

# 2008 annual report



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# Chairman's report

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For year ending 30 June 2008

The 2007/08 financial year proved to be a very successful one for your Company and a year of outstanding growth. Over the previous two years our growth was sustained but moderate whereas this year our total business portfolio grew by approximately \$8.5 million which enabled us to reach the milestone target of \$50 million just prior to the end of June.

I am pleased to report that achieving this amount of business puts the branch in a secure and profitable position which will enable us to continue funding community organisations and projects as well as returning dividends to our shareholders.

It is most pleasing to see that after six years more and more people are coming over to enjoy the customer friendly and focused style of Bendigo Bank and are realising how much they are benefiting their own community by banking at Lockhart & District **Community Bank**<sup>®</sup> Branch of Bendigo Bank.

Prior to provision for income tax our profit for the year was \$130,479 up from \$71,460 in the previous year but we did not make our major round of community grants this financial year. This was due to a change of dates and the grants will be made in October. We are currently seeking applications from community groups. We still managed however to distribute more than \$8,000 back to the community in various ways

## **New Board Member**

In November Heidi Gooden was appointed as a Director and has already proved to be a valuable addition to our Board. Heidi is a keen and energetic supporter of the **Community Bank**<sup>®</sup> concept and is working hard to promote our branch.

## **South West NSW Community Bank<sup>®</sup> Association**

An interesting development this year was the formation of the SWNSW **Community Bank**<sup>®</sup> Association consisting of Adelong, Tumbarumba, Henty, Lockhart, Narrandera, Coleambally and Hillston branches. This group meets quarterly and aims to promote **Community Bank**<sup>®</sup> branches in this region and share ideas for the benefit of all the member branches.

## **2007/08 Dividend**

Your Board has this year declared a dividend of 9 per cent for the year and this will be paid to shareholders in November. This follows an 8 per cent dividend last year and 5 per cent in 2005/06 and it is very pleasing to be able to reward our shareholders who had the foresight and confidence to enable our branch to be established back in 2002.

## **Driver Training Course**

A worthwhile initiative adopted by the Board this year was the introduction of our driver training course for young learner and provisional drivers. Thirteen participants have successfully completed the course to

## Chairman's report continued

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date and if it can help to save one young life or avoid one serious injury it will have proved its worth. I would strongly urge parents to encourage their young drivers to enroll in the course. Details are available from the branch.

### **Staff**

Our tremendous business growth this year of 20 per cent must be contributed in no small way to the efforts of our manager Clare Hamson. Clare joined us just prior to the start of the financial year in May 2007 and her bright friendly and professional management style saw our branch achieve immediate results. Clare is a local who is experienced in the financial industry and has a rural background. All these facts are proving to be an invaluable asset to our business.

Clare is of course capably supported by our supervisor Natasha Gowland and customer service Officers Sarah Smyth, Christine Haberecht and Carol Smith making a friendly and cohesive team. On behalf of the Board I wish to sincerely thank them for their efforts.

A big thank you also must go to all members of our Board who continue to contribute a great amount of voluntary time to ensure the smooth running of our Company and the continued success of our bank. Their efforts certainly make my job easier.

To our shareholders and customers thank you very much for your continued support. It is the business that you bring to the branch which enables us to in turn support the community in many different ways.



**Shane Trotter**  
**Chairman**

# Manager's report

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For year ending 30 June 2008

The 2007/08 financial year sees our sixth year of trading produce some sensational growth results for our Lockhart & District **Community Bank**<sup>®</sup> Branch.

Our ambitious goal to reach \$50 million in banking business was successfully achieved at the end of May this year. This was an overall growth of \$8.5 million in new business (loans and deposits) to our branch. This is an excellent result considering the seasonal challenges we have been faced with within our rural community in recent years.

Another wonderful achievement for our branch prior to 30 June 2008 was reaching 2000 bank accounts. With our clientele growing at a very consistent rate our business will continue to grow allowing your **Community Bank**<sup>®</sup> branch to invest and support more community groups and major projects during the next 12 months.

We have made many contributions to our local community this year – our local youth through our driver training program, community groups, clubs and organisations via ongoing sponsorships. These grants and sponsorships can only be achieved by the support and dedication of our valued customers.

