

# annual report 2009



Lockhart & District  
Financial Services Limited  
ABN 14 099 918 680

Lockhart & District **Community Bank**<sup>®</sup> Branch

# Reports

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<b>Chairman's report</b>	<b>2-3</b>
<b>Manager's report</b>	<b>4-5</b>
<b>Bendigo and Adelaide Bank Ltd report</b>	<b>6</b>
<b>Directors' report</b>	<b>7-8</b>
<b>Auditor's independence declaration</b>	<b>9</b>
<b>Financial statements</b>	<b>10-13</b>
<b>Notes to the financial statements</b>	<b>14-21</b>
<b>Directors' declaration</b>	<b>22</b>
<b>Independent audit report</b>	<b>23-24</b>

# Chairman's report

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For year ending 30 June 2009

With the impact of the world financial crisis coinciding with another very poor season in our district I would have expected to be reporting a very ordinary year for your **Community Bank**<sup>®</sup> branch. To the contrary I am extremely pleased to say that results achieved for the year have been exceptional.

In my report last year I mentioned that we had reached the figure of \$50 million in total business. I am now able to report that at the end of June this year that figure had reached the next milestone of \$60 million.

Our net profit for the year before tax was \$78,878. This figure is after we made our largest round of community grants to date which amounted to approximately \$90,000. Earnings per share were 10.4 cents.

There are many people whom I would like to thank for these excellent results and first and foremost it is the customers. By supporting the branch with their business our customers enable the branch to continue growing and as we grow the more we can contribute to the community in different ways.

Our Manager, Clare Hamson, has again done a wonderful job in a very professional manner and has been ably supported by her customer service team of Natasha Gowland, Sarah Smyth, Christine Haberecht and Carol Smith who continue to provide efficient friendly service.

## **Community grants**

Grants this year again went to a diverse range of organisations and clubs throughout the district allowing them to provide improved services and facilities to the community.

Our major grant of \$50,000 went to The Lockhart Showground Trust to go towards the renovation of the Historic Grandstand which for several years has been unfit for use. This grant was significant in that it was the catalyst to get the project going and enabled the Lockhart Shire Council, in conjunction with the Showground Trust, to successfully receive a grant of \$75,000 towards the work from the NSW Department of Planning Heritage Council. The Grandstand will now be able to be used at the next Picnic Race meeting and Vintage Truck Show, which are two of the Lockhart districts major attractions.

The grandstand project has been a perfect example of how money generated from profits made by our **Community Bank**<sup>®</sup> branch can be used to lever further funding from government sources so as major projects for the benefit of the community can be completed. Looking to the future we hope this concept will be used to achieve bigger and better projects.

# Chairman's report continued

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## **Treasurer's resignation**

In June the Board reluctantly accepted the resignation of our Treasurer Terry McAuliffe. Terry has been in this role since the formation of the Board in 2001 and has done a tremendous job over that time. His numerous hours of voluntary work have contributed greatly to the strong current financial position of our branch, which in turn allows us to help the community in so many different ways.

Terry and his wife Valair are moving on from Lockhart and we wish them all the best for the future.

## **2008/2009 Dividend**

A dividend of 9% per cent for the year has been declared by the Board and will be paid to shareholders in November.

## **Driver training course**

Our very successful driver training course which we introduced last year has continued throughout this year. To date 23 young learner and provisional drivers have successfully completed the course and again I would strongly urge parents to encourage their young drivers to do the course. Details are from available from the branch or Board Secretary Chris Mackey.

In conclusion I wish to thank our partner Bendigo and Adelaide Bank Ltd and regional Manager Tim Butt and his staff for their continued support. A big thank you also to my fellow Board members, who have continued to work hard for the betterment of our community.



**Shane Trotter**

**Chairman**

# Manager's report

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For year ending 30 June 2009

Once again your **Community Bank**<sup>®</sup> branch has proven to record another very successful year of results.

