Annual Report 2018

Dingley Village Financial Services Limited

ABN 27 098 041 493

Dingley Village **Community Bank**® Branch

Contents

Chair's report

For year ending 30 June 2018

Welcome to the 17th annual report. As we enter our 18th year of operation we continue to move from strength to strength as we celebrate this major milestone and a significant achievement for the Dingley Village **Community Bank**® Branch. We have operated for 17 full financial years, having commenced operation on 22nd April 2002. Dingley Village Financial Services has transformed into an economic power house, which is a testament to our vibrant, thriving and dedicated community.

As you will no doubt be aware, as in past years, we continue to be involved in a number of exciting projects and initiatives that our Dingley Village **Community Bank**® has either facilitated, or participated in with other key stakeholders. We have assisted too many projects, groups and organisations to mention in this report, but the following snapshot provides a wonderful insight into our contribution to the local community.

In this last financial year, we continued to maintain our existing levels of support for local kindergartens, primary schools, secondary schools, sporting clubs, charitable organisations and organisations which support and assist vulnerable members of our community. Put simply, our community continues to thrive and grow with the support of the **Community Bank**®.

We continue to fund new and exciting community projects, and a series of community initiatives that support our youth and their wellbeing. These include:

- Provision of fresh fruit for each of the primary schools during school term.
- Support 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 – giving Dingley primary school children a chance to propose initiatives to our board that they think will help the community.
- The DV Youth Foundation Project – where teenagers from secondary schools and sporting clubs to propose to the board projects that will benefit teenagers living in the Dingley community.
- The Young Achiever Award – which is aimed at promoting a local young entrepreneur, providing a small grant as well as having access to our Board for mentoring.
- A new electronic sign for the Kingswood Primary School to keep the wider community advised of events at the school. (It is heartening to see this community asset now operating.)

These represent the successful collaboration between residents, stakeholders, businesses, customers and shareholders of the **Community Bank**®.

Last year we achieved the milestone of returning $4 million back to our local community. This figure continues to grow and could not have been achieved without the continued support of customers and shareholders. It is a milestone that reflects our vibrant community. From our humble beginnings, and the growth that we have enjoyed over the years, we can lay claim to being a strong financial company and an excellent corporate citizen. We now have over $236 million worth of banking business and employ 10 staff.

In recent years, funding and donations for many organisations have largely dried-up. The Dingley Village **Community Bank**® Branch has continued to strengthen its position in the community by assisting others. This has resulted in a flourishing and thriving community that we should all feel sense of pride in. We have funded what we might describe as a range of 'community assets'. These include; netball courts, football and cricket club electronic scoreboard and new cricket nets, the Rotary memorial, electronic sign for our schools, sports uniforms and ancillary equipment to many groups. These are assets paid for by the profits of the **Community Bank**® Branch, for the benefit of members of the community to use for years to come.

Chair’s report (continued)

For year ending 30 June 2018

Year in review

We have survived many economic challenges in the last decade, including the GFC in 2008, and the GFC2 in 2011. Our company has managed to progress through them and maintain profits and dividends in what has become the ‘new normal’ of low interest rates and a flat economy.

In 2016, the Bendigo Bank adopted and implemented the Funds Transfer Pricing Model. We have now successfully implemented this for over 24 months. While revenue streams are calculated differently, we anticipate that we shall continue to thrive and enjoy strong success in the years to come.

On a sad note, Anne McAllister retired during the year. We acknowledge and recognise Anne for her vision, leadership and guidance. She took the branch from strength to strength and achieved continued success over the last eight years. We wish Anne a very happy and fulfilling retirement.

Penny Leonard commenced in the role of Branch Manager, and we have been fortunate to have her lead the branch since May 2018. Penny comes to Dingley Village with a proven track record, and we are confident in her ability to lead the branch to a new phase of trading and success. Penny has many years of experience managing branches and is enjoying being part of our **Community Bank**® model and our success in the community.

