



# Annual Report 2016

Lockhart & District  
Financial Services Limited

ABN 14 099 918 680

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

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# Chairman's report

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For year ending 30 June 2016

I thought I had written my last report as Chairman back in 2012. However with the resignation of Phillip Bouffler from the position and the Board in May this year, I find myself back in the Chair, and I have notified the Board that I will take on the role until our Annual General Meeting next year.

Although only in the role of Chairman for the last two months of the financial year I am able to report on the full year's highlights.

It was with sincere regret that the Board accepted Phillip's resignation. Phillip has done a great job as Chairman for the last three years and was an inaugural Board member serving our **Community Bank**<sup>®</sup> company for 14 years. He was also one of the original drivers for the establishment of a **Community Bank**<sup>®</sup> branch in Lockhart, and has always been passionate about the benefits it can bring to the whole community. I wish him well.

On a brighter note, the branch has had an outstanding year of growth hitting the magnificent milestone of a total portfolio (loans and deposits) of \$100 million at the end of June. A great achievement when you consider we opened in October 2002 with not a single dollar on the books. On behalf of the Board I wish to thank all our loyal customers who have supported the branch and allowed this milestone to be reached.

Our portfolio grew by a massive 21 percent this year and I wish to extend my congratulations to our Manager Clare Hamson whose strong work ethic and enthusiasm contributed to such a wonderful result. Clare has been ably assisted by our Customer Relationship Officer Sarah Smyth and our customer service team of Carol Smith, Zoe Pertzelt, Julie McRae and Carlie Pearse.

Much of the increase in our business has come from Rural Bank, which is wholly owned by Bendigo Bank and specialises in the agricultural banking market.

Another step forward for our company was achieved in March when in conjunction with Urana Shire Council we opened a Bendigo Bank agency. This will be a valuable asset to the people of Urana district and in turn increase our business in the area.

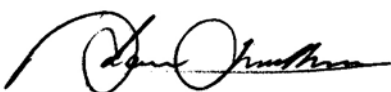
Our profit for the year before tax and community contributions was \$91,268 and the Board has declared a 3 per cent fully franked dividend, which will be paid to our shareholders in November. Please note that dividends will only be paid directly into your bank account and no cheques will be issued. Please contact the branch with your details if we do not have them.

Our contribution to the community was more than \$70,000 this year and it was pleasing to see some of the larger projects we have been major contributors to reach completion. These included the new netball courts at Lockhart, the refurbished hall at Boree Creek, Lockhart Bowling Club amenities and the digital x-ray machine at the Lockhart hospital. We have also continued to sponsor our driver training course, which has now been completed by 116 young learner and probationary drivers from all around the district.

The Lockhart & District **Community Bank**<sup>®</sup> Branch's total contribution to local projects and organisations has now reached \$ 750,000 as well as a further \$ 435,000 being paid to our shareholders in dividends.

I wish to extend my thanks to my fellow Directors for the many hours of voluntary work they put in to contribute to the success of our community company this year. Thanks also to our new Minute Secretary Felicity Day.

In conclusion, just a reminder that a very easy way to help your own community is to bank with Lockhart & District **Community Bank**<sup>®</sup> Branch, where we boast competitive products and fantastic service.



**Shane Trotter**  
Chairman

# Manager's report

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For year ending 30 June 2016

The 2015/16 financial year sees our 14th year of trading produce some sensational growth results for our Lockhart & District **Community Bank**<sup>®</sup> Branch.

Our ambitious goal to reach \$100 million in banking business was successfully achieved at the end of June this year. This was an overall growth of \$17.7 million in new business (loans and deposits) and more than 2,600 deposit and loan bank accounts under our Lockhart & District **Community Bank**<sup>®</sup> Branch. This result is in part due to many new customers coming to our branch, which shows there are continually more and more people who see the benefits to both themselves and their community by banking locally.

In March this year we formed a partnership with Urana Shire Council (now Federation Council), and opened up a Bendigo Bank agency. This has proven to be a successful way of servicing our ever increasing Urana community customers who are now able to complete deposits and withdrawals, open new accounts, plus much more without having to leave Urana.

