ANNUAL
REPORT
2013**

Dingley Village **Community Bank**[®] Branch

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Chairman's report

For year ending 30 June 2013

“Building on the past, towards a successful future!”

Welcome to the 12th Annual Report. A major milestone by any means! We have operated for 11 full financial years, as we opened on 22 April 2002. In fact the community 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. From those humble, ambitious and dedicated beginnings, Dingley Village Financial Services Limited has transformed into somewhat of an economic power house, which is representative of a vibrant and dedicated community.

There have been a number of exciting projects and initiatives that Dingley Village **Community Bank**[®] Branch have been involved with. I would like to highlight some of them and provide a snapshot into the wonderful things that we have provided back to the community.

In this last financial year we funded the costs, in partnership with the City of Kingston, for the Dingley Netball Club Forecourt development project. This very significant and important community asset is an example of our success bringing success to the wider community. It represents just one of the many highlights of the year that our **Community Bank**[®] branch has been involved in. This community asset is not only one that the wider community can enjoy and utilise, but it is also one that represents the success of a wider collaboration between residents, participants, stakeholders and business that is the branch and the owners of our **Community Bank**[®] branch; the shareholders.

In addition, I would like to mention the funding of a series of new community initiatives that support our youth and gives them a voice in the community. These initiatives consist of the “Chairman’s Scholarship”, a scholarship awarded to a Dingley resident to assist them with education or philanthropic activities, the “Kids Giving Back” program, which allows a group of Dingley primary school children to propose to the Board initiatives that help the community, the “DV Youth Foundation Project”, which allows a group of teenagers from secondary schools and sporting clubs to propose to the Board projects that will benefit teenagers living in the Dingley community and finally the “Young Achiever Award” which is aimed at promoting a local young entrepreneur, providing a small grant as well as having access to the Board in terms of mentoring.

The branch opened its doors with zero in our accounts, but a community full of support. We now hold over \$200 million worth of banking business and we employ nine staff. We have contributed over \$2.4 million of profits back to the community in the form of community grants and dividends to shareholders. 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 became non existent or extremely scarce.

Then there is you, our shareholders and owners, who together with our Board members over the last 12 years, have put faith in a new banking concept and contributed your funds through a prospectus to raise \$630,000 to fund our Community Enterprise – “The **Community Bank**[®] branch”.

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
2012	Dividend fully franked	\$ 78,750
2013	Dividend fully franked	\$ 78,750
	TOTAL	\$ 535,500

Chairman's report (continued)

Not including the return of capital, we have thus returned to shareholders over \$409,500 in dividends and also paid the appropriate tax to the Australian Taxation Office to do so.

What is now factually correct is that the **Community Bank**[®] branch that you all own has funded what we might describe as "Community Assets". Therefore we could quite rightly call these assets on the community balance sheet of Dingley Village.

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 and the forthcoming Netball Forecourt Project for 2014. 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

Significantly, we have not only survived the GFC in 2008, and the GFC 2 in 2011, we have actually managed to progress through them, and maintain profits and dividends.

Naturally, a business is not always smooth sailing, and we always have some staff turnover.

Anne McAllister continues in the role as Branch Manager since March 2011. The Branch continues to grow and remains 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. I commend Anne and each of the staff members to you. They are the face of the business and the nexus between the company and the community.

I also thank Ann Reed for her continued work in the company office and continued service to the company.

In summary, we grew our holdings by many millions to reach footings of \$200 million and revealed a net profit after tax of \$96,848 (2012 \$102,059). 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 reappointment of Bryan Ford and Darren Bodey as Directors at the recommendation of the current Board. Significantly, the 2012 year saw the appointment of Andrea Rahilly and Julie Poole as new Directors to Dingley Village Financial Services Limited.

We welcome them as local residents to the Board, who each bring professional skills and the enthusiasm that we held when we started a decade ago. Significantly, I am proud of the fact that, as women they bring some gender balance to the Board and that, we as a company, are becoming more modern and reflective of the society that we represent.