I am pleased to report that during the 2009 financial year we reached another major goal/milestone of \$60 million in branch banking business, equating to a 25% growth in our total banking business in the past 12 months.

Our branch now has over 2,100 bank accounts and the current economic climate and volatility in the financial services industry has surprisingly had no impact of our branch's business growth levels. Instead people are seeing the benefits of having a local bank that is closely tied to its community and that traditional banking is a more sustainable model in helping secure a prosperous future for our community.

This year we will celebrate our 7th birthday and once again will announce our successful recipient organisations of our annual grants program which is on top of the ongoing sponsorship support we continue to provide community groups, clubs and organisations throughout the year.

I would like to thank my wonderful team of staff. We have been extremely lucky that our staffing has been very stable in the last two and a half years. So thank you to Natasha Gowland, Sarah Smyth, Christine Haberecht and Carol Smith for their great efforts during the past 12 months.

Our Regional Manager (Tim Butt), Senior Business Banking Manager (John Norman), Agribusiness Manager (John Walton) and their support Officers based in our Wagga Wagga regional office should also be commended for their contribution to our great results this year, by helping our branch secure new business customers, as well as for the excellent service and support they provide our existing business banking customers.

I would also like to thank the Board of Directors. Working for a **Community Bank**<sup>®</sup> branch as a Director is very rewarding but is also a lot of volunteer time and hard work. Our Directors are great advocates for our **Community Bank**<sup>®</sup> branch and have been involved in many sponsorships, attended bank conferences, organised many driver training days for our youth, Board meetings, Annual General Meetings, and most of all our birthday's and annual grants nights! As a Branch Manager these nights are just so rewarding.

On a personal note - for those who don't already know I would like to advise that by the time you are reading this report I will have commenced maternity leave. My husband Ben and I are expecting our first child in late September. It is such an exciting time in our lives and I would like to thank everyone for their well wishes.

## Manager's report continued

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Whilst I am on leave our relief Branch Manager will be Anthony McGettigan. Anthony has worked for Bendigo and Adelaide Bank Ltd in our business banking department in Wagga Wagga for the past six years, and is married with three children. Prior to this he has also had 13 years experience with another bank including management positions. Anthony is originally from Tweed Heads but has lived and worked in this area for a number years. Anthony is looking forward to the role and meeting all of our customers so please feel free to make yourself known to him either by phone or come into the branch for a friendly chat.

I look forward to returning as your Branch Manager in mid 2010, when I hope we can report on another successful year of results and achievements for our **Community Bank**<sup>®</sup> branch.



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

# Bendigo and Adelaide Bank Ltd report

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For year ending 30 June 2009

2008/09 will go down as one of the most tumultuous financial years in history. The global financial crisis and its aftermath wiped trillions of dollars off the world's net wealth. Some of the biggest names in international banking disappeared; many other banks – vastly bigger than Bendigo and Adelaide Bank Ltd – turned to governments to bail them out. Not surprisingly, confidence sagged, reflected in rising unemployment and stock markets falling by around half their former valuations.

In short, we have seen the biggest financial meltdown since the Great Depression of nearly 80 years ago.

Amidst all that turmoil, though, our grassroots banking movement marched steadily on. Twenty new **Community Bank**<sup>®</sup> branches joined Bendigo and Adelaide Bank Ltd's national network. Around 120,000 new customers switched to the Bendigo style of banking. And 70 more communities continued their local campaign to open a **Community Bank**<sup>®</sup> branch.

Those statistics are impressive in themselves, but it is the story behind them that is really important.

That's the story of ordinary people – an awful phrase, but you know what I mean – who inherently understand that the role of a bank is to feed into prosperity, rather than profit from it. That lesson was forgotten by many bankers across the globe, with devastating consequences. But it is now well understood by the residents of 237 towns and suburbs that own their own **Community Bank**<sup>®</sup> branch, because every day they see the fruits of their investment in locally owned banking.