The branch continues to grow and remains a friendly, efficient and professional team. Staff morale is always of the highest order. They are the face of the business and the nexus between the company and the community. They never fail to have a smile on their face and are always eager and willing to assist. You can still telephone the branch on 9551 6111 and speak to a real person, without having to push a single extra digit.

I thank Ann Reed for her continued work in the company office, and her continued service to the company. Ann is a dedicated member of the team and integral to the smooth running of Dingley Village Financial Services Ltd.

As many of you will be aware, the local shopping centre has endured many pressures and changes. There has now been significant progress with Woolworths being renovated and extended, and with the rest of the shopping centre being developed progressively. I commend our local traders to you and urge you to support them.

Board members

We have a diverse and modern board of 10 directors that is dynamic and reflective of the wider community. I wish to personally thank all board members, and their partners, for their support and the time they have given. Their commitment, dedication and support is measured by our success. Our board members work voluntarily for the benefit of the shareholders of the community. They give selflessly and without any accolade and little, if any, recognition.

Sadly, Andrea Cornish is retiring from the Board. Andrea has served on the board for six years and has done so with distinction. I would like to thank her for her service, and wish her well in future endeavours. As a result, we welcome a new director, Vittesh Lilani. Vittesh is an accountant with strong links to the local community.

I am confident the coming years will bring continued success for Dingley Village **Community Bank**® Branch through the ongoing work of our board, support of our shareholders, and most importantly, the passion of the Dingley Village community. Our success coincides with the community’s success.

I look forward to continuing our progress in 2019.

David Starvaggi
Chair

Branch Manager's report

For year ending 30 June 2018

Thank you for the opportunity to manage the Dingley Village **Community Bank**® Branch. It has been an exciting few months since I began at the branch in the beginning of May 2018. I have received a warm reception from the community of Dingley Village, and I am enjoying the role immensely.

We have seen significant changes within the branch with Anne McAllister retiring after eight years of service. Anne has worked tirelessly over this time, and I wish her all the best. Anne has played an important part in strengthening community connections, encouraging innovation and stimulating interaction and participation in building our community here in Dingley Village and the surrounding areas. The branch has grown from strength to strength both financially and within the community because of her efforts.

Sally Li, our Customer Relationship Manager, went on maternity leave at the end of June, and delivered a beautiful baby boy. We welcomed Teary Jone to our branch as Customer Relationship Manager. She will look after our customers' lending needs. Teary has excellent knowledge and experience gained from her previous role at the Deakin University **Community Bank**® Branch. We have also been joined by Harrinson Gomez as a Customer Relationship Officer and Jonalyn Snell as a Customer Service Officer – both bringing with them a wealth of experience in the Bendigo Bank network. We have also had an industry newcomer join us. Natasha Stavrinos is young and very eager to learn. The changes in staff and structure will give us resources to grow and ensure our customers are being well looked after.

During the year we reviewed a number of customers inline with expected changes in the banking and economic environment. I am happy to report that during the process, we not only strengthened many customer relationships, but have also been able to assist customers achieve their own goals – exceeding expectations on many levels.

It was due to this holistic approach with our customers and community that our team were awarded the Bayside Regional Community Engagement Award for 2018. It is with heartfelt gratitude that I thank our team. It is rare to find such a hard-working team who are as dedicated to our customers and each other.

In the past 12 months, we have seen challenges in the banking environment which have led to slower lending results. In turn we have enjoyed growth in customer numbers. With more people in our community turning to the **Community Bank**® for their banking needs. As at 30 June 2018 we have 5,532 customers and $141.9 million in total business. Deposit accounts totalled $141.9 million and lending totalled $90.5 million.

I look forward to 2019 – with a focus on growth and giving back to the community we love. I look forward to serving you all in the future. Please remember there are great advantages for our community when you choose to bank with the Dingley Village **Community Bank**® Branch. I am confident that with all our shareholders and customers spreading this important message, our business will grow and prosper.

Penny Leonard
Branch Manager

Directors' report

For year ending 30 June 2018

The directors present their report on Dingley Village Financial Services Limited for the financial year ended 30 June 2018.