As Chairman, I wish to personally thank all Board members and their partners 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. The Board members act without remuneration, voluntarily and for the benefit of the shareholders of the community. They give selflessly and without any accolade and little, if any, recognition.

Bendigo and Adelaide Bank has rated our branch in the top four out of in excess of 300 **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 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.

Chairman's report (continued)

Lastly, I wish to add that our continued success coincides with the community's success. As many of you will be aware, the local shopping centre is enduring many pressures, and many changes that are influenced on a macro and micro cosmic level. If we, as the licensed owners to run the **Community Bank**[®] branch, and the citizens of this great community continue to work hard, continuing to lift together, then all of the wider community shall continue to benefit.

I wish you all a safe and prosperous holiday season and look forward to continuing and extending our success in 2014.

A handwritten signature in black ink, appearing to read 'D. Starvaggi', written in a cursive style.

David Starvaggi
Chairman

Manager's report

For year ending 30 June 2013

The 2013 financial year has seen continued strong performance from Dingley Village **Community Bank**[®] Branch.

As the branch has now completed its 11th year, a plateau in our growth would have been expected. I am delighted to say that we have continued to grow ahead of budget.

As of 30 June 2013 we experienced growth in all areas of our business from our account numbers to our combined deposit and lending balances. Our financial planning funds under management and business banking facilities held have also increased, assisting us in showing combined balances of \$200 million.

Our expected growth for the year was just under 9%, but with our actual growth against budget reaching over 12%, this is a reflection of the continuing strong support we have from the local community and another excellent result for our branch. This year we have begun to strengthen our existing relationships with clubs, associations, schools and other organisations in the local area, by finding mutually beneficial ways to assist and also build the business. We expect to continue to expand these relationships into partnerships from which everyone benefits. In our 11 years of operation, we have returned \$2.3 million to our community, through grants and sponsorships.

Our branch continues to benefit from strong support from our Board and regional management team. Our Board, giving us clear direction for the future and our regional team, providing training and support to ensure banking compliance. I would like to thank our Chairman; David Starvaggi and all Board members for the trust and respect they provide to myself and all staff. Thanks also to Regional Manager Sophia Cole and Operations Manager Michelle McDonald for their support throughout the year.

At Dingley Village **Community Bank**[®] Branch we have a dedicated staff, who have all contributed to our tremendous success and I congratulate them on this year's outcome; Beverley, Shelley, Terese, Michelle, Bree, Natalie, Melissa and Sally together with new addition Susie, Administration Manager Ann Reed, Business Bankers, Christine and Michael and Financial Planner, Catriona.

We now look forward to the challenges ahead in 2014 and work towards maintaining our strong financial performance, improving our processes and service, embracing new technologies and building our relationships within the local community.



Anne McAllister
Branch Manager

Directors' report

For the financial year ended 30 June 2013

Your Directors present their report, together with the statement of the company, for the financial year ended 30 June 2013.

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
David Starvaggi (Chairman)	
Bryan Ford (Vice Chairman)	
Peter Young (Secretary)	
Darren Bodey	
Donald Ewart Chenery	
Stephen Duggan	
Leigh Menzel	
Karl Pickford	
Julieanne Pool	appointed 29 November 2012
Andrea Rahilly	appointed 29 November 2012

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 \$ 96,848 (2012: \$ 102,059).

Dividends paid or recommended

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

- A fully franked dividend of \$ 78,750 was paid during the year.

3. Remuneration report

No Director of the company receives remuneration for services as a company Director or Committee Member.

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

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

Directors' report (continued)

3. Remuneration report (continued)

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

4. 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 2013 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
David Starvaggi	11	10
Bryan Ford	11	10
Peter Young	11	11
Darren Bodey	11	10
Donald Chenery	11	6
Stephen Duggan	11	10
Leigh Menzel	11	7
Karl Pickford	11	10
Julianne Pool	6	5
Andrea Rahilly	6	6

Directors' report (continued)

4. Other items (continued)

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.

Information on Directors



David Starvaggi

Chairman

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.