With our sixth birthday fast approaching in October this year we are hoping that all customers and shareholders will once again attend our celebrations as we announce the successful recipient organisations of our annual grants program.

Special recognition must go to our Board's Chairman, Shane Trotter, whom earlier this year was nominated and elected as chairman of the South West NSW **Community Bank**<sup>®</sup> Association. The aim of this Board is to provide a representative framework and share ideas that will collectively benefit the **Community Bank**<sup>®</sup> branches in South West NSW. Shane certainly should be commended on this appointment, the level of support he provides to our branch as well as many other local **Community Bank**<sup>®</sup> branches through Bendigo Bank's mentor program is greatly appreciated.

The level of support received from the our south west regional office based in Wagga Wagga, through the management of Timothy Butt and the experienced team of business bankers and support staff is also notable. We are in a fortunate position to be well serviced by our specialist business and agribusiness lending managers as well as insurance and financial planning representatives.

It is also pleasing to mention we have had no staff changes at our Lockhart & District **Community Bank**<sup>®</sup> Branch this year. In March this year Natasha Gowland was promoted to the position of Customer Service Supervisor, and together with our customer service Officer's, Sarah Smyth, Christine Haberecht and our part-time Officer, Carol Smith, they each deserve congratulations for their efforts in helping our branch achieve such wonderful profit and growth results this year.

## Manager's report continued

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Finally, I would like to thank the Directors of our **Community Bank**<sup>®</sup> Company for their hard work and commitment, as well as our shareholders and customers for your continued support. I encourage you to continue using our great local **Community Bank**<sup>®</sup> branch as well as encourage your family, friends and neighbours. The greater support our branch receives the more our local community will benefit!



**Clare Hamson**  
**Branch Manager**

# Bendigo Bank Ltd report

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For year ending 30 June 2008

## Celebrating 10 years of the **Community Bank**<sup>®</sup> Network

June 2008 marks ten years since Bendigo Bank and the people of Rupanyup and Minyip unveiled the first **Community Bank**<sup>®</sup> branches in Australia, marking a turning point not only for the two small Victorian wheat belt towns, but for the Bendigo as well.

Today, these two towns have been joined by more than 210 communities to form Australia's fastest growing banking network – the **Community Bank**<sup>®</sup> concept. It is a significant milestone for Bendigo Bank and our **Community Bank**<sup>®</sup> partners.

The number of **Community Bank**<sup>®</sup> branches has doubled in the last four years and in the same time frame, customers have tripled their commitment of banking business to the community network, increasing it to more than \$11 billion.

More importantly, in excess of \$18 million in **Community Bank**<sup>®</sup> branch profits have been returned to community projects and \$12 million has been paid in dividends to more than 50,000 local shareholders. Behind those numbers are hundreds of stories of **Community Bank**<sup>®</sup> branches making a real difference to the lives of local people.

Whether it's building a community hall, sponsoring an art prize or even buying new footy jumpers for the local side – these **Community Bank**<sup>®</sup> branches are helping improve the economic and social prospects of their local communities. Add to those contributions the employment of more than 1000 staff members and daily expenses in the local economy and you have a truly meaningful contribution to those communities and to local prosperity.

As we reflect on the past 10 years, it's with a feeling of great pride and accomplishment for what has been achieved in partnership between our team at the Bendigo and our community partners. The landscape of banking has changed dramatically, but more importantly – so have the communities we partner and our own organisation.

Our partners have taken charge of outcomes locally that will impact positively for many years to come. Likewise, our organisation has built on our community focussed heritage and evolved to become a true partner to community.

Your commitment, enthusiasm and belief in the **Community Bank**<sup>®</sup> model has been instrumental, and for that we thank you. And here we are, only 10 years into this wonderful journey. Who knows what positive outcomes we'll be talking about in 10 years time, as the **Community Bank**<sup>®</sup> network matures?

It's an exciting prospect – and we are very proud of what our team and the communities we partner have achieved together.



