



Annual Report 2017

Lockhart & District
Financial Services Limited

ABN 14 099 918 680

Lockhart & District **Community Bank**[®] Branch

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Chairman's report

For year ending 30 June 2017

I am pleased to present my report for our **Community Bank**[®] company for the 2016/17 financial year. Our total portfolio of loans and deposits of over \$100 million did not increase significantly over the year, however I am able to report a more profitable outcome than last year. A combination of increased margins and a prudent reduction of expenses has resulted in a profit of \$185,514 before tax and contributions to the community and to the Bendigo Community Enterprise Foundation™ (CEF). We now have a balance of \$74,041 in the CEF and these funds will be available to us for eligible grants to district projects at a future date

The Board this year has declared a fully franked dividend of 5% which will be paid to shareholders in November.

During the year the Board regretfully accepted the resignation of our hard working Secretary Heidi Gooden. Heidi has served on the Board for nine years and most of that time as Treasurer where she has done an excellent job. She will be missed on our Board and we wish her well. The role of Treasurer has been taken over by Craig Fletcher assisted by Sarah Smyth. Other changes on the Board include Rod McMicking taking over as Board Secretary from Chris Mackey who has capably held that position since the bank opened in 2002. Chris will be continuing to serve as a Director.

Our grants this year went to a variety of community organisations, schools and sporting clubs and amounted to \$30,000 plus a pledge to Lockhart Shire Council of \$25,000 to help them in their application for funds to build a new swimming pool for Lockhart.

An example of how your Bank has assisted the community can be seen on a sign soon to be erected at the Lockhart Recreational Ground. In that precinct alone \$126,000 has been contributed to organisations using the facility including the Lockhart Football and Netball Club, Little Athletics, the Skate Park and the RSL Cenotaph.

On behalf of the Board I wish to extend my congratulations to our Customer Relationship Officer Sarah Smyth for achieving 15 years of service to our bank and to our Manager Clare Hamson and customer service officer Carol Smith who both reached 10 years with us this year.

At the NSW State Conference held at Canberra in March Chris Mackey, Marea Urquhart, Ken Hogan and myself all received our 15-year service awards from Bendigo Bank.

I wish to welcome Rachel Westblade who has joined the Board since the end of the financial year.

As I will be retiring at the end of the year after 15 years on the Board and 12 as Chairman I have a lot of people to thank. First and foremost to the customers of the Lockhart & District **Community Bank**[®] Branch because they are the ones who generate the income which enables us to contribute to the community. To our dedicated Manager Clare Hamson and her friendly staff at the front counter for the wonderful service they provide and to all my fellow Board members who voluntarily give their time to ensure the smooth operation of the branch and promote the benefits it can provide to the district. Also a big thank you to our efficient Minute Secretary Felicity Day and also to the Regional Managers and other staff of Bendigo Bank for their help and guidance over the years.

I have enjoyed my time on the Board and can look back with great satisfaction as we have secured full time banking facilities in Lockhart, we have contributed \$830,000 to projects throughout the district and we have rewarded our shareholders with dividends amounting to \$450,000.

With Ken Hogan taking over the role of Chairman at the Annual General Meeting the Board will have a completely new executive and I wish them all the best for the future.

Small rural communities such as Lockhart cannot rely on too much help from Governments. They need to help themselves and the Lockhart & District **Community Bank**[®] Branch is an ideal vehicle to do just that. As shareholders I urge you all to support your bank as much as you can and also encourage others to do so as by supporting your bank with banking business, we can build a good community into an even better one.



Shane Trotter
Chairman

Manager's report

For year ending 30 June 2017

With total business footings sitting over \$100 million I would like to report that we have had another successful and profitable year of trading at your local **Community Bank**[®] branch.

The Rural Bank agribusiness investing and lending sector of our business has been a good continuing growth area for our branch. Our Agribusiness Manager, John Walton and myself are able travel on farm to our customers that require rural banking products and services. Rural Bank's range of specialist farm finance tools are available through all Bendigo Bank branches nationally and by using these products you are also supporting your local **Community Bank**[®] branch.

In September last year a Lockhart and District Financial Services Limited vehicle was purchased locally to allow our branch to be more mobile with our customer visits and visits to our agency in Urana.

Our school banking program continues to be a very popular for our local Lockhart primary aged students. Each Thursday a staff member from our branch visits both Lockhart schools to collect deposits with the aim of helping teach our young children the importance of saving from a young age.

Our driver training program which is held in the April, July and September school holidays each year also continues to be very successful amongst our secondary aged students that have their L & P plates. The students learn basic driving skills including parking, braking distance, indication, reversing and many more important skills. If you are a customer of our Lockhart & District **Community Bank**[®] Branch the cost of the day is 100% subsidised by our **Community Bank**[®] branch. This is a worthwhile and well-organised event. Further information can be obtained from our branch if you have an L or P plater that is interested in participating.

This year we have had some great staffing milestones to celebrate: Sarah Smyth will reach 15 years service in October with Carol Smith and myself achieving 10 years service in April and May respectively. Carol has recently decided to resign from her permanent part-time position at our branch however I am pleased to say she will still stay on as a casual staff member for our branch going forward. We also look forward to welcoming back Carlie Pearse from maternity leave in September this year. I would like to personally thank all of the staff of our **Community Bank**[®] branch, Sarah Smyth, Zoe Pertzelt, Julie McRae, Carlie Pearse and Carol Smith who have continued to provide exceptional service to our valued customers throughout the year.