Bryan Ford

Deputy Chairman

20 years Director/Owner of two offices in major Real Estate franchise. Total of 30 years experience in Real Estate. Past Director Governor, zone Chairman, President and life member of Apex Australia. Past President and Director of Oakleigh Football Club (VFA). Current Managing Director of Melbourne Wide Property Advocate Services.



Peter Young

Company Secretary and Director

Chartered Accountant with more than 15 years experience in senior financial management roles including previous Directorships and Company Secretary roles.



Darren Bodey

Director

Qualified Electrician, registered commercial building practitioner, 22 years as the Managing Director. Director of Dingley Village Financial Services Limited for 6 years.

Directors' report (continued)



Donald Chenery

Director

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, 38 years membership of Kingswood Golf Club. Justice of the Peace. Approximately 5 years on the Board of Dingley Village Financial Services Limited.



Stephen Duggan

Director

MBA (Distinction), Grad.Dip. Trade Mark Practice, B.Business. Long term resident of Dingley Village. Over 20 years of General Management experience across a diverse range of industries, with responsibilities for domestic and international markets. Previous Board and Committee experience. Currently, President of John Monash Science School Council, Marketing sub-committee member, HR sub-committee member.



Leigh Menzel

Director

B.Sc (Ma) University of Adelaide and currently a computer programmer at AppliCad Australia. Board member for 4 years and part of the Marketing Sub-Committee.



Karl Pickford

Director

Business owner for the last 29 years. Inaugural Director 11 years experience on the Board. Part of the Marketing sub-committee.



Julieanne Pool

Director

Extensive background in Human Resources, Training, Customer Service and Office Management and Administration. Involved in local Netball and Softball for over 40 years and has served on numerous committees. Currently Secretary of the Springvale & District Netball Association and a life member of SDNA.

Directors' report (continued)

4. Other items (continued)

Information on Directors (continued)



Andrea Rahilly

Director

Bachelor of Teaching in Early Childhood Development and Post Graduate University studies in Education. Kindergarten teacher for over 11 years. Past President of Dingley Kindergarten Centres and currently the Business Manager of Dingley Kindergarten Centres.

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 \$ 475.

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:

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

David Starvaggi

Director

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

Peter Young

Director

Dated 30 September 2013

Auditor's independence declaration



accountants auditors financial advisors

Directors:
Michael F. Ryan CPA, CFP
Dennis J. Malcolm CPA
Greg H. Cusack CPA,
Associate:
Andrew White CA, RCA

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 2013 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

Andrew White

30 September 2013

Dingley



Aston Ryan & Malcolm Pty Ltd ABN: 99 006 663 243
Redwood Gardens Business Centre
14 Garden B'lvld Dingley, Victoria 3172
PO Box 1462, Clayton South, Victoria 3169
Tel: 61 3 9551 2822 Fax: 61 3 9551 7995
Email: arm@astonryan.com.au Web: www.astonryan.com.au

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Financial statements

Statement of comprehensive income for the year ended 30 June 2013

	Note	2013 \$	2012 \$
Revenue	2	1,504,749	1,457,778
Other income		3,596	250
Employee benefits expense		(585,599)	(542,368)
Depreciation and amortisation expense		(41,406)	(41,783)
Sponsorship and Marketing		(405,377)	(388,517)
Occupancy expenses		(173,440)	(170,445)
Other expenses		(163,178)	(168,871)
Profit before income tax		139,345	146,044
Income tax expense	4	(42,497)	(43,985)
Profit for the year		96,848	102,059
Other comprehensive income:			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		96,848	102,059
Earnings per share			
From continuing and discontinued operations:			
Basic earnings per share (cents)		15.37	16.20

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of financial position as at 30 June 2013