**Russell Jenkins**

**Chief General Manager Retail & Distribution**

# Director's report

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For year ending 30 June 2008

The Directors present their report together with the accounts of Lockhart & District Financial Services Limited for the year ended 30 June 2008.

## **Directors**

The names of Directors who held office during or since the end of the year are:

Philip James Bouffler	Christine Gay Mackey
Trevor Howard Day	Terence Cornelius McAuliffe
Kenneth John Hogan	Shane Cornell Trotter
Robert Henry Kendell	Marea Katherine Urquhart
Heidi Eveline Gooden	

## **Principal activities**

The principle activities of the Company during the course of the financial year were in providing **Community Bank**<sup>®</sup> services under management rights to operate a franchised branch of Bendigo Bank Limited.

## **Result**

The net profit of the Company for the financial year before provision for income tax was \$130,479 (2007 profit of \$71,460).

## **Matters subsequent to the end of the reporting period**

There are no matters or circumstances that have arisen since the end of the reporting year that have significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company.

## **Directors interests and benefits**

Since the end of the previous financial year no Director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors shown in the accounts) because of a contract made by the Company with the Director or with a firm of which the Director is a member, or with a Company in which the Director has a substantial interest.



# Director's report continued

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## **Board of Directors Meeting attendance record**

Meetings 2007 – 2008 Financial year.

Total of 11 Board meetings.

	<b>Director</b>	<b>Total Board meetings held</b>	<b>Meetings attended</b>
Chairman	Shane Cornell Trotter	11	10
Treasurer	Terence Cornelius McAuliffe	11	9
Vice Chairman	Philip James Bouffler	11	9
Secretary	Christine Gay Mackey	11	10
Director	Robert Henry Kendell	11	8
Director	Kenneth John Hogan	11	10
Director	Trevor Howard Day	11	7
Director	Marea Katherine Urquhart	11	8
Director	Heidi Eveline Gooden	7	5

(Appointed November 07)

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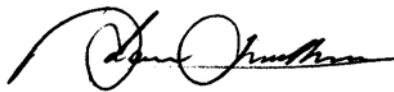
All Board members present at Annual General Meeting held October 23 2007.

## **Auditor's independence declaration**

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Dated at Wagga Wagga this 28 day of August 2008

Signed in accordance with a resolution of the Directors:



**S C Trotter**

**Director**

# Auditor's independence declaration

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As lead Auditor for the audit of Lockhart & District Financial Services Limited for the year ended 30 June 2008, I declare that to the best of my knowledge and belief, there have been:

- (a) No contraventions of the Auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (b) No contraventions of any applicable code of professional conduct in relation to the audit.

John L Bush & Campbell

Chartered Accountants



**P J King**

**Partner**

Wagga Wagga

28 August 2008

# Financial statements

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## Income statement For year ending 30 June 2008

	Note	2008 \$	2007 \$
Revenues from ordinary activities	2	461,703	403,828
Employee expenses		(199,997)	(166,135)
Administration expenses		(109,354)	(102,986)
Depreciation and amortisation		(16,018)	(16,010)
Sponsorship		(5,855)	(47,237)
<b>Net profit from ordinary activities before income tax expense</b>		<b>130,479</b>	<b>71,460</b>
Income tax expense relating to ordinary activities	3	39,144	26,034
Net profit from ordinary activities after related income tax expense		91,335	45,426
<b>Total change in equity other than those resulting from transactions with owners as owners</b>		<b>91,335</b>	<b>45,426</b>
<b>Earnings per share</b>		<b>16.60 cents</b>	<b>8.25 cents</b>

The Income Statement is to be read in conjunction with the notes to and forming part of the accounts.