Again, the statistics are impressive enough – \$29 million paid out in community projects and nearly \$11 million in local shareholder dividends. But again, the real stories lie behind the numbers – new community centres and fire trucks, more local nurses, new walking tracks and swimming pools, safer young drivers, more trees and fewer wasteful incandescent globes, innovative water-saving projects... the list goes on.

And of course more money retained and spent locally. And more jobs. Fifteen hundred or so just in the branches alone. More because of the flow-on, or multiplier, effect of those wages being spent locally. And yet more because of the extra shopping now done in communities made more prosperous and active by having their own bank branch.

**Community Bank**<sup>®</sup> branches have not escaped the fallout from the global turmoil. Like Bendigo and Adelaide Bank Ltd, they have received less income than in normal times. But also like Bendigo and Adelaide Bank Ltd, they have not needed anyone's help to get through this crisis. And every day we are reminded that banks that are relevant and connected locally will be valued by their customers and communities. For the better of all.



**Russell Jenkins**  
**Chief General Manager**

# Directors' report

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For year ending 30 June 2009

The Directors present their report together with the accounts of Lockhart & District Financial Services Limited for the year ended 30 June 2009.

## **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 and Adelaide Bank Ltd.

## **Result**

The net profit of the Company for the financial year before provision for income tax was \$55,215 (2008 profit of \$91,335).

## **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.



## Directors' report continued

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### 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.

### Meeting attendance record

Director	Possible	Attended	Apology
Shane Trotter	11	10	1
Terrance McAuliffe	11	10	2
Christine Mackey	11	11	
Philip Bouffler	11	9	2
Kenneth Hogan	11	11	
Robert Kendell	11	8	3
Marea Urquhart	11	10	1
Trevor Day	11	7	4
Heidi Gooden	11	9	2

Dated at Wagga Wagga 20 August 2009

Signed in accordance with a resolution of the Directors:



**S C Trotter**

**Director**

# Auditor's independence declaration

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## **Auditors independence declaration**

As lead Auditor for the audit of Lockhart & District Financial Services Limited for the year ended 30 June 2009, 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

20 August 2009

# Financial statements

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## Income statement For year ending 30 June 2009

	Note	2009 \$	2008 \$
Revenues from ordinary activities	2	529,437	461,703
Employee expenses		(211,126)	(199,997)
Administration expenses		(120,711)	(109,354)
Depreciation and amortisation		(20,418)	(16,018)
Sponsorship		(98,304)	(5,855)
<b>Net profit from ordinary activities before income tax expense</b>		<b>78,878</b>	<b>130,479</b>
Income tax expense relating to ordinary activities	3	23,663	39,144
Net profit from ordinary activities after related income tax expense		55,215	91,335
<b>Total change in equity other than those resulting from transactions with owners as owners</b>		<b>55,215</b>	<b>91,335</b>
<b>Earnings per share</b>		<b>10.04 cents</b>	<b>16.60 cents</b>

The accompanying notes form part of these financial statements.

## Financial statements continued

### Balance sheet As at 30 June 2009

	Note	2009 \$	2008 \$
<b>Current assets</b>			
Cash	5	239,107	210,352
Receivables	6	50,365	43,381
Other financial assets	7	5,870	5,556
<b>Total current assets</b>		<b>295,342</b>	<b>259,289</b>
<b>Non-current assets</b>			
Property, plant & equipment	9	182,565	184,864
Other financial assets	7	40,866	52,866
Deferred tax asset	8	-	2,250
<b>Total non-current assets</b>		<b>223,431</b>	<b>239,980</b>
<b>Total assets</b>		<b>518,773</b>	<b>499,269</b>
<b>Current liabilities</b>			
Payables	10	16,053	15,282
Provisions	11	14,217	11,608
Tax liabilities	12	7,025	
<b>Total current liabilities</b>		<b>37,295</b>	<b>26,890</b>
<b>Non current liabilities</b>			
Provisions	11	5,680	2,295
<b>Total non current liabilities</b>		<b>5,680</b>	<b>2,295</b>
<b>Total liabilities</b>		<b>42,975</b>	<b>29,185</b>
<b>Net assets</b>		<b>475,798</b>	<b>470,084</b>
<b>Equity</b>			
Contributed equity	13	550,009	550,009
Retained profits	14	(74,211)	(79,925)
<b>Total equity</b>		<b>475,798</b>	<b>470,084</b>

The accompanying notes form part of these financial statements.