	Note	2013 \$	2012 \$
Assets			
Current assets			
Cash and cash equivalents	6	318,604	204,416
Trade and other receivables	7	146,037	162,957
Total current assets		464,641	367,373
Non current assets			
Property, plant and equipment	8	338,734	364,068
Deferred tax assets	15	11,687	4,168
Intangible assets	9	43,654	55,495
Total non current assets		394,075	423,731
Total assets		858,716	791,104
Liabilities			
Current liabilities			
Trade and other payables	10	75,360	67,764
Current tax liabilities	15	17,310	336
Short term provisions	11	34,147	13,895
Total current liabilities		126,817	81,995
Non current liabilities			
Deferred tax liabilities	15	270	390
Long term provisions	11	4,812	-
Total non current liabilities		5,082	390
Total liabilities		131,899	82,385
Net assets		726,817	708,719
Equity			
Issued capital	12	567,010	567,010
Retained earnings		159,807	141,709
Total equity		726,817	708,719

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of changes in equity for the year ended 30 June 2013

	Note	Ordinary Shares \$	Retained Earnings \$	Total \$
2013				
Balance at 1 July 2012		567,010	141,709	708,719
Profit attributable to members of the entity		-	96,848	96,848
Dividends paid or provided for	5	-	(78,750)	(78,750)
Balance at 30 June 2013		567,010	159,807	726,817
2012				
Balance at 1 July 2011		567,010	118,400	685,410
Profit attributable to members of the entity		-	102,059	102,059
Contribution of equity, net of transaction costs		-	-	-
Dividends paid or provided for	5	-	(78,750)	(78,750)
Balance at 30 June 2012		567,010	141,709	708,719

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of cash flows for the year ended 30 June 2013

	Note	2013 \$	2012 \$
Cash from operating activities:			
Receipts from customers		1,505,066	1,428,522
Payments to suppliers and employees		(1,283,860)	(1,264,904)
Interest received		11,296	12,131
Income tax paid		(32,991)	(33,267)
Net cash provided by (used in) operating activities	18	199,511	142,482
Cash flows from investing activities:			
Payment for intangible asset		-	(57,768)
Purchase of property, plant and equipment		(4,231)	(7,944)
Net cash used by investing activities		(4,231)	(65,712)
Cash flows from financing activities:			
Dividends paid		(80,592)	(77,750)
Return of Capital paid		(500)	(300)
Net cash used by financing activities		(81,092)	(78,050)
Other activities:			
Net cash increase (decreases) in cash and cash equivalents		114,188	(1,280)
Cash and cash equivalents at beginning of year		204,416	205,696
Cash and cash equivalents at end of year	6	318,604	204,416

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2012

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.

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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(c) Property, plant and equipment (continued)

Depreciation (continued)

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.

(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).

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(i) Income tax (continued)

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 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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(j) Leases (continued)

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 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) Economic dependence

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank**[®] branch at Dingley, Victoria.

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

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(n) Economic dependence (continued)

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

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

(o) Adoption of new and revised accounting standards

Certain new AASs have been published that are not mandatory for the 30 June 2013 reporting period. The company has assessed their applicability and potential for early adoption. None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning.

As at 30 June 2013, all new accounting standards and interpretations that had been issued but which were not applicable for the financial year ended 30 June 2013 had been considered, and whilst the impact of some standards was still to be assessed, the likely impact is not considered to be significant.

	Note	2013 \$	2012 \$
Note 2. Revenue and other income			
Sales revenue			
provision of services		1,493,854	1,444,998
		1,493,854	1,444,998
Other revenue			
Interest revenue	2(a)	10,895	12,780
other revenue		3,596	250
		14,491	13,030
Total revenue		1,508,345	1,458,028

Notes to the financial statements (continued)

	Note	2013 \$	2012 \$
Note 2. Revenue and other income (continued)			
(a) Interest Revenue			
Interest revenue from:			
interest income bank		10,895	12,780
Total interest revenue on financial assets not at fair value through profit or loss		10,895	12,780

Note 3. Profit for the year

(a) Expenses

Other Expenses:

Bad and doubtful debts

Bad debts		3,552	3,479
Total bad and doubtful debts		3,552	3,479

(b) Significant revenue and expenses

The following significant revenue and expense items are relevant in explaining the financial performance:

Franchise Margin Income		998,746	906,363
Upfront product commissions		325,871	368,331
Fee Income		119,236	120,304
Salaries and wages		(493,419)	(464,937)