1. General information

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

David Starvaggi (Chairman)

Qualifications: Magistate, 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 (Vice Chairman)

Qualifications: 21 years director/Owner of two offices in major Real Estate franchise. Total of 31 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.

Kanwar Singh (Company Secretary/Treasurer)

Qualifications: MBA; Bachelor of Commerce (Hons); Fellow CPA Australia; Fellow IPA; Fellow NTAA. Managing Director of SS Accounting Solutions, Dingley Village. Has been involved with the Dingley Village community for over 23 years and is actively involved in local Dingley Village cricket club. Treasurer and Company Secretary; Finance & HR sub-committee member.

Darren Bodey

Qualifications: Qualified electrician, registered commercial building practitioner, 23 years as the managing Director. Director of DVFS for 12 years.

Stephen Duggan

Qualifications: MBA (Distinction), Grad.Dip. Trademark Practice, B.Business. Long-term resident of Dingley Village. Over 22 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

Qualifications: B.Sc (Ma) University of Adelaide and currently a computer programmer at AppliCad Australia. Board member for ten years and part of the Marketing sub committee.

For year ending 30 June 2018

Julianne Pool

Qualifications: Extensive background in human resources, training, customer service and office management and administration. Involved in local netball and softball for over 42 years and has served on numerous committees. Current Secretary and a life member of the Springvale & District Netball Association.

Andrea Rahilly

Qualifications: Bachelor of Teaching in Early Childhood Development and postgraduate studies in education. A kindergarten teacher for over 13 years. Past President of Dingley Kindergarten Centres and currently the business manager of Dingley Kindergarten Centres.

Adam Arness

Qualifications: Bachelor of Laws LL.B. Monash University. Grad Dip. Legal Practice. Recently admitted to the Supreme Court of Victoria as an Australian lawyer. Extensive experience on local committees, youth volunteering and education via tutoring and lecturing both secondary and tertiary students.

Theodora Kambouris

Qualifications: Dora is the Principal of Ray White Dingley Village and an active member of the community. She is involved in Kingswood Primary School (as a community member on the school council), a local Rotarian and sponsors local community groups including all three primary schools, two kindergartens, Rotary Club, Dingley Football Club, the Salvation Army and Make a Difference Foundation – just to name a few. She also organises the Ray of Difference Fundraising event every Christmas in Dingley Village.

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

Principal activities

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

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

Directors' report (continued)

For year ending 30 June 2018

2. Operating results and review of operations for the year

Operating results

The profit of the Company after providing for income tax amounted to $154,644 (2017: $65,035).

3. Other items

Significant changes in state of affairs

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

Matters or circumstances arising after the end of the year

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

Environmental matters

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

Dividends paid or recommended

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

- A fully franked dividend of $50,400 was paid during the year as recommended in last year's report.

Meetings of directors

During the financial year, 11 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 (Chairman)	11	11
Bryan Ford (Vice Chairman)	11	9
Kanwar Singh (Company Secretary/Treasurer)	11	8
Darren Bodey	11	9
Stephen Duggan	11	8
Leigh Menzel	11	5
Julieanne Pool	11	10
Andrea Rahilly	11	10
Adam Arness	11	8
Theodora Kambouris	11	9

Directors' report (continued)

For year ending 30 June 2018

Options

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

Indemnification and insurance of officers and auditors

The company has paid premiums to insure each of the 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.

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2018 has been received and can be found on page 8 of the report.