## Financial statements continued

### Balance sheet As at 30 June 2008

	Note	2008 \$	2007 \$
<b>Current assets</b>			
Cash	5	210,352	172,569
Receivables	6	43,381	37,235
Other financial assets	7	5,556	4,951
<b>Total current assets</b>		<b>259,289</b>	<b>214,755</b>
<b>Non-current assets</b>			
Property, plant & equipment	9	184,864	189,948
Other financial assets	7	52,866	-
Deferred tax asset	8	2,250	41,394
<b>Total non-current assets</b>		<b>239,980</b>	<b>231,342</b>
<b>Total assets</b>		<b>499,269</b>	<b>446,097</b>
<b>Current liabilities</b>			
Payables	10	15,282	12,146
Provisions	11	13,903	11,204
<b>Total current liabilities</b>		<b>29,185</b>	<b>23,350</b>
<b>Total liabilities</b>		<b>29,185</b>	<b>23,350</b>
<b>Net assets</b>		<b>470,084</b>	<b>422,747</b>
<b>Equity</b>			
Contributed equity	12	550,009	550,009
Retained profits	13	(79,925)	(127,262)
<b>Total equity</b>		<b>470,084</b>	<b>422,747</b>

The Balance Sheet is to be read in conjunction with the notes to and forming part of the accounts.

## Financial statements continued

### Statement of cash flows As at 30 June 2008

	Note	2008 \$	2007 \$
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations		493,900	430,925
Cash payments in the course of operations		(348,316)	(344,974)
<b>Net cash used by operating activities</b>	<b>15(ii)</b>	<b>145,584</b>	<b>85,951</b>
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment		(3,800)	(1,571)
Payment of franchise fee		(60,000)	-
<b>Net cash used in investing activities</b>		<b>(63,800)</b>	<b>(1,571)</b>
<b>Cash flows from financing activities</b>			
Payment of dividends		(44,001)	(27,500)
<b>Net cash used in financing activities</b>		<b>(44,001)</b>	<b>(27,500)</b>
<b>Net increase / (decrease) in cash held</b>		<b>37,783</b>	<b>56,880</b>
Cash at the beginning of the financial year		172,569	115,689
<b>Cash at the end of the financial year</b>	<b>15(i)</b>	<b>210,352</b>	<b>172,569</b>

The Statement of Cash Flows is to be read in conjunction with the notes to and forming part of the accounts.

## Financial statements continued

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### Statement of changes in equity As at 30 June 2008

	Economic entity		Total \$
	Issued capital \$	Retained earnings \$	
Balance as at July 1 2006	550,009	(145,188)	404,821
Profit for period		45,426	45,426
Dividend paid		(27,500)	(27,500)
<b>Balance as at June 30 2007</b>	<b>550,009</b>	<b>(127,262)</b>	<b>422,747</b>
Profit for period		91,338	91,338
Dividend paid		(44,001)	(44,001)
<b>Balance as at June 30 2008</b>	<b>550,009</b>	<b>(79,925)</b>	<b>470,084</b>

The accompanying notes form part of these financial statements.

# Notes to the financial statements

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For year ending 30 June 2008

## Note 1. Statement of significant accounting policies

The significant policies that have been adopted in the presentation of these financial statements are:

### (a) Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with the Accounting Standards, other pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The financial report has been prepared on the basis of historical costs and does not take into account changing money values nor current valuations of the non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

### (b) Income tax

The Company adopts the liability method of tax effect accounting whereby the income tax expense is based on profit from ordinary activities adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income are brought to account as either a provision for deferred income tax or as a deferred tax asset.

Deferred tax assets are not brought to account unless it is probable that the benefit will be realised.

### (c) Property, plant and equipment

Freehold land and buildings are brought to account on the cost basis.

Plant and equipment are measured on the cost basis.

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a straight line basis over their useful lives to the economic entity.

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

<b>Class of fixed asset</b>	<b>Depreciation rate</b>
Buildings	2.5%
Plant and equipment	20-40%

# Notes to the financial statements continued

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

### (d) Intangibles

#### Franchise Fees

The Company has entered into a five year franchise agreement with Bendigo Bank for an initial 5 year term.

### (e) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Contributions are made by the Company entity to employee superannuation funds and are charged as expenses when incurred.

### (f) Revenue

Revenue from the rendering of service is recognised upon the delivery of the service to the customers.

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

### (g) Comparative figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes to presentation for the current financial year.

