



Lockhart & District
Financial Services Limited

ABN 14 099 918 680

**ANNUAL
REPORT
2013**

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Chairman's report

For year ending 30 June 2013

Welcome to my first Annual Report as Chairman and the 11th of Lockhart & District Financial Services Limited. It was great to celebrate our 10th Birthday last October. We were able to give back to community groups via our annual Community Grants a healthy \$90,000. I think the Board and staff feel a lot has been achieved in this period but we also realize how much more can be done.

Our theme of the more people who bank with us the more our community benefits is now able to be clearly seen through our Community Grants and shareholder dividends. We have now contributed \$600,000 in community grants and \$250,000 to shareholders via our dividends.

The Bendigo Bank is currently undertaking work to determine the multiplying effect of this community grant money and initial reports suggest that for every \$1 put back into the community it has a multiplying effect of three. In rural communities like ours this has a great benefit to local businesses. With governments under financial pressure the need for funds from other sources is becoming more important.

This financial year has seen Lockhart & District **Community Bank**[®] Branch grow our business by nearly 10%. It's a very pleasing result and we have finished the year with total business footings of \$73.69 million. With the tightening of funding and lower interest rates this business growth has been particularly pleasing.

The Bendigo Bank has also been working closely with **Community Bank**[®] branches via the **Community Bank**[®] Strategic Advisory Board to check that the split in profits between the partners is remaining equitable. Some adjustment has taken place which has seen a small reduction in our **Community Bank**[®] branch's profit share for a couple of products.

One of the major changes that has taken place this year has been in our agribusiness area. We have seen the development of our own team of rural specialists via the Rural Bank. It's important to note here that the Rural Bank is 100% owned by Bendigo Bank. Having a team of rural specialists solely focused on farmers needs is a big plus for our **Community Bank**[®] branch.

I am pleased to report for the 2012/13 year a profit before tax and community grants of \$103,529.

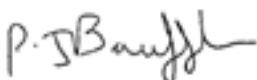
In February we welcomed back our Manager Clare from maternity leave. Clare's return was welcomed by all as I feel we are lucky to have such a capable person as our Manager. In Clare's absence the staff did a great job under Sarah Smyth's leadership.

In February we also said farewell to Doreen Sawle who decided to retire and move to the New England area. After Doreen's departure we were lucky to gain the services of Zoe Grant. Originally from Melbourne, Zoe and her partner Kyle have just finished building their new home in Lockhart so it's great to see us being able to offer employment and encourage people to our district.

In May this year we welcomed Rod McMicking onto our Board. Rod would be well known to many locally as he and his wife Jane run a farm near Milbrulong. We look forward to Rod's contributions over the coming years.

This year I am pleased to announce to shareholders a dividend of 8% to be paid in October.

Going forward we remain focused on growing our business and servicing the needs of our customers. We continue to offer a full 9.00am to 5.00pm service five days a week with 24 hour access to an ATM. We feel it's very important to offer these services and provide a full banking service to the district so remember "Bank with us and everybody benefits".



Philip Bouffler
Chairman

Manager's report

For year ending 30 June 2013

Welcome to the 11th Annual Report for the Lockhart & District **Community Bank**[®] Branch. It was wonderful to be involved in helping celebrate the branch's 10th Birthday in October last year and even better to be able to report to you that our branch continues to go from strength to strength.

The 2013 financial year has seen the business footings of Lockhart & District **Community Bank**[®] Branch increase by \$6.74 million (9.2%). We finished the year with total business footings of \$73.69 million (our highest business levels yet).

This is a great result for our branch and would not be possible without my wonderful team of loyal staff. They are the face of our **Community Bank**[®] branch and it is their dedication that ensures our continued success, so thank you Sarah Smyth, Carol Smith, Julie McRae, Zoe Grant and Jacinda Singe.

I returned from maternity leave in February this year and the above result would not have been possible without the continued hard work by my team of staff especially Sarah Smyth who stepped up as Branch Manager during my time away from the branch. I can't praise them enough for their extra efforts during this time along with the support and assistance from our business banking and regional management team based in Wagga Wagga.

In February this year we farewelled one of our treasured Customer Service Officers; Doreen Sawle who decided to retire, she is very missed by us all at the branch as well as many of our customers. We wish Doreen a wonderful retirement. Upon Doreen's departure we were lucky to gain a new Customer Service Officer, Zoe Grant. Zoe brings to our team her youth, enthusiasm, determination and great marketing skills, and has fitted into our branch wonderfully.

