Annual Report 2021

Dingley Village Financial Services Limited

Community Bank
Dingley Village

ABN 27 098 041 493

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Chair's report

Welcome to the 20th annual report. As we enter our 21st year of operation, we continue to move forward in very challenging and trying times. To say that the last 20 months has been an extraordinary and challenging time for all of us, would be an understatement. The pandemic and the consequent daily challenges for all of us are unprecedented. New events have changed our lives, such as isolation, lockdown, social distancing and more. As we head to 2022, the business and banking environment continues to present challenges.

This coming year, we will celebrate 21 years of operations in Dingley Village, and as we celebrate this major milestone, we are proud to continue to serve our wonderful community, and surrounding suburbs. We are also excited at the positive contribution we have made to the village in that time. We have operated for 20 full financial years having commenced operation on 22 April 2002.

With the establishment of Community Bank Dingley Village in February 2001, Dingley Village Financial Services Limited has transformed into a solid and continuing feature in the community. We remain a very successful single branch site within the Bendigo Bank branch network: which is testament of 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 Community Bank Dingley Village have either facilitated individually or participated in with other stakeholders. While there are simply too many projects, groups and organisations that we have assisted to mention in this report, the following snapshot provides a wonderful insight into our contributions..

In this last financial year, we have 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 Community Bank Dingley Village.

The community assets that we have sponsored or donated towards, represent the success of a wider collaboration between residents, participants, stakeholders and the owners of the business, the shareholders.

We have now given over $5 million back to our local community. This figure was achieved with our community's support. The overall amount will continue to grow, and we could not achieve continued milestones without you. The ever increasing amount is demonstrative of the strength of, and testament to our vibrant community.

From our humble beginnings, and the sustained 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 $200 million worth of banking business and we employ eight staff. As funding and donations from alternative sources has become non-existent or extremely scarce in recent years for various organisations, Community Bank Dingley Village has continued to strengthen its position in assisting others. This has resulted in a flourishing and thriving community that we should all feel a strong sense of pride in.

Twenty years ago, our original shareholders and board members put their faith in Bendigo Bank's Community Bank model. Shareholders contributed funds through a prospectus to raise $630,000 to fund our community enterprise, and Community Bank Dingley Village was created.

Community Bank Dingley Village has funded what we might describe as 'community assets'. We could quite rightly refer to these assets as being on the community balance sheet of Dingley Village.

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

Year in review

As a successful single site branch, we anticipate that we shall continue to thrive and enjoy strong success in the years to come. The economic environment continues to be challenging on many levels and we are not immune from operating in turbulent financial times.

The pandemic has posed challenges for all of us. The board of directors has elected not to declare a dividend for the 2021 financial year, due to the unprecedented challenges facing the community over the last six months, and not knowing what the future holds in the short term.

During the year we welcomed Trish Vanes to the role of Branch Manager. We are fortunate to have had her leading the branch since May 2021. The branch continues to grow and remains a friendly, efficient and professional team. Trish 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 also commend each of the staff members to you. Staff morale is always of the highest order and they remain the face of the business and the nexus between the company and the community. They never fail to have a smile on their faces and are always eager and willing to assist. Never forget, you can still telephone the branch on 9551 6111 and speak to a real person, without having to push a single extra digit.

Board members

We have a diverse and modern board that reflects our community.

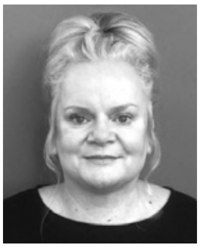
As Chairman, I wish to personally thank all board members and their partners for their support and the time they have given this company on a voluntary basis. Their commitment, dedication and support to me is measured by the fact of the extraordinary success Community Bank Dingley Village has achieved. The board members act without remuneration, voluntarily and for the benefit of the shareholders and the community. They give selflessly, without accolades or recognition.

I am confident the coming years will bring continued success for Community Bank Dingley Village through the board, shareholders and most importantly, the passionate Dingley Village community.