I would like to thank our regional office for their level of assistance this year; Tim Butt and Carla Byrne remain very valuable regarding the operations and staff support of our branch. We also have the backing of an experienced team of Business Bankers; John Norman, Anthony McGettigan, John Walton and their support staff. We are in a fortunate position to be well serviced by our Business and Agribusiness Lending Managers to help with all of our business customers' needs.

It is pleasing to mention we have had no staff changes at our Lockhart & District **Community Bank**<sup>®</sup> Branch this year, however in September we will temporarily farewell Carlie Pearse as she starts maternity leave. We wish her all the best as she and Brad welcome their third child.

Our successful \$17.7 million in branch business levels growth would certainly not have been achieved without our wonderful dedicated team of branch staff; Sarah Smyth, Carol Smith, Julie McRae, Zoe Pertzelt and Carlie Pearse. They each deserve congratulations for their efforts in helping our branch achieve such wonderful growth results this year, along with providing exceptional service to our customers.

Special recognition must go to all of our Directors for their level of support to our branch and assistance in representing our business within our local community. This year saw us farewell Philip Bouffler, after 14 years of service as a valued Director on our Board. I would like to personally thank Philip for his leadership while he was Chairman of our **Community Bank**<sup>®</sup> company, as well as his contribution as an inaugural Board member.

Finally I would like to thank all of our loyal customers for your continued and ever increasing support with your banking business. Building deeper banking relationships with our customers will be a strong focus in the next 12 months.

I encourage you to continue using our great local **Community Bank**<sup>®</sup> branch, as well as encourage your family, friends and neighbours to drop in as well. The greater support our branch receives, the more our local community will benefit!



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

# Bendigo and Adelaide Bank report

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For year ending 30 June 2016

It's been 18 years since Bendigo Bank and two rural communities announced they were joining forces to open **Community Bank**<sup>®</sup> branches.

The initial aim was to return traditional bank branches to regional communities.

It was soon obvious that the 'community' aspect of this unique banking model was going to be just as important to all types of communities; whether they are rural, regional or urban.

Today, there are 312 **Community Bank**<sup>®</sup> communities in every state and territory of Australia.

The statistics are impressive:

- More than \$148 million in community contributions returned to local communities
- 1,900 Directors
- 1,500 staff
- More than \$38 million in shareholder dividends.

Yes, these figures are staggering.

But dig a little deeper and what's more significant is that social issues affecting every community in Australia have received funding from **Community Bank**<sup>®</sup> companies.

- Aged care
- Youth disengagement
- Homelessness
- Domestic and family violence
- Mental health
- Unemployment
- Environment

I have no doubt that your **Community Bank**<sup>®</sup> company has already had a role to play, either in a funding grant, sponsorship support or connecting locals with relevant government, corporate and not-for-profit organisations.

Behind every **Community Bank**<sup>®</sup> branch is a company Board of Directors. These people are local mums and dads, tradespeople, small business operators, farmers, lawyers, accountants, school teachers, office workers... and the list goes on.

As **Community Bank**<sup>®</sup> company Directors they volunteer their time, their professional expertise and their local knowledge to make your **Community Bank**<sup>®</sup> branch the success it is today.

To every single one of our 1,900-plus **Community Bank**<sup>®</sup> company Directors, thank you for your commitment, your confidence in Bendigo and Adelaide Bank and your vision to make your community a better place to live.

As a **Community Bank**<sup>®</sup> community, you're all change makers.

As a shareholder, you're critical to helping make things happen for the benefit of your community.

On behalf of Bendigo Bank, thank you.

Thank you for your support as a shareholder, your belief in your community and your faith in what a **Community Bank**<sup>®</sup> community can achieve.



**Robert Musgrove**  
**Executive Community Engagement**

# Directors' report

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For the financial year ended 30 June 2016

The Directors present their report together with the accounts of Lockhart & District Financial Services Limited for the year ended 30 June 2016.

## Directors

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

Philip James Bouffler (Resigned 17/5/16)	Heidi Eveline Gooden
Roderick Neil Fergusson McMicking	Christine Mackey
Kenneth John Hogan	Shane Cornell Trotter
Warren Noel Jones (Resigned 28/1/16)	Marea Katherine Urquhart
Craig Fletcher	Nicholas Mathews

All Directors have been in office the full year unless stated above.