Remuneration report

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

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

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

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

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

David Starvaggi
Chair

Kanwar Singh
Company Secretary/Treasurer

Dated 24 September 2018

Auditor's independence declaration

Ashfords Audit & Assurance Pty Ltd
ABN 52 138 965 241
Suite 5, 14 Garden Blvd, Dingley VIC 3172
PO Box 1462, Clayton South VIC 3169
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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 2018, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Ashfords Audit and Assurance Pty Ltd

Andrew White - CA
Director

24 September 2018

Dingley

Financial statements

Statement of Profit or Loss and Other Comprehensive Income
For year ending 30 June 2018

	Notes	2018 $	2017 $
Revenue	4	1,639,088	1,538,238
Other income		–	9,416
Employee benefits expense		(604,956)	(645,634)
Depreciation and amortisation expense		(25,914)	(41,133)
Sponsorship and Marketing expenses		(429,426)	(378,954)
Occupancy expenses		(193,807)	(189,680)
Computer expenses		(29,199)	(26,077)
Other expenses	5	(138,118)	(176,472)
Profit before income tax		**217,668**	**89,704**
Income tax expense	6	(63,024)	(24,669)
Profit for the year after tax		**154,644**	**65,035**
Other comprehensive income, net of income tax			
		–	–
Total comprehensive income for the year		**154,644**	**65,035**

Earnings per share			
From continuing and discontinued operations:			
Basic earnings per share (cents)		24.50	10.32

The accompanying notes form part of these financial statements.

Balance Sheet
As at 30 June 2018

	Notes	2018 $	2017 $
ASSETS			
Current assets			
Cash and cash equivalents	8	588,644	447,384
Trade and other receivables	9	152,101	157,575
Current tax receivable	23	–	4,088
Total current assets		**740,745**	**609,047**
Non current assets			
Property, plant and equipment	10	244,903	245,227
Deferred tax assets	23	15,051	18,486
Intangible assets	12	34,527	46,037
Total non-current assets		**294,481**	**309,750**
Total assets		**1,035,226**	**918,797**
LIABILITIES			
Current liabilities			
Trade and other payables	14	105,273	121,684
Current tax liabilities	23	36,349	–
Employee benefits	15	45,781	53,932
Total current liabilities		**187,403**	**175,616**
Non current liabilities			
Deferred tax liabilities	23	170	147
Employee benefits	15	8,948	8,573
Total non current liabilities		**9,118**	**8,720**
Total liabilities		**196,521**	**184,336**
Net assets		**838,705**	**734,461**
EQUITY			
Issued capital	16	567,010	567,010
Retained earnings		271,695	167,451
		838,705	**734,461**
Total equity		838,705	734,461

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
for the year ended 30 June 2018

	Note	Ordinary shares $	Retained earnings $	Total $
2018				
Balance at 1 July 2017		**567,010**	**167,451**	**734,461**
Profit or loss attributable to members of the entity		–	154,644	154,644
Dividends paid or provided for	7	–	(50,400)	(50,400)
Balance at 30 June 2018		**567,010**	**271,695**	**838,705**
2017				
Balance at 1 July 2016		567,010	165,416	732,426
Profit or loss attributable to members of the parent entity		–	65,035	65,035
Dividends paid or provided for	7	–	(63,000)	(63,000)
Balance at 30 June 2017		**567,010**	**167,451**	**734,461**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
for the year ended 30 June 2018

	Notes	2018 $	2017 $
Cash flows from operating activities:			
Receipts from customers		1,643,060	1,526,182
Payments to suppliers and employees		(1,419,694)	(1,360,596)
Interest received		5,590	5,026
Income taxes paid		(23,216)	(27,582)
Net cash provided by/(used in) operating activities	26	**205,740**	**143,030**
Cash flows from investing activities:			
Payment for intangible asset		–	(57,546)
Purchase of property, plant and equipment		(14,080)	(3,690)
Net cash used by investing activities		**(14,080)**	**(61,236)**
Cash flows from financing activities:			
Dividends paid		(50,400)	(62,140)
Return of capital		–	(50)
Net cash used by financing activities		**(50,400)**	**(62,190)**
Net increase/(decrease) in cash and cash equivalents held		141,260	19,604
Cash and cash equivalents at beginning of year		447,384	427,780
Cash and cash equivalents at end of financial year	8	**588,644**	**447,384**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2018

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

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

The financial report was authorised for issue by the directors on 21 September 2018.

Comparatives are consistent with prior years, unless otherwise stated.