I wish you all a safe and prosperous holiday season and look forward to continuing and extending our success in 2022.

David Starvaggi
Chairman

Branch Manager's report



It is with pleasure that I submit my first report to the shareholders for the financial year ending 30 June 2021. Joining the team at Community Bank Dingley Village in May 2021, I instantly saw the huge potential, and I look forward to leading the team and getting to know our valued customers and community as I settle into my new role.

The events of the past year or two, with COVID-19, have reshaped the world, but more importantly how we think, act and engage. Transforming and re-inventing ourselves in this landscape will be key to the success of our business, and how we build strong relationships in our community..

My focus and passion is to ensure our community see Community Bank Dingley Village as a trusted partner who genuinely cares for people in our community and that can add value when thinking about what financial goals they want to achieve.

We ended the year with footings at $209 million, with business split as $63.4 million in loans, $137.9 million in deposits and $7.7 million in wealth and other business. This is a growth of $4.7 million from our previous year, or 2.4% total business growth.

Community Bank Dingley Village now services over 5,000 customers, with support for our business coming from all sectors of our community, including both personal and business. Although over the counter transactions have decreased, we are very focused in ensuring we adapt to this change and have the ability to provide a value proposition that can be accessed easily by our customers.

Community Bank Dingley Village continues to grow, as existing customers become our advocates and promote the benefits of supporting our Community Bank branch. This advocacy is being led particularly by the many not-for-profit groups that we have partnered with since opening. These organisations are seeing the rewards that banking with the local Community Bank can bring to them.

Over the next 12 months we remain committed to developing these partnerships, so that we can all continue to build a strong and more financially secure community. With the support of these groups and our existing customers, I am confident that we can continue to grow our business.

The branch team at Community Bank Dingley Village have faced challenges with the COVID-19 pandemic. I am proud of how they have performed their roles as essential service workers. We continue to be here for our customers throughout the pandemic, and we are here to support the whole community through it. Working as a team, the staff have created a friendly, caring environment, engaging and providing solutions to our customers, and placing them in better financial positions. I am grateful for their efforts.

Our team now consists of myself, Susie Nista who was promoted to Customer Relationship Manager, Natalie Huriwaka who was promoted to Customer Relationship Officer, Edwina Baxter, Amanda Orchard, Terese Pryor and Brooke Thompson our newest team member. I would like to recognise the excellent support and service they provide.

I would also like to thank the board of directors, along with our regional support team, including Bendigo Bank's specialist business bankers and financial planners. They have all supported the team to continue to grow our business and deliver solutions to our customers.

Last, but not least, I would like that thank all the customers and shareholders who have supported Community Bank Dingley Village this year and in previous years. Without your support we would not have been able to achieve the results we have to date. I ask that you be advocates for our branch and encourage your family, friends and associates to also support us to grow. The difference with the Community Bank Model is that every time someone chooses us, the bottom line increases, and community contributions and dividends increase too.

While the economy continues to deliver uncertainty, combined with low interest rates, I truly believe this presents an opportunity for the team at Community Bank Dingley Village to continue to build awareness of the options available to our customers and provide tailored financial solutions to help them achieve their goals.

I look forward to leading our team into the future, providing service excellence to our valued customers and community, and building on the trusted Bendigo Bank brand that our community is proud to bank with.

Trish Vanes
Branch Manager

Directors' report

The directors present their report on Dingley Village Financial Services Limited for the financial year ended 30 June 2021.

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)

Holding degrees in Arts and Law and a graduate diploma in Law. Has served on various boards for a number of organisations and companies. Has been a director of the company since 2011. David is a member of the HR and Finance sub committees.

Kanwar Singh (Company Secretary)

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

Darren Bodey

Qualifications: Qualified electrician, registered commercial building practitioner, 25 years as the managing Director. Director of the company for 14 years. Darren is a member of the HR and Finance sub committees.

Stephen Duggan

Qualifications: MBA (Distinction), Grad.Dip. Trade Mark Practice, B.Business. Long term resident of Dingley Village. Over 24 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, HR sub committee member.