	2008 \$	2007 \$
<b>Note 2. Revenue</b>		
<b>Operating activities</b>		
Fees	40,733	36,487
Gross margin	227,503	197,310
Trailers	134,113	117,718
Upfront commission	3,104	2,072
Market development	43,750	40,000
	<b>449,203</b>	<b>393,587</b>
<b>Non-operating activities</b>		
Interest	12,500	10,241
	<b>461,703</b>	<b>403,828</b>



## Notes to the financial statements continued

	2008 \$	2007 \$
<b>Note 3. Income tax expense</b>		
The prime false tax on profit ordinary activities		
before income tax at 30%	39,144	21,438
Less: tax losses		
timing differences		4,596
	<b>39,144</b>	<b>26,034</b>

## Note 4. Profit from ordinary activities

Profit from ordinary activities before income tax has been determined after:

### (a) Expenses

Amortisation of intangibles	7,134	10,000
Auditors remuneration	6,000	5,100
Depreciation of non-current assets	8,884	11,010

## Note 5. Cash assets

Cash at bank	21,364	10,870
Sandhurst Investment Account No.1	163,344	161,699
Sandhurst Investment Account No.2	25,644	
	<b>210,352</b>	<b>172,569</b>

## Note 6. Receivables

Trade debtors	43,381	37,235
	<b>43,381</b>	<b>37,235</b>

## Notes to the financial statements continued

	2008 \$	2007 \$
<b>Note 7. Other financial assets</b>		
<b>Current</b>		
Prepayments	5,556	4,951
Deposits	-	-
	<b>5,556</b>	<b>4,951</b>
<b>Non-current</b>		
Current franchise fee	60,000	50,000
Less: accumulated amortisation	(7,134)	(50,000)
	<b>52,866</b>	<b>-</b>

## Note 8. Deferred tax asset

<b>Future tax benefit</b>	<b>2,250</b>	<b>41,394</b>
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## Note 9. Property, plant and equipment

Land - at cost	27,258	27,258
Buildings - at cost	154,337	154,337
Less: accumulated depreciation	(22,186)	(18,328)
	<b>132,151</b>	<b>136,009</b>
Plant and equipment - at cost	79,004	75,204
Less: accumulated depreciation	(53,549)	(48,523)
	<b>25,455</b>	<b>26,681</b>
	<b>184,864</b>	<b>189,948</b>

### (b) Movement in carrying amounts

	Freehold land \$	Building \$	Plant & equipment \$	Total \$
Balance at beginning of year	27,258	136,010	26,681	189,949
Additions		-	3,800	3,800
Depreciation		(3,859)	(5,026)	(8,885)
Balance at end of year	27,258	132,151	25,455	184,864

## Notes to the financial statements continued

	2008 \$	2007 \$
<b>Note 10. Payables</b>		
Trade creditors	13,092	10,298
GST payable	2,190	1,849
	<b>15,282</b>	<b>12,147</b>

### Note 11. Provisions

<b>Employee entitlements</b>	<b>13,903</b>	<b>11,204</b>
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### Note 12. Contributed equity

<b>550,009 fully paid ordinary shares</b>	<b>550,009</b>	<b>550,009</b>
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### Note 13. Retained profits

Retained profits at the beginning of the financial year	(127,262)	(145,188)
Net profit / (loss) from ordinary activities	91,338	45,426
Dividend paid	(44,001)	(27,500)
<b>Retained profits at the end of the financial year</b>	<b>(79,925)</b>	<b>(127,262)</b>

### Note 14. Segment reporting

The economic entity operates predominately in one business and geographical segment being the provision of finance services.

### Note 15. Cash flow information

#### (i). Reconciliation of cash

For the purpose of the statement of Cash Flows, cash includes cash on hand and at bank. Cash at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the related items in the statement of financial performance as follows:

<b>Cash at bank</b>	<b>210,352</b>	<b>172,569</b>
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## Notes to the financial statements continued

	2008 \$	2007 \$
Note 15. Cash flow information (continued)		
<b>(ii). Reconciliation of operating profit to net cash used in operating activities:</b>		
Profit / (loss) for Year:	91,335	71,460
<b>Non cash flows recored in ordinary activities</b>		
Amortisation	7,134	10,000
Depreciation	8,884	11,011
<b>Net cash provided / (used) in operating activities before changes in assets and liabilities during the year</b>		
(Increase) / decrease in other assets	(605)	1,206
(Increase) / decrease in receivables	(6,146)	(1,838)
(Increase) / decrease in tax assets	39,144	-
Increase / (decrease) in payables	3,136	(635)
Increase / (decrease) in provisions	2,702	(5,253)
<b>Net cash used in operating activities</b>	<b>145,584</b>	<b>85,951</b>

## Note 16. Related party transactions

There were no related party transactions between the Company and Directors during the year.