Note 1. Basis of preparation

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

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

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

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

Note 2. Summary of significant accounting policies

(a) Income tax

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

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

Deferred tax is not provided for the following:

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

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

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

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

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

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

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

(b) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the life of the lease term.

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

(c) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

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

<u>Interest revenue</u>

Interest is recognised using the effective interest method.

<u>Rendering of services</u>

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably. If the outcome can be estimated reliably then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

If the outcome cannot be reliably estimated then revenue is recognised to the extent of expenses recognised that are recoverable.

<u>Other income</u>

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

Note 2. Summary of significant accounting policies (continued)

(d) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(e) Goods and Services Tax (GST)

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

Receivables and payable are stated inclusive of GST.

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

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

(f) Property, plant and equipment

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

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

Plant and equipment

Plant and equipment are measured using the revaluation model.

Depreciation

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

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

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

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

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

Note 2. Summary of significant accounting policies (continued)

(g) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- financial assets at fair value through profit or loss;
- available for sale financial assets; and
- held to maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The company's trade and most other receivables fall into this category of financial instruments.

Discounting is omitted where the effect of discounting is considered immaterial.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

In some circumstances, the company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the company does not necessarily consider the balance to be impaired, however assessment is made on a case by case basis.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets:

- acquired principally for the purpose of selling in the near future
- designated by the entity to be carried at fair value through profit or loss upon initial recognition or
- which are derivatives not qualifying for hedge accounting.

Note 2. Summary of significant accounting policies (continued)
(g) Financial instruments (continued)

The company has some derivatives which are designated as financial assets at fair value through profit or loss.

Assets included within this category are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or expenses in profit or loss.

Any gain or loss arising from derivative financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions or using a valuation technique where no active market exists.

Held to maturity investments

Held to maturity investments are non derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held to maturity if it is the intention of the company's management to hold them until maturity.

Held to maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

Financial liabilities

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

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

Impairment of financial assets

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

Financial assets at amortised cost

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

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

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

Available for sale financial assets

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

Note 2. Summary of significant accounting policies (continued)

(h) Impairment of non financial assets

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

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

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

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

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

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

(i) Intangible assets

Research and development

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

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

(j) Cash and cash equivalents

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

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

(k) Provisions

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

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

(l) 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

Note 2. Summary of significant accounting policies (continued)

(l) Economic dependence (continued)

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.

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.

(m) Adoption of new and revised accounting standards

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

(n) New accounting standards and interpretations

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The company has decided not to early adopt these standards. The following table summarises those future requirements, and their impact on the company where the standard is relevant:

Standard name	Effective date for entity	Requirements	Impact
AASB 9	1 January 2018	The standard supersedes both AASB 9 (December 2010) and AASB 9 (December 2009) when applied. It introduces a “fair value through other comprehensive income” category for debt instruments, contains requirements for impairment of financial assets etc.	There is no expected impact on the company.
AASB 15	1 January 2018	The standard replaces AASB 118 Revenue and AASB 111 Construction Contracts. It establishes principles for reporting information about the nature, amount and timing and uncertainty of revenue and cashflows from an entity’s contracts with customers.	There is no expected impact on the company

Note 2. Summary of significant accounting policies (continued)

(n) New accounting standards and interpretations (continued)

Standard name	Effective date for entity	Requirements	Impact
AASB 16	1 January 2019	The standard addresses this issue bringing all leases onto the balance sheet of leases, thereby increasing the transparency surrounding such arrangements and making the lessee's balance sheet better reflect the economics of its transactions.	The company has completed an initial assessment but has not yet completed its detailed assessment.

Note 3. Critical accounting estimates and judgments

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

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

The significant estimates and judgements made have been described below.

Key estimates – impairment of property, plant and equipment

The company assesses impairment at the end of each 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.

Key estimates – fair value of financial instruments

The company has certain financial assets and liabilities which are measured at fair value. Where fair value has not able to be determined based on quoted price, a valuation model has been used. The inputs to these models are observable, where possible, however these techniques involve significant estimates and therefore fair value of the instruments could be affected by changes in these assumptions and inputs.