Leigh Menzel

Qualifications: B Sc. (Maths) – University of Adelaide. Extensive background in IT, four years as director of software business based in Springvale. Involved in local football, netball and sporting clubs and leagues for the past 15 years and life member of the Dingley Football Netball Club. Board member for 14 years and part of the community engagement sub committee.

Julieanne Pool

Qualifications: Extensive background in Human Resources, Training, Customer Service and Office Management and Administration. Involved in local Netball and Softball for over 50 years and has served on numerous committees. Currently Secretary of the Springvale & District Netball Association and a life member of SDNA. Community engagement sub committee member,

Directors' report (continued)

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. Community engagement sub committee member.

Theodora Kambouris (resigned 1 August 2020)

Qualifications: Principal of Ray White Dingley Village and an active member of the community. 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. She also organises the Ray of Difference Fundraising event every Christmas in Dingley Village.

Greg Lawes

Greg had a 28 year banking career with experience in computerisation, preparing bank policy, large scale marketing campaigns, publicity, and also as an executive branch manager in Collins Street. On leaving banking Greg started a debt collection company 21 years ago which currently employs 16 staff and operates Australia wide. Greg has been a resident of Dingley Village for over 40 years and understands the banking needs of the local residents. Member of HR sub committee.

Vittesh Lilani (Treasurer)

Qualifications: FCPA, IPA, FNTAA, Dip of Financial Planning, MIT, BCom with 16 years of experience in the field of accounting and taxation. Director in SS Accounting Solutions, SS Group of Companies and Evertop Commodities (Australia) Pty Ltd. He has been involved with the in integration of varied culture groups within the larger community. Treasurer and Finance sub committee member.

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

Principal activities

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

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

2. Operating results and review of operations for the year

Operating results

The loss of the company after providing for income tax amounted to $(59,732). (2020: Profit $133,267).

3. Other items

Significant changes in state of affairs

During the financial year, the Australian economy was greatly impacted by COVID-19. Bendigo and Adelaide Bank Limited (Bendigo Bank), as franchisor, announced a suite of measures aimed at providing relief to customers affected by the COVID-19 pandemic. As the pandemic continues to affect the economic environment, uncertainty remains on the future impact of COVID-19 to the company's operations.

In the opinion of the directors there were no other significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.

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

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

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
Kanwar Singh (Company Secretary)	11	9
Darren Bodey (Deputy Chairman)	11	11
Stephen Duggan	11	11
Leigh Menzel	11	10
Julieanne Pool	11	10
Adam Arness	11	11
Theodora Kambouris – *Resigned 1 August 2020*	1	1
Vittesh Lilani – (Treasurer)	11	10
Greg Lawes	11	9

Directors' report (continued)

Options

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

Indemnification and insurance of officers and auditors

The company has paid premiums to insure each of the 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 willful breach of duty in relation to the company. The premium for each director amounted to $718.

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2021 has been received and can be found on page 9 of the financial report.

Remuneration report

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

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

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

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

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

David Starvaggi
Chairman

Kanwar Singh
Company Secretary

Dated 18 October 2021

Auditor's independence declaration

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

Dingley Village Financial Services Limited
ABN 27 098 041 493

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021, 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

Ashfords Audit and Assurance Pty Ltd

Andrew White - C.A
Director

18 October 2021

Dandenong South

Financial statements

Statement of profit or loss and other comprehensive income

For the financial year ending 30 June 2021

	Notes	2021 $	2020 $
Revenue	4	1,025,610	1,256,106
Other revenue	4	85,276	155,508
Employee benefits expense		(572,807)	(603,267)
Depreciation and amortisation expense	5	(110,665)	(109,937)
Sponsorship and marketing expenses		(74,648)	(226,366)
Occupancy		(122,254)	(98,230)
Computer expenses		(29,914)	(32,741)
Legal expenses	22	(95,702)	(5,719)
Other expenses	5	(166,650)	(168,884)
Finance expenses	13a	(17,912)	(20,601)
Profit/(loss) before income tax		(79,666)	145,869
Income tax expense	6	19,934	(12,602)
Profit/(loss) for the year		**(59,732)**	**133,267**
Other comprehensive income, net of tax		–	–
Total comprehensive income/(loss) for the year		**(59,732)**	**133,267**
Earnings per share			
Basic earnings per share (cents)		(9.48)	21.15