Note 4. Income tax expense

(a) The components of tax expense comprise:

Current tax		50,137	45,182
Originating and reversing temporary differences	15	(7,640)	(1,197)
		42,497	43,985

(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% (2012: 30%)		41,803	43,813
non deductible depreciation and amortisation		694	172
Less:			
Tax effect of:			
Income tax attributable to entity		42,497	43,985

Notes to the financial statements (continued)

	2013 \$	2012 \$
--	------------	------------

Note 5. Dividends

Distributions paid

Fully franked redeemable preference dividend of 12.5 cents (2012: 12.5) cents per share franked at the tax rate of 30% (2012: 30%)	78,750	78,750
Total	78,750	78,750

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

payment of provision for income tax	32,962	33,267
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	(33,750)	(33,750)
Opening balance	47,812	48,295
	47,024	47,812

Note 6. Cash and cash equivalents

Cash on hand	500	500
Cash at bank	47,860	36,059
Short term bank deposits	270,244	167,857
	318,604	204,416

The effective interest rate on short term bank deposits was 3.9% (2012: 5.5%); 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	318,604	204,416
	318,604	204,416

Note 7. Trade and other receivables

Current

Trade receivables	135,333	142,949
	135,333	142,949
Prepayments	5,452	5,458
Other receivables	5,252	14,550
Total current trade and other receivables	146,037	162,957

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 8. Property, plant and equipment		
Plant and equipment		
At cost	67,331	63,104
Accumulated depreciation	(51,137)	(47,955)
Total plant and equipment	16,194	15,149
Improvements		
At cost	502,236	502,236
Accumulated depreciation	(179,696)	(153,318)
Total improvements	322,540	348,918
Total property, plant and equipment	338,734	364,067

(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	15,149	348,918	364,067
Additions	4,232	-	4,232
Depreciation expense	(3,187)	(26,378)	(29,565)
Carrying amount at the end of 30 June 2013	16,194	322,540	338,734
Balance at the beginning of year	15,008	371,790	386,798
Additions	2,300	5,643	7,943
Depreciation expense	(2,159)	(28,515)	(30,674)
Carrying amount at the end of 30 June 2012	15,149	348,918	364,067

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 9. Intangible assets		
Development costs		
Cost	720	720
Accumulated amortisation and impairment	(432)	(144)
Net carrying value	288	576
Licenses and franchises		
Cost	57,768	57,768
Accumulated amortisation and impairment	(14,402)	(2,849)
Net carrying amount	43,366	54,919
Other intangible assets		
Cost	19,758	19,758
Accumulated amortisation and impairment	(19,758)	(19,758)
Total intangibles	43,654	55,495

	Licenses and franchises \$	Development costs \$	Total \$
Year ended 30 June 2013			
Opening balance	54,919	576	55,495
Amortisation	(11,553)	(288)	(11,841)
Closing value at 30 June 2013	43,366	288	43,654
Year ended 30 June 2012			
Opening balance	8,260	720	8,980
Additions	57,768	-	57,768
Amortisation	(11,109)	(144)	(11,253)
Closing value at 30 June 2012	54,919	576	55,495

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 10. Trade and other payables		
Current		
Unsecured liabilities		
Trade payables	18,620	22,044
Other payables	44,457	30,875
	63,077	52,919
Dividend payable	12,283	14,845
	75,360	67,764

Note 11. Provisions

Analysis of total provisions

Current	34,147	13,895
Non current	4,812	-
	38,959	13,895

Note 12. Issued capital

630,000 (2012: 630,000) Ordinary @ 90 cents	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	72,384	55,725
between 12 months and 5 years	6,021	69,230
	78,405	124,955

Operating lease is for rental of premises.

Notes to the financial statements (continued)

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 2013.

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.