## Directors' meetings

The company of Directors' meetings and number of meetings attended by each of the Directors of the company during the financial year are:

Director	Number Attended	Number eligible to attend	Director	Number Attended	Number eligible to attend
Mr P Bouffler	9	9	Mrs H Gooden	10	11
Mr R McMicking	7	11	Mrs C Mackey	8	11
Mr K Hogan	10	11	Mr S Trotter	9	11
Mr W Jones	3	6	Mrs M Urquhart	9	11
Mr C Fletcher	9	11	Mr N Mathews	8	11

## Principal activities

The principle activities of the company during the course of the financial period 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 after provision for income tax was \$14,934 (2015 \$30,104).

## Short and long term objectives

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

# Directors' report (continued)

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## **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**

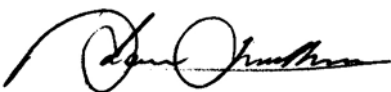
Since the end of the previous financial year no Director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors shown in the accounts) because of a contract made by the company with the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

## **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 21 September 2016.

Signed in accordance with a resolution of the Directors:



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

# Auditor's independence declaration



■ PARTNERS:  
P.J. King CA  
A.P. Powell CA  
J.K. Maxwell CPA  
Affiliate CAANZ  
D.R. Uden CA  
R.K. Nicoll CA

## AUDITORS INDEPENDENCE DECLARATION

As lead auditor for the audit of Lockhart & District Financial Services Limited for the year ended 30 June 2016, 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**  
**21 September 2016**

WAGGA WAGGA  
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Standards Legislation



# Financial statements

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## Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
Revenues from ordinary activities	2	573,748	560,191
Employee Expenses		(311,925)	(297,846)
Administration expenses		(143,435)	(120,664)
Depreciation and amortisation		(27,120)	(28,557)
Sponsorship		(70,707)	(70,118)
<b>Net Profit from ordinary activities before income tax expense</b>		<b>20,561</b>	<b>43,006</b>
Income tax expense relating to ordinary activities	3	(5,627)	(12,902)
<b>Net profit from ordinary activities after related income tax expense</b>		<b>14,934</b>	<b>30,104</b>
<b>Total change in equity other than those resulting from transactions with owners as owners</b>		<b>14,934</b>	<b>30,104</b>
Earnings per share	22	2.72 cents	5.47 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 2016

	Notes	2016 \$	2015 \$
<b>Current assets</b>			
Cash	5	296,442	290,372
Receivables	6	59,640	50,146
Other financial assets	7	2,646	3,015
<b>Total current assets</b>		<b>358,728</b>	<b>343,533</b>
<b>Non-current assets</b>			
Other financial assets	7	23,152	36,996
Tax assets	8	11,480	8,489
Property, plant & equipment	9	156,534	169,809
<b>Total non-current assets</b>		<b>191,166</b>	<b>215,294</b>
<b>Total assets</b>		<b>549,894</b>	<b>558,827</b>
<b>Current liabilities</b>			
Borrowings	10	8	8
Payables	11	32,391	34,186
Provisions	12	17,730	15,222
Tax liabilities	13	232	3,986
<b>Total current liabilities</b>		<b>50,361</b>	<b>53,402</b>
<b>Non current liabilities</b>			
Provisions	12	16,302	9,628
<b>Total non current liabilities</b>		<b>16,302</b>	<b>9,628</b>
<b>Total liabilities</b>		<b>66,663</b>	<b>63,030</b>
<b>Net assets</b>		<b>483,231</b>	<b>495,797</b>
<b>Equity</b>			
Contributed equity	14	550,009	550,009
Retained profits	15	(66,778)	(54,212)
<b>Total equity</b>		<b>483,231</b>	<b>495,797</b>

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 Cash Flows for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations		558,897	610,112
Cash payments in the course of operations		(530,685)	(555,142)
Cash receipts from interest and dividends		5,357	5,514
<b>Net cash used by operating activities</b>	<b>16(ii)</b>	<b>33,569</b>	<b>60,484</b>
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment		-	(16,860)
<b>Net cash used in investing activities</b>		<b>-</b>	<b>(16,860)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		-	8
Payment of dividends		(27,500)	(38,500)
<b>Net cash used in financing activities</b>		<b>(27,500)</b>	<b>(38,492)</b>
Net increase / (decrease) in cash held		6,069	5,132
Cash at the beginning of the financial year		290,372	285,239
<b>Cash at the end of the financial year</b>	<b>16(i)</b>	<b>296,442</b>	<b>290,372</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 for the year ended 30 June 2016