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of financial position

As at 30 June 2021

	Notes	2021 $	2020 $
ASSETS			
Current assets			
Cash and cash equivalents	8	590,046	486,412
Trade and other receivables	9	91,581	197,848
Current tax receivable	20	39,070	39,070
Total current assets		**720,697**	**723,330**
Non current assets			
Property, plant and equipment	10	616,564	681,405
Deferred tax assets	20	42,997	20,162
Intangible assets	11	456	11,509
Total non-current assets		**660,017**	**713,076**
Total assets		**1,380,714**	**1,436,406**
LIABILITIES			
Current liabilities			
Trade and other payables	12	109,208	65,059
Lease liabilities	13	91,429	72,564
Employee benefits	14	24,809	30,705
Total current liabilities		**225,446**	**168,328**
Non current liabilities			
Lease liabilities	13	349,480	405,396
Deferred tax liabilities	20	8,760	5,858
Employee benefits	14	3,372	3,436
Total non current liabilities		**361,612**	**414,690**
Total liabilities		**587,058**	**583,018**
Net assets		**793,656**	**853,388**
EQUITY			
Issued capital	15	567,010	567,010
Retained earnings		226,646	286,378
Total equity		**793,656**	**853,388**

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of changes in equity

For the financial year ending 30 June 2021

	Note	Ordinary shares $	Retained earnings $	Total $
2021				
Balance at 1 July 2020		**567,010**	**286,378**	**853,388**
Total comprehensive Income for the year		–	(59,732)	(59,732)
Balance at 30 June 2021		**567,010**	**226,646**	**793,656**
2020				
Balance at 1 July 2019		**567,010**	**198,336**	**765,346**
Total comprehensive Income for the year		–	133,267	133,267
Retrospective adjustment upon change in accounting policy AASB 16 *Leases*.		–	(7,425)	(7,425)
Dividends paid or provided for	7	–	(37,800)	(37,800)
Balance at 30 June 2020		**567,010**	**286,378**	**853,388**

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of cash flows

As at 30 June 2021

	Notes	2021 $	2020 $
Cash flows from operating activities			
Receipts from customers		1,134,793	1,307,244
Payments to suppliers and employees		(1,022,825)	(1,226,756)
Interest received		834	2,794
Interest paid		(17,912)	(20,601)
Income taxes paid		–	(12,701)
Government funding		82,276	93,014
Net cash provided by/(used in) operating activities	24	**177,166**	**142,994**
Cash flows from investing activities			
Payment for intangible asset		(456)	–
Purchase of property, plant and equipment		(34,314)	(11,228)
Security deposit		(1,679)	–
Net cash used by investing activities		**(36,449)**	**(11,228)**
Cash flows from financing activities			
Proceeds from borrowings		35,513	–
Dividends paid		(30)	(36,285)
Payment of lease liabilities		(72,564)	(68,003)
Net cash used by financing activities		**(37,081)**	**(104,288)**
Net increase/(decrease) in cash and cash equivalents held		103,636	27,478
Cash and cash equivalents at beginning of year		486,412	458,934
Cash and cash equivalents at end of financial year	8	**590,048**	**486,412**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2021

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 18 October 2021.

Comparatives are consistent with prior years, unless otherwise stated.

Note 1. Basis of preparation

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

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

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

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

Note 2. Summary of significant accounting policies

a) Income tax

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

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

Deferred tax is not provided for the following:

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

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

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

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

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

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

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

b) Revenue and other income

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

Interest revenue

Interest is recognised using the effective interest method.