Key estimates – revenue recognition – long term contracts

The company undertakes long term contracts which span a number of reporting periods. Recognition of revenue in relation to these contracts involves estimation of future costs of completing the contract and the expected outcome of the contract. The assumptions are based on the information available to management at the reporting date, however future changes or additional information may mean the expected revenue recognition pattern has to be amended.

Key estimates – provisions

As described in the accounting policies, provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made taking into account a range of possible outcomes and will vary as further information is obtained.

Key estimates – receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

	2018 $	2017 $

Note 3. Critical accounting estimates and judgments (continued)

Key judgments – taxes

Deferred tax assets

Determining income tax provisions involves judgment on the tax treatment of certain transactions. Deferred tax is recognised on tax losses not yet used and on temporary differences where it is probable that there will be taxable revenue against which these can be offset. Management has made judgments as to the probability of future taxable revenues being generated against which tax losses will be available for offset based on budgets, current and future expected economic conditions.

Different jurisdictions

The Company is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Note 4. Revenue and other income

	2018 $	2017 $
Revenue from continuing operations		
Sales revenue		
– provision of services	1,402,785	1,261,506
– upfront product commissions	109,240	143,681
– fee Income	92,904	99,097
– market development fund	10,000	10,000
– products/services commission	18,568	19,195
	1,633,497	**1,533,479**
Finance income		
– other interest received	5,590	4,759
Finance income	**5,590**	**4,759**
Total revenue	**1,639,087**	**1,538,238**

Finance income includes all interest related income, other than those arising from financial assets at fair value through profit or loss. The above amounts have been included in the revenue line in the statement of profit or loss and other comprehensive income for the reporting periods presented:

Other income	–	9,416

	2018 $	2017 $

Note 5. Result for the year

The result for the year was derived after charging/(crediting) the following items:

The result for the year includes the following specific expenses:

Other expenses:		
Employee benefits expense	604,956	645,634
Amortisation expense	25,914	41,133
Impairment of receivables:		
– Bad debts	414	540
Total impairment of receivables	**414**	**540**

Note 6. Income tax expense

(a) The major components of tax expense (income) comprise:		
Current tax expense		
– Local income tax – current period	60,772	27,104
Deferred tax expense		
– Origination and reversal of temporary differences	2,252	(2,435)
Total income tax expense	**63,024**	**24,669**
(b) Reconciliation of income tax to accounting profit:		
Prima facie tax payable on profit from ordinary activities before income tax at 27.5% (2017: 27.5)	59,859	24,669
Add:		
Tax effect of:		
– Non deductible depreciation and amortisation	3,165	–
Income tax expense	**63,024**	**24,669**

	2018 $	2017 $

Note 7. Dividends

a. The following dividends were declared and paid:		
Final franked ordinary dividend of 8 cents (2017: 10) cents per share	**50,400**	**63,000**
Franked dividends declared or paid during the year were franked at the tax rate of 27.5%%.		

Franking account

The franking credits available for subsequent financial years at a tax rate of 27.5%	**64,846**	**75,634**

The above available balance is based on the dividend franking account at year end adjusted for:

(a) Franking credits that will arise from the payment of the current tax liabilities;

(b) Franking debits that will arise from the payment of dividends recognised as a liability at the year end;

(c) Franking credits that will arise from the receipt of dividends recognised as receivables at the end of the year.