	<b>Issued capital \$</b>	<b>Retained earnings \$</b>	<b>Total \$</b>
<b>Balance as at 1 July 2014</b>	<b>550,009</b>	<b>(45,816)</b>	<b>504,193</b>
Profit for period	-	30,104	30,104
Dividend paid	-	(38,500)	(38,500)
<b>Balance as at June 30 2015</b>	<b>550,009</b>	<b>(54,212)</b>	<b>495,797</b>
Profit for period	-	14,934	14,934
Dividend paid	-	(27,500)	(27,500)
<b>Balance as at June 30 2016</b>	<b>550,009</b>	<b>(66,778)</b>	<b>483,231</b>

The accompanying notes form part of these financial statements.

# Notes to the financial statements

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For year ended 30 June 2016

## 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 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.

# 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.

	2016 \$	2015 \$
<b>Note 2. Revenue</b>		
<b>Operating activities</b>		
Fees	47,486	49,456
Gross margin	307,245	300,563
Trailers	155,477	147,061
Upfront commission	8,183	7,597
Market development	50,000	50,000
	<b>568,391</b>	<b>554,677</b>
<b>Non-operating activities</b>		
Interest	5,357	5,514
Other Income	-	-
	<b>573,748</b>	<b>560,191</b>

## Note 3. Income tax expense

The prima faise tax on profit ordinary activities before income tax is reconciled as follows:

Tax expense at 28.5% (2015 - 30%)	5,860	12,902
Add/(less) tax effect of:		
- Income tax under provided/ over provided for in prior year	(692)	-
- Restatement of deferred tax asset due to change in tax rate	459	-
	<b>5,627</b>	<b>12,902</b>

## Notes to the financial statements (continued)

	2016 \$	2015 \$
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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	13,843	13,843
Auditors remuneration - auditing accounts	6,250	8,250
Auditors remuneration - other services	8,150	6,000
Depreciation of non-current assets	13,276	14,713

### Note 5. Cash assets

Cash at bank	296,442	290,372
	<b>296,442</b>	<b>290,372</b>

### Note 6. Receivables

Trade debtors	59,640	50,146
	<b>59,640</b>	<b>50,146</b>

### Note 7. Other financial assets

#### Current

Prepayments	2,646	3,015
	<b>2,646</b>	<b>3,015</b>

#### Non-current

Current franchise fee	69,221	69,221
Less: accumulated amortisation	(51,069)	(37,225)
	<b>18,152</b>	<b>31,996</b>
Southern Agventure shares - at cost	5,000	5,000
	<b>23,152</b>	<b>36,996</b>

### Note 8. Tax assets

Deferred tax assets	11,480	8,489
	<b>11,480</b>	<b>8,489</b>

## Notes to the financial statements (continued)

	2016 \$	2015 \$
<b>Note 9. Property, plant and equipment</b>		
Land - at cost	27,258	27,258
Buildings - at cost	154,863	154,863
Less: accumulated depreciation	(53,436)	(49,514)
	<b>101,427</b>	<b>105,349</b>
Plant and equipment - at cost	145,951	145,951
Less: accumulated depreciation	(118,102)	(108,749)
	<b>27,849</b>	<b>37,202</b>
<b>Total</b>	<b>156,534</b>	<b>169,809</b>

### (b) Movement in carrying amounts

	Freehold land	Buildings	Plant & equipment	Total
Balance at the beginning of year	27,258	105,349	37,202	169,809
Depreciation	-	(3,922)	(9,353)	(13,275)
<b>Balance at the end of year</b>	<b>27,258</b>	<b>101,427</b>	<b>27,849</b>	<b>156,534</b>

	2016 \$	2015 \$
<b>Note 10. Borrowings</b>		
<b>Bendigo Bank - Credit Card</b>	<b>8</b>	<b>8</b>

### Note 11. Payables

Trade creditors	18,335	21,772
GST Payable	14,056	12,414
	<b>32,391</b>	<b>34,186</b>

### Note 12. Provisions

#### Current

<b>Employee entitlements</b>	<b>17,730</b>	<b>15,222</b>
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#### Non-current