## Financial statements continued

### Statement of cash flows As at 30 June 2009

	Note	2009 \$	2008 \$
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations		574,698	493,900
Cash payments in the course of operations		(490,323)	(348,316)
<b>Net cash used by operating activities</b>	<b>15(ii)</b>	<b>84,375</b>	<b>83,059</b>
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment		(6,119)	(3,800)
Payment of franchise fee		-	(60,000)
<b>Net cash used in investing activities</b>		<b>(6,119)</b>	<b>(63,800)</b>
<b>Cash flows from financing activities</b>			
Payment of dividends		(49,501)	(44,001)
<b>Net cash used in financing activities</b>		<b>(49,501)</b>	<b>(44,001)</b>
<b>Net increase / (decrease) in cash held</b>		<b>28,755</b>	<b>(24,742)</b>
Cash at the beginning of the financial year		210,352	235,094
<b>Cash at the end of the financial year</b>	<b>15(i)</b>	<b>239,107</b>	<b>210,352</b>

The accompanying notes form part of these financial statements.

## Financial statements continued

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### Statement of changes in equity As at 30 June 2009

	Economic entity		
	Issued capital \$	Retained earnings \$	Total \$
Balance as at July 1 2007	550,009	(127,262)	422,747
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>
Profit for period		55,215	55,215
Dividend paid		(49,501)	(49,501)
<b>Balance as at June 30 2009</b>	<b>550,009</b>	<b>(74,211)</b>	<b>475,798</b>

The accompanying notes form part of these financial statements.

# Notes to the financial statements

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For year ending 30 June 2009

## 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%

### (d) Intangibles

#### Franchise fees

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

# Notes to the financial statements continued

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

### (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.

	2009 \$	2008 \$
<b>Note 2. Revenue</b>		
<b>Operating activities</b>		
Fees	42,619	40,733
Gross margin	241,957	227,503
Trailers	180,206	134,113
Upfront commission	3,606	3,104
Market development	50,000	43,750
	<b>518,388</b>	<b>449,203</b>
<b>Non-operating activities</b>		
Interest	11,049	12,500
	<b>529,437</b>	<b>461,703</b>



## Notes to the financial statements continued

	2009 \$	2008 \$
<b>Note 3. Income tax expense</b>		
The prime false tax on profit ordinary activities before income tax at 30%	23,663	39,144
	<b>23,663</b>	<b>39,144</b>

### Note 4. Profit from ordinary activities

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

#### (a) Expenses

Amortisation of intangibles	12,000	7,134
Auditors remuneration	6,200	6,000
<b>Depreciation of non-current assets</b>	<b>8,418</b>	<b>8,884</b>

### Note 5. Cash assets

Cash at bank	239,107	210,352
	<b>239,107</b>	<b>210,352</b>

### Note 6. Receivables

Trade debtors	50,365	43,381
	<b>50,365</b>	<b>43,381</b>

### Note 7. Other financial assets

#### Current

Prepayments	5,870	5,556
	<b>5,870</b>	<b>5,556</b>

#### Non-current

Current franchise fee	60,000	60,000
Less: accumulated amortisation	(19,134)	(7,134)
	<b>40,866</b>	<b>52,866</b>

## Notes to the financial statements continued

	2009 \$	2008 \$
<b>Note 8. Deferred tax asset</b>		
<b>Future tax benefit</b>	-	2,250