(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 monitoring 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:

Notes to the financial statements (continued)

Note 14. Financial risk management (continued)

(d) price risk (continued)

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

	Weighted average effective interest rate		Floating interest rate	
	2013 %	2012 %	2013 \$	2012 \$
Financial assets:				
Cash and cash equivalents	0.01	0.01	48,360	36,559
Short term deposits	3.85	5.35	270,244	167,857
Receivables	-	-	-	-
Total financial assets			318,604	204,416
Financial liabilities:				
Trade and sundry payables	-	-	-	-
Total financial liabilities	-	-	-	-

	Non-interest bearing		Total	
	2013 \$	2012 \$	2013 \$	2012 \$
Financial assets:				
Cash and cash equivalents	-	-	48,360	36,559
Short term deposits	-	-	270,244	167,857
Receivables	146,037	162,957	146,037	162,957
Total financial assets	146,037	162,957	464,641	367,373
Financial liabilities:				
Trade and sundry payables	75,360	67,764	75,360	67,764
Total financial liabilities	75,360	67,764	75,360	67,764

Notes to the financial statements (continued)

	2013 \$	2012 \$
--	------------	------------

Note 15. Tax

Current

Income tax	17,310	336
	17,310	336

Non current

Deferred tax liability comprises:

Other deferred tax	270	390
	270	390

Current

Non current

Deferred tax assets comprise:

Other deferred tax	11,687	4,168
	11,687	4,168

	Opening balance \$	Charged to income \$	Closing balance \$
Parent entity			
Deferred tax liability			
Other deferred tax	115	275	390
Balance at 30 June 2012	115	275	390
Other deferred tax	390	(120)	270
Balance at 30 June 2013	390	(120)	270

	Opening balance \$	Charged to income \$	Closing balance \$
Deferred tax assets			
Provisions			
employee benefits	2,695	1,473	4,168
Balance at 30 June 2012	2,695	1,473	4,168
Provisions			
employee benefits	4,168	7,519	11,687
Balance at 30 June 2013	4,168	7,519	11,687

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 16. Auditors' remuneration		
Remuneration of the Auditor of the company for:		
auditing or reviewing the financial statements	9,500	9,500

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

Reconciliation of Cash Flow from Operations with Profit after Income Tax

Profit for the year	96,848	102,059
Cash flows excluded from profit attributable to operating activities		
Non cash flows in profit		
Amortisation	11,842	11,109
Depreciation	29,564	30,674
Changes in assets and liabilities		
(Increase)/decrease in trade and term receivables	14,073	(15,152)
(Increase)/decrease in deferred tax receivable	(7,519)	(1,473)
Increase/(decrease) in trade payables and accruals	12,613	(1,836)
Increase/(decrease) in income taxes payable	17,146	11,916
Increase/(decrease) in deferred taxes payable	(120)	275
Increase/(decrease) in provisions	25,064	4,910
	199,511	142,482

Note 19. Events after the end of the reporting period

The financial report was authorised for issue on 30 September 2013 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 12 to 29, present fairly the company's financial position as at 30 June 2013 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.



David Starvaggi
Director



Peter Young
Director

Dated 30 September 2013

Independent audit report



accountants auditors financial advisors

Directors:
Michael F. Ryan CPA, CFP
Dennis J. Malcolm CPA
Greg H. Cusack CPA,
Associate:
Andrew White CA, RCA

Dingley Village Financial Services Limited

ABN 27 098 041 493

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, which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

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

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Dingley Village Financial Services Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Dingley Village Financial Services Limited is in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the company's financial position as at 30 June 2013 and of its performance for the year ended on that date; and



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Independent audit report (continued)

Dingley Village Financial Services Limited

ABN 27 098 041 493

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

- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Aston Ryan and Malcolm



Andrew White

DINGLEY

30 September 2013

Dingley Village **Community Bank**[®] Branch
Shop 11, 79 Centre Dandenong Road, Dingley Village VIC 3172
Phone: (03) 9551 6111 Fax: (03) 9551 6699



Franchisee: Dingley Village Financial Services Limited
Shop 11, 79 Centre Dandenong Road,
Dingley Village VIC 3172
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ABN: 27 098 041 493

www.bendigobank.com.au/dingley_village
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