<b>Employee entitlements</b>	<b>16,302</b>	<b>9,628</b>
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## Notes to the financial statements (continued)

	2016 \$	2015 \$
<b>Note 13. Tax liabilities</b>		
Provisions for income tax	232	3,986
	<b>232</b>	<b>3,986</b>

### Note 14. Contributed equity

<b>550,009 fully paid ordinary shares</b>	<b>550,009</b>	<b>550,009</b>
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### Note 15. Retained profits

Retained profits at the beginning of the financial year	(54,212)	(45,816)
Net profit / (loss) from ordinary activities	14,934	30,104
Dividend paid	(27,500)	(38,500)
<b>Retained profits at the end of the financial year</b>	<b>(66,778)</b>	<b>(54,212)</b>

### Note 16. 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:

<b>Cash at bank</b>	<b>296,442</b>	<b>290,372</b>
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#### (ii). Reconciliation of operating profit to net cash used in operating activities:

Profit / (loss) for Year:	14,934	30,104
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#### Non cash flows recored in ordinary activities

Amortisation	13,843	13,843
Depreciation	13,276	14,713

#### Net cash provided / (used) in operating activities before

changes in assets and liabilities during the year

(Increase) / decrease in other assets	369	(990)
(Increase) / decrease in receivables	(9,494)	(33)
(Increase) / decrease in tax assets	(2,991)	5,986
Increase / (decrease) in payables	(1,795)	(2,211)
Increase / (decrease) in tax liabilities	(3,754)	3,986
Increase / (decrease) in provisions	9,181	(4,914)
<b>Net cash used in operating activities</b>	<b>33,569</b>	<b>60,484</b>

# Notes to the financial statements (continued)

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## Note 17. Segment reporting

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

## Note 18. 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 Mackey
Roderick Neil Fergusson McMicking	Heidi Eveline Gooden
Kenneth John Hogan	Shane Cornell Trotter
Warren Noel Jones	Marea Katherine Urquhart
Craig Fletcher	Nicholas Mathews

## Note 19. Company details

The registered office of the company is:

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

## Note 20. 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 20. 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 average interest rate		Floating interest rate		Non-interest bearing		Total	
	2016 %	2015 %	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$
<b>Financial assets</b>								
Cash at bank	2.82	1.77	296,442	290,372			296,442	290,372
Receivable assets					59,640	50,146	59,640	50,146
<b>Total financial assets</b>			<b>296,442</b>	<b>290,372</b>	<b>59,640</b>	<b>50,146</b>	<b>356,082</b>	<b>340,518</b>
<b>Financial liabilities</b>								
Borrowings & payables	13.99	13.99	8.0	8.0	32,391	34,186	32,399	34,194
<b>Total financial liabilities</b>			<b>8.0</b>	<b>8.0</b>	<b>32,391</b>	<b>34,186</b>	<b>32,399</b>	<b>34,194</b>

### Note 21. Dividends

Dividends paid for the year were at 5c per share (2015 7c per share).

2016 \$	2015 \$
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### Note 22. Earnings per share

Net Profit used in calculation of EPS	14,934	30,104
Number of ordinary shares used in calculation of EPS	550,009	550,009

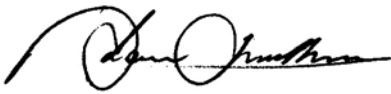
# Directors' declaration

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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 2016 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 this 21 September 2016

# Independent audit report



■ PARTNERS:	
P.J. King	CA
A.P. Powell	CA
J.K. Maxwell	CPA
Affiliate CAANZ	
D.R. Uden	CA
R.K. Nicoll	CA

## 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 2016 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.

#### 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.

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# Independent audit report (continued)

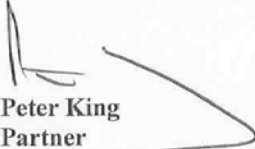
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## Auditor's Opinion

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 2016 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  
21 September 2016

Lockhart & District **Community Bank**<sup>®</sup> Branch  
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Phone: (02) 6920 4244 Fax: (02) 6920 4233

Franchisee: Lockhart & District Financial Services Limited  
98 Green Street, Lockhart NSW 2656  
Phone: (02) 6920 4244  
ABN: 14 099 918 680

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