Revenue from contract with customers

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

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

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

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

Revenue calculation

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

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

Notes to the financial statements (continued)

Note 2. Summary of significant accounting policies (continued)
(b) Revenue and other income (continued)

Core banking products

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

Margin

Margin is arrived at through the following calculation:

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

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

Commission

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

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

Fee income

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

Ability to change financial return

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

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

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

Discretionary financial contributions

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

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

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

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

JobKeeper

The federal government introduced specific legislation to respond to the economic ramifications of the pandemic, including the wage subsidy known as "JobKeeper". The company projected a decline in GST turnover for the 30 June 2020 and has subsequently received the JobKeeper subsidy.

The JobKeeper scheme provided employers with a wage subsidy of $1,500 per fortnight for wages paid to eligible employees during the six month period starting from the 30 March 2020.

The company has applied AASB 120 Accounting for Government Grants and Disclosure of Government Assistance. The grant (i.e. JobKeeper) is recognised when the employer is reasonably assured that it will comply with the conditions attached to it, that being when the associated wage payments are made.

c) Goods and Services Tax (GST)

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

Receivables and payable are stated inclusive of GST.

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

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

d) Property, plant and equipment

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

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

Plant and equipment

Plant and equipment are measured using the revaluation model.

Depreciation

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

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

Note 2. Summary of significant accounting policies (continued)
(d) Property, plant and equipment (continued)

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

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

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

e) Financial instruments

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

Sub-note below refer to the following acronyms:

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

Recognition and initial measurement

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

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

Financial assets – classification and subsequent measurement

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

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

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

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

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

Financial assets – business model assessment

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

Financial assets – subsequent measurement and gains and losses

Financial assets at amortised cost

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

Financial liabilities – classification, subsequent measurement and gains and losses

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

Derecognition

Financial assets

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

Financial liabilities

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

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

Offsetting

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

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

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

Financial liabilities

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

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

Impairment of financial assets

Non-derivative financial assets

The company recognises a loss allowance for ECL on:

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

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

Financial assets at amortised cost

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

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

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

Available-for-sale financial assets

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

f) Impairment of non-financial assets

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

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

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

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

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

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

Note 2. Summary of significant accounting policies (continued)

g) Intangible assets

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

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

h) Cash and cash equivalents

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

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

i) Leases

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

This involves an assessment of whether:

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

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

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

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

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

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

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

Exceptions to lease accounting

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

j) Provisions

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

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

k) Economic dependence

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

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

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

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

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

l) Adoption of new and revised accounting standards

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

	2021 $	2020 $

Note 3. Critical accounting estimates and judgements

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

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

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

Note	Judgement
Note 5 – revenue recognition	· whether revenue is recognised over time or at a point in time
Note 15 – leases	· whether a contract is or contains a lease at inception by assessing whether the company has the right to direct the use of the identified asset and obtain substantially all the economic benefits from the use of that asset · whether the company is reasonably certain to exercise extension options, termination periods, and purchase options; · judgement is required to determine the discount rate, where the discount rate is the company's incremental borrowing rate if the rate implicit in the lease contract cannot be readily determined. The incremental borrowing rate is determined with reference to factors specific to the company and underlying asset including: – the amount – the lease term – economic environment; and – other relevant factors

Note 4. Revenue and other income

Revenue from continuing operations

Revenue from contracts with customers		
Provision of services	884,292	1,088,829
Upfront product commissions	57,186	68,482
Fee Income	67,622	72,421
Market development fund	–	10,000
Products/services commission	14,328	13,857
	1,023,428	**1,253,589**
Finance income		
Other interest received	608	2,480
Finance income	**608**	**2,480**
Other trading revenue	1,573	36
Total revenue	**1,025,609**	**1,256,105**

	2021 $	2020 $

Note 4. Revenue and other income (continued)

a) Other Income breakup

Other Income		
Lease incentive	11,076	–
Other income	–	1,508
COVID assistance grants	11,200	–
Cashflow boost	–	100,000
JobKeeper	63,000	54,000
	85,276	**155,508**

Note 5. Result for the year

The result for the year includes the following specific expenses.