On top of our normal day-to-day banking business, our branch has also seen a dramatic increase in the amount of insurance sales over our counter through selling insurance policies for our insurer CGU. It has shown us just how competitive our household, business, vehicle and travel insurance policies are. During January – June 2013 this year our Lockhart & District **Community Bank**[®] Branch was also awarded a ranking of 2nd in the state of NSW for Bendigo Bank insurance sales growth.

I would also like to take this opportunity to remind everyone that we are the only bank branch in Lockhart that is open 9.00am – 5.00pm Monday to Friday, and remaining open over lunch. We are committed to providing you with access to our services where and when you need it!

I would like to thank all of our customers and commend them for their understanding of the **Community Bank**[®] philosophy and their spirit of community. As customers you can help our branch continue to grow by acting as advocates and encouraging your family, friends, neighbours to think of Lockhart & District **Community Bank**[®] Branch whenever they are considering their banking, financial and insurance needs.

I say this every year and every year it becomes more important. I would like to thank our Board of volunteer Directors, capable lead by Philip Bouffler, whose support, belief and enthusiasm ensures we continue to keep achieving wonderful results and contributions to our community.

If you are a shareholder who does not have a banking relationship with your **Community Bank**[®] branch, please call in and discuss how you can benefit by banking with your local **Community Bank**[®] branch.

Our goal going forward is to continue to grow our business further while remaining relevant, connected and valued by our customers. The more support we can get from our community the more we will be able to put back, in turn helping to ensure a sustainable and successful community.



Clare Hamson
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2013

This year has marked two very significant milestones for our **Community Bank**[®] network, celebrating its 15th anniversary of operation while also reaching \$100 million in community contributions. Both achievements could not have been accomplished without your ongoing support as shareholders and customers.

The **Community Bank**[®] network has grown considerably since it was first launched in 1998, in partnership with the people from the western Victorian farming towns of Rupanyup and Minyip. For these communities the **Community Bank**[®] model was seen as a way to restore branch banking services to the towns, after the last of the major banks closed its services. But in the years since, the **Community Bank**[®] model has become so much more.

The **Community Bank**[®] network has returned more than \$20 million in contributions to local communities in this financial year alone. Our branches have been able to fund health services, sports programs, aged care facilities, education initiatives, community events and much more.

These contributions have come at a time of continued economic uncertainty, and shows the high level of support the **Community Bank**[®] model has in the communities in which it operates.

While our established branches grow their business at a healthy rate, demand for the model in other communities continues to be strong. There are currently another 40 **Community Bank**[®] sites in development, and 15 new branches are expected to open in the next 12 months.

At the end of the financial year 2012/13 the **Community Bank**[®] network had achieved the following:

- Returns to community – \$102 million
- **Community Bank**[®] branches – 298
- **Community Bank**[®] branch staff – more than 1,460
- **Community Bank**[®] company Directors – 1,925
- Banking business – \$24.46 billion
- Customers – 640,159
- Shareholders – 72,062
- Dividends paid to shareholders since inception – \$30.88 million.

Almost 300 communities have now partnered with Bendigo and Adelaide Bank, to not only enhance banking services, but more importantly take the profits their banking business generates and reinvest it in local groups and projects that will ultimately strengthen their community. This \$100 million goes to new community facilities, improved services, more opportunities for community engagement activities and generally speaking, a more prosperous society.

The communities we partner with also have access to Bendigo and Adelaide Bank's extensive range of other community building solutions including the Community Enterprise Foundation[™] (philanthropic arm), Community Sector Banking (banking service for not-for-profit organisations), Generation Green[™] (environment and sustainability initiative), Community Telco[®] (telecommunications solution), tertiary education scholarships and Community Enterprises that provide **Community Bank**[®] companies with further development options.

In Bendigo and Adelaide Bank, your **Community Bank**[®] company has a committed and strong partner and over the last financial year our company has continued its solid performance.

Bendigo and Adelaide Bank report (continued)

Bendigo and Adelaide Bank remains one of the few banks globally to be awarded an upgraded credit rating since the onset of the Global Financial Crisis. Our Bank continues to be rated at least “A-” by Standard & Poor’s, Moody’s and Fitch in recognition of its strong performance in the face of what continues to be a challenging economic environment.