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

Note 8. Cash and cash equivalents

Cash at bank in hand	588,644	447,384
	588,644	**447,384**

Note 9. Trade and other receivables

Current		
Trade receivables	145,061	149,783
	145,061	**149,783**
Prepayments	6,423	7,588
Other receivables	617	204
Total current trade and other receivables	**152,101**	**157,575**

	2018 $	2017 $

Note 10. Property, plant and equipment

	2018 $	2017 $
Plant and equipment		
At cost	90,591	76,511
Accumulated depreciation	(68,789)	(64,932)
Total plant and equipment	**21,802**	**11,579**
Leasehold Improvements		
At cost	502,236	502,236
Accumulated amortisation	(279,135)	(268,588)
Total leasehold improvements	**223,101**	**233,648**
Total property, plant and equipment	**244,903**	**245,227**

Note 11. Movements in carrying amounts of property, plant and equipment

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

	Plant and equipment $	Leasehold Improvements $	Total $
Year ended 30 June 2018			
Balance at the beginning of year	11,579	233,648	245,227
Additions	14,080	–	14,080
Depreciation expense	(3,857)	(10,548)	(14,405)
Balance at the end of the year	**21,802**	**223,100**	**244,902**
Year ended 30 June 2017			
Balance at the beginning of year	9,712	252,745	262,457
Additions	3,690	–	3,690
Depreciation expense	(1,823)	(19,097)	(20,920)
Balance at the end of the year	**11,579**	**233,648**	**245,227**

Notes to the financial statements (continued)

	2018 $	2017 $

Note 12. Intangible assets

Development costs		
Cost	720	720
Accumulated amortisation and impairment	(720)	(720)
Net carrying value	–	–
Licenses and franchises		
Cost	57,546	57,546
Accumulated amortisation and impairment	(23,019)	(11,509)
Net carrying value	34,527	46,037
Other Intangible assets		
Cost	19,758	19,758
Accumulated amortisation and impairment	(19,758)	(19,758)
Total Intangibles	**34,527**	**46,037**

Note 13. Movements in carrying amounts of intangible assets

Licenses and franchises – Year ended 30 June 2018		
Balance at the beginning of the year	46,037	46,037
Amortisation	(11,510)	(11,510)
Closing value at 30 June 2018	**34,527**	**34,527**

Note 14. Trade and other payables

Current		
Unsecured liabilities		
Trade payables	73,074	85,930
Other payables	21,079	25,501
	94,153	**111,431**
Secured liabilities		
Dividend payable	11,120	10,253
	11,120	**10,253**
	105,273	**121,684**

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

	2018 $	2017 $

Note 15. Employee Benefits

Current liabilities		
Long service leave	17,008	19,027
Provision for employee benefits	28,773	34,905
	45,781	**53,932**
Non current liabilities		
Long service leave	8,948	8,573
	8,948	**8,573**

Note 16. Issued capital

630,000 (2017: 630,000) Ordinary shares	**567,010**	**567,010**

Note 17. Capital and leasing commitments

Note 18. Operating leases

Minimum lease payments under non cancelable operating leases:		
– not later than one year	96,753	94,856
– between one year and five years	33,853	130,426
	130,606	**225,282**
Operating leases have been have been taken out for premises at Dingley. Lease payments are increased on an annual basis to reflect market rentals.		

Note 19. Remuneration of auditors

Remuneration of the auditor of the entity for:		
– auditing or reviewing the financial statements	**9,909**	**9,800**

Note 20. Related parties

Note 21. The company's main related parties are as follows:

All directors of the company are on a voluntary basis, therefore no remuneration guidelines have been prepared.

There were no related party transactions during the year.

	2018 $	2017 $

Note 22. Events occurring after the reporting date

The financial report was authorised for issue on 24 September 2018 by the board of directors.

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

Note 23. Tax assets and liabilities

Current tax	–	4,088
Income tax payable	36,349	–
Recognised deferred tax assets and liabilities		
Deferred tax assets	15,051	18,486
Deferred tax liabilities	170	147

	Opening balance $	Charged to income $	Closing balance $
Deferred tax assets			
Provisions – employee benefits	16,124	2,362	18,486
Balance at 30 June 2017	**16,124**	**2,362**	**18,486**
Provisions – employee benefits	18,486	(3,435)	15,051
Balance at 30 June 2018	**18,486**	**(3,435)**	**15,051**
Deferred tax liability			
Other	220	(73)	147
Balance at 30 June 2017	**220**	**(73)**	**147**
Other	147	23	170
Deferred tax liability			
Balance at 30 June 2018	**147**	**23**	**170**