Other expenses		
Employee benefits expense	572,807	603,267
Depreciation expense	99,152	98,428
Amortisation expense	11,509	11,509
Impairment of receivables		
Bad debts	(8,896)	404
Total impairment of receivables	**(8,896)**	**404**

Note 6. Income tax expense

a) The major components of tax expense (income)

Current tax expense	–	–
Deferred tax expense		
Origination and reversal of temporary differences	(19,934)	12,602
Total income tax expense	**(19,934)**	**12,602**

b) Reconciliation of income tax to accounting profit

Prima facie tax payable on profit from ordinary activities before income tax at 26% (2020: 27.5%)	(20,713)	40,114
Add tax effect of:		
Adjustment to retained earnings on adoption of AASB 16	–	(12)
	(20,713)	**40,102**
Less tax effect of:		
Cashflow boost	–	27,500
Change in tax rate	(779)	
Income tax expense	**(19,934)**	**12,602**

	2021 $	2020 $

Note 7. Dividends

a) Dividends declared and paid

Final franked ordinary dividend of 0 cents (2020: 6) cents per share	–	**37,800**

Franking account

The franking credits available for subsequent financial years at a tax rate of 25%	**133,191**	**133,191**

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	590,046	486,412
	590,046	**486,412**

Note 9. Trade and other receivables

Current

Trade receivables	85,781	104,121
Deposits	**85,781**	**104,121**
Prepayments	4,044	29,955
	1,679	–
Other receivables	77	63,772
Total current trade and other receivables	**91,581**	**197,848**

	2021 $	2020 $

Note 10. Property, plant and equipment

	2021 $	2020 $
Plant and equipment		
At cost	97,092	97,092
Accumulated depreciation	(84,812)	(80,193)
Total plant and equipment	**12,280**	**16,899**
Motor vehicles		–
At cost	34,314	
Accumulated depreciation	(1,316)	–
Total motor vehicles	**32,998**	–
Leasehold Improvements		
At cost	508,629	508,629
Accumulated amortisation	(308,026)	(298,733)
Total leasehold improvements	**200,603**	**209,896**
Right of use asset		
At cost	573,509	573,509
Accumulated depreciation	(202,826)	(118,898)
Total right of use asset	**370,683**	**454,611**
Total property, plant and equipment	**616,564**	**681,406**

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

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

	Plant and equipment $	Motor vehicles $	Leasehold improvements $	Right of use asset $	Total $
Year ended 30 June 2021					
Balance at the beginning of year	16,899	–	209,896	454,611	681,406
Additions	–	34,314	–	–	34,314
Depreciation expense	(4,619)	(1,316)	(9,293)	(83,928)	(99,156)
Balance at the end of the year	**12,280**	**32,998**	**200,603**	**370,683**	**616,564**
Year ended 30 June 2020					
Balance at the beginning of year	16,846	–	213,221	–	230,067
Additions	4,835	–	6,393	–	11,228
Due to adoption of AASB 16	–	–	–	538,539	538,539
Depreciation expense	(4,782)	–	(9,718)	(83,928)	(98,428)
Balance at the end of the year	**16,899**	–	**209,896**	**454,611**	**681,406**

Notes to the financial statements (continued)

	2021 $	2020 $

Note 11. Intangible assets

	2021 $	2020 $
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	(57,546)	(46,037)
Net carrying value	–	**11,509**
Borrowing costs		
Cost	456	
Net carrying value	**456**	
Other Intangible assets		
Cost	19,758	19,758
Accumulated amortisation and impairment	(19,758)	(19,758)
Total Intangibles	**456**	**11,509**

a) Movements in carrying amounts of intangible assets

Year ended 30 June 2021	Licenses and franchises $	Borrowing costs $	Total $
Balance at the beginning of the year	11,509	–	11,509
Additions	–	456	456
Amortisation	(11,509)	–	(11,509)
Closing value at 30 June 2021	–	**456**	**456**

Note 12. Trade and other payables

	2021 $	2020 $
Current		
Unsecured liabilities		
Trade payables	40,599	28,807
Other payables	54,206	21,819
	94,805	**50,626**
Secured liabilities		
Dividend payable	14,403	14,433
	109,208	**65,059**

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

	Notes	2021 $	2020 $

Note 13. Lease liabilities

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

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

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

Lease portfolio

The company's lease portfolio includes:

- Branch – The lease agreement is a non-cancellable lease with an initial term of five years, 5 months which commenced on 1 July 2020.