While continued ratings affirmation is a welcome boost for the Bank and its partners, trading conditions are still difficult, with consumer confidence and demand for credit remaining low, and competition remaining very strong for retail deposits.

Not surprisingly, these factors continue to place pressure on the 50/50 margin share agreement between the Bank and our **Community Bank**[®] partners. As a result some **Community Bank**[®] companies are receiving much more than 50 per cent of revenue earned.

In April, the Bank took a further step to restore this balance, ensuring that the **Community Bank**[®] model produced a more appropriate balance of return for all stakeholders within this partnership model. The Bank will continue to review this remuneration model to ensure it is fair and equitable for all parties and is as resilient as possible to the fast changing economic environment.

It continues to be Bendigo and Adelaide Bank’s vision to be Australia’s leading customer-connected bank. We believe our strength comes from our focus on the success of our customers, people, partners and communities. We take a 100-year view of our business; we listen and respect every customer’s choice, needs and objectives. We partner for sustainable long-term outcomes and aim to be relevant, connected and valued.

This is what drives each and every one of our people and we invite you as **Community Bank**[®] shareholders to support us as we work with your community to deliver on our goals and ensure our sustained and shared success.

As **Community Bank**[®] shareholders you are part of something special, a unique banking movement which has evolved into a whole new way of thinking about banking and the role it plays in modern society.

With the community’s support, there really is no limit to what can be achieved under the **Community Bank**[®] model, and I look forward to seeing what the next 15 years will bring.

I thank you for your important support of your local **Community Bank**[®] branch.



Robert Musgrove
Executive Community Engagement

Directors' report

For the financial year ended 30 June 2013

The Directors present their report together with the accounts of Lockhart & District Financial Services Limited for the year ended 30 June 2013.

Directors

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

Philip James Bouffler	Heidi Eveline Gooden
Roderick Neil Fergusson McMicking	Christine Mackey
Kenneth John Hogan	Shane Cornell Trotter
Warren Noel Jones	Marea Katherine Urquhart

Principal activities

The principle activities of the company during the course of the financial period were in providing **Community Bank**[®] services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

Result

The net profit of the company for the financial year after provision for income tax was \$20,879 (2012 \$56,193).

Short and long term objectives

Our short term objective is to continue to offer **Community Bank**[®] services to the Lockhart and district community. Our long term objective is to achieve increased returns for shareholders and further support the community through various sponsorship arrangements.

Key performance indicators

Key performance indicators used by the company to monitor performance include:

- Monthly financial accounts, budgets and forecasts
- Monthly revenue analysis
- Monthly reports from Bendigo and Adelaide Bank Limited

Matters subsequent to the end of the reporting period

There are no matters or circumstances that have arisen since the end of the reporting period 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)

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 13 September 2013.

Signed in accordance with a resolution of the Directors:



P J Bouffler
Director

Auditor's independence declaration



PARTNERS:
C.C. Long
F.J. Fuller
S.J. Taylor
P.J. King
A.P. Powell
J.K. Maxwell

AUDITORS INDEPENDENCE DECLARATION

As lead auditor for the audit of Lockhart & District Financial Services Limited for the year ended 30 June 2013, 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
John L Bush & Campbell
Chartered Accountants

Peter King
Partner

Wagga Wagga
13 September 2013

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under Professional
Standards Legislation

Financial statements

Statement of comprehensive income for the year ended 30 June 2013

	Note	2013 \$	2012 \$
Revenues from ordinary activities	2	543,268	613,817
Employee Expenses		(234,342)	(257,699)
Administration expenses		(150,492)	(136,525)
Depreciation and amortisation		(27,316)	(24,929)
Sponsorship		(102,531)	(114,602)
Net Profit from ordinary activities before income tax expense		28,587	80,062
Income tax expense relating to ordinary activities	3	7,708	23,869
Net profit from ordinary activities after related income tax expense		20,879	56,193
Total change in equity other than those resulting from transactions with owners as owners		20,879	56,193
Earnings per share	21	3.80 cents	10.22 cents

The statement of comprehensive income is to be read in conjunction with the notes to and forming part of the accounts.