Note 24. Financial risk management

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

(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		Non interest bearing	
	2018 %	2017 %	2018 $	2017 $	2018 $	2017 $
Financial assets						
Cash and cash equivalents	0.01	0.01	201,975	165,700	–	–
Short term deposits	2.65	2.65	386,669	281,684	–	–
Receivables	–	–	–	–	152,101	157,575
Total financial assets	–	–	**588,644**	**447,384**	**152,101**	**157,575**
Financial liabilities						
Trade and sundry payables	–	–	–	–	105,273	119,324
Total financial liabilities	–	–	–	–	**105,273**	**119,324**

	Total	
	2018 $	2017 $
Financial assets		
Cash and cash equivalents	201,975	165,700
Short term deposits	386,669	281,684
Receivables	152,101	157,575
Total financial assets	**740,745**	**604,959**
Financial liabilities		
Trade and sundry payables	105,273	119,324
Total financial liabilities	**105,273**	**119,324**

Credit risk

The company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned in Note 9. The main source of credit risk to the company is considered to relate to the class of assets described as 'trade and other receivables'.

Note 24. Financial risk management (continued)

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk exposures in existence at the end of the reporting period. An increase of 100 basis points or a decrease of 50 basis points would have increased equity and profit or loss by the amounts shown below. This analysis assumes that other variables are held constant.

	Profit		**Equity**	
	100 basis points increase	**50 basis points decrease**	**100 basis points increase**	**50 basis points decrease**
2018	15,407	(7,704)	15,407	(7,704)
2017	6,504	(3,252)	6,504	(3,252)

The movements in profit are due to higher interest costs from variable rate debt and cash balances. The net exposure at the end of the reporting period is representative of what Dingley Village Financial Services Limited was and is expecting to be exposed to at the end of the next twelve months. The sensitivity analysis is performed on the same basis as in 2017.

Note 25. Contingencies

In the opinion of the directors, the company did not have any contingencies at 30 June 2018 (30 June 2017: None).

Note 26. Cash flow information

Note 27. Reconciliation of result for the year to cashflows from operating activities

	2018 $	**2017 $**
Reconciliation of net income to net cash provided by operating activities:		
Profit for the year	154,644	65,035
Cash flows excluded from profit attributable to operating activities		
Non cash flows in profit:		
– amortisation	11,509	20,213
– depreciation	14,405	20,920
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
– (increase)/decrease in trade and other receivables	9,562	(17,682)
– (increase)/decrease in deferred tax receivable	3,436	(2,362)
– increase/(decrease) in trade and other payables	(16,412)	48,959
– increase/(decrease) in income taxes payable	36,349	(477)
– increase/(decrease) in deferred taxes payable	23	(73)
– increase/(decrease) in employee benefits	(7,776)	8,497
Cashflow from operations	**205,740**	**143,030**

Note 28. Company details

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

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

Directors' declaration

The directors of the company declare that:

1. the financial statements and notes for the year ended 30 June 2018 are in accordance with the *Corporations Act 2001* and:

    a. comply with Accounting Standards, which, as stated in accounting policy note 2 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

    b. give a true and fair view of the financial position and performance of the company;

2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

David Starvaggi
Chairman

Kanwar Singh
Company Secretary/Treasurer

Dated 24 September 2018

Independent audit report

ASHFORDS
AUDIT AND ASSURANCE

Ashfords Audit & Assurance Pty Ltd
ABN 52 138 965 241
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Dingley Village Financial Services Limited

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Dingley Village Financial Services Limited (the Company), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(i) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

Responsibilities of Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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Dingley Village Financial Services Limited

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Ashfords Audit and Assurance Pty Ltd

Ashfords Audit and Assurance Pty Ltd

Andrew White - CA

Dingley

24 September 2018

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Dingley Village VIC 3172
Phone: (03) 9551 6111
Fax: (03) 9551 6699
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(FUSEBOX 09/18)