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

a) Lease liability measurement

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

b) Lease liabilities

	Notes	2021 $	2020 $
Current			
Lease liability	16	79,201	72,564
Bank loans		12,228	–
Total current borrowings		**91,429**	**72,564**
Non-current			
Lease liability	16	326,195	405,396
Bank loans		23,285	–
Total non-current borrowings		**349,480**	**405,396**

	2021 $	2020 $

Note 14. Employee benefits

	2021 $	2020 $
Current liabilities		
Long service leave	12,812	11,303
Provision for employee benefits	11,997	19,402
	24,809	**30,705**
Non current liabilities		
Long service leave	3,372	3,436
	3,372	**3,436**

Note 15. Issued capital

	2021 $	2020 $
630,000 (2020: 630,000) Ordinary shares	**567,010**	**567,010**

a) Voting rights

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

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

b) Dividends

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

c) Transfer

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

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

Notes to the financial statements (continued)

	2021 $	2020 $

Note 16. Capital and leasing commitments

a) Leases

Minimum lease payments		
Not later than one year	93,994	90,379
Between one year and five years	350,065	444,059
Minimum lease payments	**444,059**	**534,438**
Less: finance changes	(38,663)	(56,478)
Present value of minimum lease payments	**405,396**	**477,960**

Note 17. Remuneration of auditors

Remuneration of the auditor of the entity for auditing or reviewing the financial statements	**11,500**	**11,662**

Note 18. Related parties

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

Note 19. Events occurring after the reporting date

The financial report was authorised for issue on 18 October 2021 by the board of directors.

In January 2020, the spread of COVID-19 was declared a Public Health Emergency by the World Health Organisation.

The following events occurred after the reporting period, with regards to the COVID-19 pandemic.

On 15 July 2021, the Victorian Government announced a five day lockdown in response to the delta variant outbreak spreading from New South Wales. This lockdown was extended an extra week and restrictions began to lift on 28 July 2021. Then further outbreaks forced a sixth lockdown to commence on 6 August 2021. Given the situation, it is not practical to estimate the impacts of the pandemic on the financial statements of the company.

At this stage, specific details of the impact of the escalation and government restrictions have not yet been determined.

Except for the above, no other 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.

	2021 $	2020 $

Note 20. Tax assets and liabilities

	2021 $	2020 $
Current tax receivable	39,070	39,070
Recognised deferred tax assets and liabilities		
Deferred tax assets	42,997	20,162
Deferred tax liabilities	8,760	5,858

	Opening balance $	Charged to income $	Closing balance $
Deferred tax assets			
Provisions – employee benefits	16,243	(6,854)	9,389
Right to use asset	–	6,421	6,421
Tax losses	10,833	(6,481)	4,352
Balance at 30 June 2020	**27,076**	**(6,914)**	**20,162**
Provisions – employee benefits	9,389	(2,062)	7,327
Right to use asset	6,421	2,604	9,025
Tax losses	4,352	22,293	26,645
Balance at 30 June 2021	**20,162**	**22,835**	**42,997**
Deferred tax liability			
Other deferred tax	170	(87)	83
Prepayment	–	5,775	5,775
Balance at 30 June 2020	**170**	**5,688**	**5,858**
Property, plant and equipment – tax allowance	–	8,740	8,740
Other deferred tax	83	(63)	20
Prepayment	5,775	(5,775)	–
Balance at 30 June 2021	**5,858**	**2,902**	**8,760**

Note 21. Financial risk management

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

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

Market risk

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

Price risk

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

	2021 $	2020 $

Note 21. Financial risk management (continued)

Credit risk

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

Liquidity risk

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

Cash flow and fair value interest rate risk

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

Capital manager

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

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

The distribution limit is the greater of:

a) 20% of the profit or funds of the franchisee otherwise available for distribution to shareholders in that 12 month period; and

b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the franchisee over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2021 can be seen in the Statement of Profit or Loss and Other Comprehensive Income.