Financial statements (continued)

Statement of financial position as at 30 June 2013

	Note	2013 \$	2012 \$
Current assets			
Cash	5	272,455	352,622
Receivables	6	46,098	51,368
Other financial assets	7	3,339	4,210
Tax assets	8	15,975	8,648
Total current assets		337,867	416,848
Non-current assets			
Property, plant & equipment	9	173,430	183,076
Other financial assets	7	64,684	9,866
Total non-current assets		238,114	192,942
Total assets		575,981	609,790
Current liabilities			
Payables	10	31,635	30,966
Provisions	11	13,755	12,755
Tax liabilities	12	-	3,468
Total current liabilities		45,390	47,189
Non current liabilities			
Provisions	11	15,238	13,126
Total non current liabilities		15,238	13,126
Total liabilities		60,628	60,315
Net assets		515,353	549,475
Equity			
Contributed equity	13	550,009	550,009
Retained profits	14	(34,656)	(534)
Total equity		515,353	549,475

The statement of financial position is to be read in conjunction with the notes to and forming part of the accounts.

Financial statements (continued)

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

	Economic entity		
	Issued capital \$	Retained earnings \$	Total \$
Balance as at July 1 2011	550,009	(7,226)	542,783
Profit for period	-	56,193	56,193
Dividend paid	-	(49,501)	(49,501)
Balance as at June 30 2012	550,009	(534)	549,475
Profit for period	-	20,879	20,879
Dividend paid	-	(55,001)	(55,001)
Balance as at June 30 2013	550,009	(34,656)	515,353

The accompanying statement of changes in equity form part of these financial statements.

Financial statements (continued)

Statement of cash flows for the year ended 30 June 2013

	Note	2013 \$	2012 \$
Cash flows from operating activities			
Cash receipts in the course of operations		590,958	675,185
Cash payments in the course of operations		(543,636)	(568,805)
Net cash used by operating activities	15(ii)	47,322	106,380
Cash flows from investing activities			
Purchase of plant and equipment		(3,268)	(7,204)
Purchase of franchise fee		(69,221)	-
Net cash used in investing activities		(72,489)	(7,204)
Cash flows from financing activities			
Payment of dividends		(55,001)	(49,501)
Net cash used in financing activities		(55,001)	(49,501)
Net increase / (decrease) in cash held		(80,168)	49,675
Cash at the beginning of the financial year		352,622	302,947
Cash at the end of the financial year	15(i)	272,455	352,622

The statement of cash flows is to be read in conjunction with the notes to and forming part of the accounts.

Notes to the financial statements

For year ended 30 June 2012

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:

Class of fixed asset	Depreciation rate
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 Limited 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.

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

(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.

	2013 \$	2012 \$
Note 2. Revenue		
Operating activities		
Fees	42,932	42,196
Gross margin	279,773	313,557
Trailers	160,827	176,444
Upfront commission	3,702	3,892
Market development	50,000	50,000
	537,234	586,089
Non-operating activities		
Interest	4,784	20,123
Other income	1,250	7,605
	53,268	613,817

Note 3. Income tax expense

The prima faise tax on profit ordinary activities

before income tax and after permanent differences	8,576	23,869
Income tax under provided/ over provided for in prior year	(868)	
	7,708	23,869

Notes to the financial statements (continued)

	2013 \$	2012 \$
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Note 4. Profit from ordinary activities

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

(a) Expenses

Amortisation of intangibles	14,403	12,000
Auditors remuneration - auditing accounts	8,000	7,000
Auditors remuneration - other services	5,000	5,050
Depreciation of non-current assets	12,913	12,929

Note 5. Cash assets

Cash at bank	272,455	352,622
	272,455	352,622

Note 6. Receivables

Trade debtors	46,098	51,368
	46,098	51,368

Note 7. Other financial assets

Current

Prepayments	3,339	4,210
	3,339	4,210

Non-current

Current franchise fee	69,221	60,000
Less: accumulated amortisation	(9,537)	(55,134)
	59,684	4,866
Southern Agventure shares - at cost	5,000	5,000
	64,684	9,866

Note 8. Tax assets

Deferred tax assets	9,656	8,648
Income tax refund	6,319	-
	15,975	8,648

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 9. Property, plant and equipment		
Land - at cost	27,258	27,258
Buildings - at cost	154,863	154,863
Less: accumulated depreciation	(41,692)	(37,780)
	113,171	117,083
Plant and equipment - at cost	121,687	118,501
Less: accumulated depreciation	(88,686)	(79,766)
	33,001	38,735
	173,430	183,076