The names of the Directors who have held office during the financial year are:

Philip James Bouffler	Christine Gay Mackay
Trevor Howard Day	Terence Cornelius McAuliffe
Kenneth John Hogan	Shane Cornell Trotter
Robert Henry Kendell	Marea Katherine Urquhart
Heidi Eveline Gooden	

## Note 17. Company details

The registered office of the Company is:

Lockhart & District Financial Services Limited  
98 Green Street,  
LOCKHART NSW 2656

# Notes to the financial statements continued

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## Note 18. Financial instruments

### **Financial risk management**

The Company's activities expose it to a variety of financial risks including credit, interest rate and liquidity risks. The Company does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risks. Further, due to the nature of the Company's investments and other financial instruments it is not exposed to significant price risks.

### **Fair values**

The carrying amounts and estimated fair values of financial assets and financial liabilities held at balance date are the same.

### **Market risk – sensitivity analysis**

The Company's financial assets which are subject to interest rate risk comprise cash on hand, at bank and on call, and term deposits which are generally short term and are held to maturity. Therefore the Company does not consider that a change in risk variable (interest) would have a significant effect on profit or equity.

### **Credit risk**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provision for doubtful debts, as disclosed in the balance sheet and notes to the financial statements.

The Company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the entity.

### **Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash or credit facilities to meet the operating requirements of the Company. This is managed through committed undrawn facilities and prudent cash flow management.

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

## Notes to the financial statements continued

Note 18. Financial instruments (continued)

### Liquidity risk (continued)

	Weighted average interest rate		Floating interest rate		Non-interest bearing		Total	
	2008 %	2007 %	2008 \$	2007 \$	2008 \$	2007 \$	2008 \$	2007 \$
<b>Financial assets</b>								
Cash at bank	5.55	5.45	210,352	172,569			210,352	172,569
Receivable assets					43,381	37,235	43,381	37,235
<b>Total financial assets</b>			<b>210,352</b>	<b>172,569</b>	<b>43,381</b>	<b>37,235</b>	<b>253,733</b>	<b>209,804</b>
<b>Financial liabilities</b>								
Payables					15,282	12,146	15,282	12,146
<b>Total financial liabilities</b>					<b>15,282</b>	<b>12,146</b>	<b>15,282</b>	<b>12,146</b>

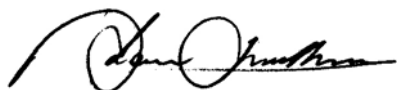
# Director's declaration

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The Directors of the Company declare that:

1. The financial statements and notes, are in accordance with the Corporations Act 2001:
  - a) comply with Accounting Standards and the Corporations Regulations 2001; and
  - b) give a true and fair view of the financial position as at 30 June 2008 and of the performance for the year ended on that date of the Company and economic entity;
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.



**S C Trotter**  
**Director**

Dated 28 August 2008

# Independent audit report

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## **Lockhart and District Financial Services Limited**

### **Report on the financial report**

We have audited the accompanying financial report of Lockhart and District Financial Services Limited, which comprises the balance sheet as at 30 June 2008 and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Directors' declaration.

### **Directors' responsibility for the financial report**

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the Auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

### **Independence**

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the Directors of Lockhart and District financial Services Limited would be in the same terms if provided to the Directors as at the date of this Auditor's report.



# Independent audit report continued

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## **Auditor's opinion**

In our opinion,

- a. the financial report of Lockhart and District Financial Services Limited is in accordance with the Corporations Act 2001, including:
  - i. giving a true and fair view of the Company's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
  - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

JOHN L BUSH & CAMPBELL

Chartered Accountants



**P J King**

**Partner**

Wagga Wagga

29 August 2008

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