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

Notes to the financial statements (continued)

Note 21. Financial risk management (continued)

Financial instrument composition and maturity analysis

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

	Weighted average effective interest rate		Floating interest rate		Non-interest bearing	
Financial assets	2021 %	2020 %	2021 $	2020 $	2021 $	2020 $
Cash and cash equivalents	0.01	0.01	140,046	141,664	–	–
Short term deposits	0.02	0.55	450,000	344,748	–	–
Receivables	–	–	–	–	91,581	179,848
Total financial assets			**590,046**	**486,412**	**91,581**	**179,848**
Financial liabilities						
Bank loans and overdrafts	2.50	–	35,513	–	–	–
Trade and sundry payables	–	–	–	–	109,210	65,060
Lease liabilities	4.00	4.00	405,396	477,960	–	–
Total financial liabilities			**440,909**	**477,960**	**109,210**	**65,060**

	2021 $	2020 $
Financial assets		
Cash and cash equivalents	140,046	141,664
Short term deposits	450,000	344,748
Receivables	91,581	179,848
Total financial assets	**681,627**	**666,260**
Financial liabilities		
Bank loans and overdrafts	35,513	–
Trade and sundry payables	109,210	65,060
Lease liabilities	405,396	477,960
Total financial liabilities	**550,119**	**543,020**

Credit risk

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

	2021 $	2020 $

Note 22. Contingencies

During the year a complaint was made to Bendigo Bank. Bendigo Bank had the complaint investigated. The investigation was finalised since the end of the financial year with no adverse findings against the company.

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

Note 23. Segment reporting

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

Note 24. Cash flow information

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

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

	2021 $	2020 $
Profit/(loss) for the year	(59,731)	133,267
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit		
Amortisation	11,509	11,509
Depreciation	99,155	98,428
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and other receivables	107,946	(61,153)
(Increase)/decrease in deferred tax receivable	(22,801)	6,914
Increase/(decrease) in trade and other payables	44,146	(16,259)
Increase/(decrease) in income taxes payable	–	(10,478)
Increase/(decrease) in deferred taxes payable	2,902	5,688
Increase/(decrease) in employee benefits	(5,960)	(24,922)
Cashflow from operations	**177,166**	**142,994**

Note 25. Company details

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

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

Directors' declaration

The directors of the company declare that:

1. The financial statements and notes for the year ended 30 June 2021 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 18 October 2021

Independent audit report

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

Dingley Village Financial Services Limited

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 2021, 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 2021 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.

ASHFORDS
AUDIT AND ASSURANCE

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

Dingley Village Financial Services Limited

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 - C.A

Dandenong South

18 October 2021

Community Bank · Dingley Village
Shop 11/79 Centre Dandenong Road
Dingley Village VIC 3172
Phone: (03) 9551 6111 Fax: (03) 9551 6699
Email: dingleyvillagemailbox@bendigoadelaide.com.au
Web: www.bendigobank.com.au/dingley-village

Franchisee: Dingley Village Financial Services Limited
ABN: 27 098 041 493
Shop 11/79 Centre Dandenong Road
Dingley Village VIC 3172
Phone: (03) 9551 6111
Email: admin@dvfs.com.au

Share Registry:
RSD Registry
PO Box 30, Bendigo VIC 3552
Phone: (03) 5445 4222
Fax: (03) 5444 4344
Email: shares@rsdregistry.com.au

facebook.com/communitybankdingleyvillage

Bendigo Bank

Bendigo and Adelaide Bank Limited ABN 11 068 049 178, AFSL/Australian Credit Licence 237879 A1429506 OUT_3075598 22/09/2021