(b) Movement in carrying amounts

	Freehold Land \$	Building \$	Plant & Equipment \$	Total \$
Balance at the beginning of year	27,258	117,083	38,735	183,076
Additions	-		3,268	3,268
Depreciation	-	(3,912)	(9,002)	(12,914)
Balance at the end of year	27,258	113,171	33,001	173,430

	2013 \$	2012 \$
Note 10. Payables		
Trade creditors	20,271	16,927
GST Payable	11,364	14,039
	31,635	30,966

Note 11. Provisions

Current

Employee entitlements	13,755	12,755
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Non-current

Employee entitlements	15,238	13,126
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Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 12. Tax liabilities		
Provisions for income tax	-	3,468
	-	3,468

Note 13. Contributed equity

550,009 fully paid ordinary shares	550,009	550,009
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Note 14. Retained profits

Retained profits at the beginning of the financial year	(534)	(7,226)
Net profit / (loss) from ordinary activities	20,879	56,193
Dividend paid	(55,001)	(49,501)
Retained profits at the end of the financial year	(34,656)	(534)

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 position as follows:

Cash at bank	272,455	352,622
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(ii). Reconciliation of operating profit to net cash used in operating activities:

Profit / (loss) for year:	20,879	56,193
Non cash flows recored in ordinary activities		
Amortisation	14,403	12,000
Depreciation	12,913	12,929
Net cash provided / (used) in operating activities before changes in assets and liabilities during the year		
(Increase) / decrease in other assets	871	(2,512)
(Increase) / decrease in receivables	5,270	2,051
(Increase) / decrease in tax assets	(7,327)	(5,144)
Increase / (decrease) in payables	669	7,301
Increase / (decrease) in tax liabilities	(3,468)	18,663
Increase / (decrease) in provisions	3,112	4,899
Net cash used in operating activities	47,322	106,380

Notes to the financial statements (continued)

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 Mackay
Roderick Neil Fergusson McMicking	Heidi Eveline Gooden
Kenneth John Hogan	Shane Cornell Trotter
Warren Noel Jones	Marea Katherine Urquhart

Note 18. Company details

The registered office of the company is:

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

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 statement of financial position 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.

Notes to the financial statements (continued)

Note 19. Financial instruments (continued)

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 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:

	Weighted av interest rate		Floating interest rate		Non-interest bearing		Total	
	2013 %	2012 %	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$
Financial assets								
Cash at bank	4.05	4.55	272,455	352,622			272,455	352,622
Receivable assets					46,098	51,368	46,098	51,368
Total financial assets			272,455	352,622	46,098	51,368	318,553	403,990
Financial liabilities								
Payables					31,635	30,966	31,635	30,966
Total financial liabilities					31,635	30,966	31,635	30,966

Note 20. Dividends

Dividends paid for the year were at 10c per share (2012 8c per share).

	2013 \$	2012 \$
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Note 21. Earnings per share

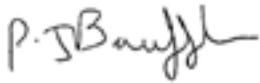
Net Profit used in calculation of EPS	20,879	56,193
Number of ordinary shares used in calculation of EPS	550,009	550,009

Directors' declaration

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 2013 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.



P J Bouffler
Director

Dated 13 September 2013

Board of Directors Board meetings

For year ending 30 June 2013

Director	Total number Board Meeting Including AGM	Number of Board Meetings attended
Philip Bouffler	12	12
Shane Trotter	12	11
Heidi Gooden	12	9
Kenneth Hogan	12	10
Christine Mackey	12	10
Warren Jones	12	9
Marea Urquhart	12	8
Roderick McMicking (Board appointed February 2013)	5	4

Independent audit report



□ PARTNERS:
C.J. Long
T.J. Fuller
S.J. Taylor
P.J. King
A.P. Powell
J.K. Maxwell

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 statement of financial position as at 30 June 2013 and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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.

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Independent audit report (continued)

Independence

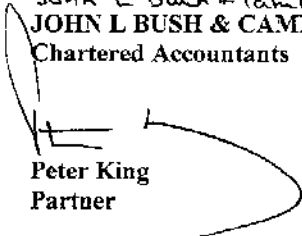
In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Lockhart and District financial Services Limited would be in the same terms if provided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

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 2013 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
JOHN L BUSH & CAMPBELL
Chartered Accountants



Peter King
Partner

Wagga-Wagga
13 September 2013



Lockhart & District **Community Bank**® Branch
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(BMPAR13102) (09/13)