### Note 9. Property, plant and equipment

Land - at cost	27,258	27,258
Buildings - at cost	154,337	154,337
Less: accumulated depreciation	(26,049)	(22,186)
	<b>128,288</b>	<b>132,151</b>
Plant and equipment - at cost	85,124	79,004
Less: accumulated depreciation	(58,105)	(53,549)
	<b>27,019</b>	<b>25,455</b>
	<b>182,565</b>	<b>184,864</b>

#### (b) Movement in carrying amounts

	Freehold land	Building	Plant & equipment	Total
Balance at beginning of year	27,258	132,151	25,455	184,864
Additions		-	6,120	6,120
Depreciation		(3,863)	(4,556)	(8,419)
<b>Balance at end of year</b>	<b>27,258</b>	<b>128,288</b>	<b>27,019</b>	<b>182,565</b>

### Note 10. Payables

Trade creditors	13,186	13,092
GST payable	2,867	2,190
	<b>16,053</b>	<b>15,282</b>

### Note 11. Provisions

#### Current

Employee entitlements	14,217	13,903
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#### Non-current

Employee entitlements	5680	2,295
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## Notes to the financial statements continued

	2009 \$	2008 \$
<b>Note 12. Tax liabilities</b>		
Provisions for income tax	2761	-
Deferred tax liability	4261	-
	<b>7022</b>	-

### Note 13. Contributed equity

<b>550,009 fully paid ordinary shares</b>	<b>550,009</b>	<b>550,009</b>
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### Note 14. Retained profits

Retained profits at the beginning of the financial year	-79,925	-127,262
Net profit / (loss) from ordinary activities	55,215	91,338
Dividend paid	-49,501	-44,001
<b>Retained profits at the end of the financial year</b>	<b>-74,211</b>	<b>-79,925</b>

### 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>239,107</b>	<b>210,352</b>
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#### (ii). Reconciliation of operating profit to net cash used in operating activities:

Profit / (loss) for year:	55,215	91,335
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#### Non cash flows recorded in ordinary activities

Amortisation	12,000	7,134
Depreciation	8,418	8,884

## Notes to the financial statements continued

	2009 \$	2008 \$
Note 15. Cash flow information (continued)		
<b>Net cash provided / (used) in operating activities before changes in assets and liabilities during the year</b>		
(Increase) / decrease in other assets	(314)	(5,556)
(Increase) / decrease in receivables	(6,984)	(43,381)
(Increase) / decrease in tax assets	2,250	(2,250)
Increase / (decrease) in payables	771	15,282
Increase / (decrease) in tax liabilities	7,025	
Increase / (decrease) in provisions	5,994	11,611
<b>Net cash used in operating activities</b>	<b>84,375</b>	<b>83,059</b>

### Note 16. Segment reporting

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

### Note 17. 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 18. 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 19. 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 instrument 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 19. Financial instruments (continued)

	Weighted average interest rate		Floating interest rate		Non-interest bearing		Total	
	2009 %	2008 %	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$
<b>Financial assets</b>								
Cash at bank	4.95	5.55	239,107	210,352			239,107	210,352
Receivable assets					50,365	43,381	50,365	43,381
<b>Total financial assets</b>			<b>239,107</b>	<b>210,352</b>	<b>50,365</b>	<b>43,381</b>	<b>209,804</b>	<b>253,733</b>
<b>Financial liabilities</b>								
Payables					16,053	15,282	16,053	15,282
<b>Total financial liabilities</b>					<b>16,053</b>	<b>15,282</b>	<b>16,053</b>	<b>15,282</b>

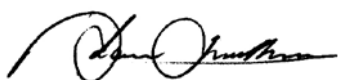
# Director's declaration

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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 2009 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 20 August 2009

# Independent audit report

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## **Independent Auditors' report to the members of 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 2009 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 2009 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

20 August 2009

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