Our regular community grant contributions continue to make a wonderful positive impact to our Lockhart community and surrounding district. In March this year we held a successful grants evening in Lockhart with guest speaker Tom O'Toole from the Beechworth Bakery. After our grants of over \$30,000 were presented, Tom was able to enlighten and motivate a wonderful audience of people. These grants are only made possible from the profit that is generated with the critical support of our valued customers banking at Lockhart & District **Community Bank**[®] Branch.

It doesn't matter where you live, you can bank Australia-wide; just ensure you have your account domiciled to the Lockhart & District **Community Bank**[®] Branch and you will see the profits being returned locally. I would also like to encourage our existing clients, shareholders and supporters to become advocates for our **Community Bank**[®] branch as the staff and I would appreciate any business referred from family, friends and business acquaintances. The more business held with our branch means the greater capacity we have to support local projects and programs and achieve extraordinary things in your town! Even if you work or live out of town, we are mobile and can come to you at a time that suits.

On behalf of my team we thank our volunteer Board of Directors for their support in the running of our locally owned **Community Bank**[®] company throughout the year. Most importantly we thank our customers, your continued and increasing banking support continues to show us that there is really no limit to what can be achieved within our local community of Lockhart.



Clare Hamson
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2017

As we approach 20 years since the first **Community Bank**[®] branch opened its doors, it's timely to reflect on the role of our network's 70,000-strong shareholders and its army of nearly 2,000 passionate local Directors.

As a group of people you are a powerful force that continues to influence change both locally and nationally.

United for a shared purpose in your communities, you are making big things happen beyond the delivery of great banking products and services; you're creating jobs, helping businesses to thrive, solving problems and achieving outcomes that will make your communities better places to live and do business.

Amongst other things, you are providing hundreds of thousands of people in communities around Australia with new opportunities to:

- Play sport in new **Community Bank**[®] funded centres.
- Continue their education thanks to a **Community Bank**[®] scholarship.
- Seek treatment in hospitals closer to home with equipment funded through a **Community Bank**[®] grant.
- Reap the environmental benefits of **Community Bank**[®] funded solar panels and LED lighting, and
- Access mental health services for teenage children with a service supported by a local **Community Bank**[®] branch.

In fact, since the model's inception your investment in local communities exceeds \$165 million and that figure continues to grow every year. This amount excludes the significant co-investment on key projects that many companies have obtained from Government and other parties.

Nationally our voices are increasingly being heard, and our collaborative approach recognised and celebrated.

Representing us all at a recent forum at Canberra's Parliament House, Bendigo Bank's Managing Director and Chairman reinforced the significance of the **Community Bank**[®] model's achievements and called for regulatory change that would help us compete in a crowded and ever-evolving banking sector. Just two months later, the Federal Government announced a levy on Australia's biggest banks that is set to re-level the playing field as we've regularly advocated for.

But for us this is more than a levy. The Turnbull Government's announcement recognises the importance of customers having access to a robust, competitive and customer-focused banking sector. On this note Bendigo Bank was recently recognised as the banking provider of choice in the annual Mozo People's Choice Awards. Better yet, out of 110 banking providers nationally, we were the only bank recognised in all eight banking categories – and were rated the leading bank in six of those eight categories.

This is an extraordinary achievement for you and our bank. Not only does it demonstrate that, in the eyes of our customers, we are doing something right – it very clearly outlines that together we can continue to achieve results.

As we've long known, the more successful our customers are, the stronger our communities become. In this regard the **Community Bank**[®] model enables these outcomes for customers and communities, as increasingly recognised by more and more Australians.

So thank you for your investment in your local **Community Bank**[®] company, for your ongoing contribution and support, tireless advocacy and continued commitment to building strong local communities. Without this, our **Community Bank**[®] branches would be just another bank.



Robert Musgrove
Executive Engagement Innovation

Directors' report

For the financial year ended 30 June 2017

The Directors present their report together with the accounts of Lockhart & District Financial Services Limited for the year ended 30 June 2017.

Directors

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

Shane Trotter	Heidi Gooden (Resigned 30 August 2017)
Roderick McMicking	Christine Mackey
Kenneth Hogan	Marea Urquhart
Craig Fletcher	Nicholas Mathews
Rachel Westblade (Appt 28 June 2017)	

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 S Trotter	10	11	Mrs H Gooden	7	11
Mr R McMicking	10	11	Mrs C Mackey	9	11
Mr K Hogan	10	11	Mrs M Urquhart	9	11
Mr C Fletcher	8	11	Mr N Mathews	10	11
Mrs R Westblade	1	1			

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 \$69,881 (2016 \$14,934).

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.

Directors' report (continued)

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 15 September 2017.

Signed in accordance with a resolution of the Directors:



S C Trotter
Director

Auditor's independence declaration



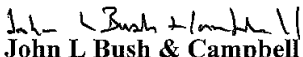
■ PARTNERS:

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 2017, 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


Peter King
Partner

Wagga Wagga
15 September 2017

WAGGA WAGGA
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30 Blake Street, PO Box 98
Wagga Wagga NSW 2650
ABN. 33 225 395 249

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approved under Professional
Standards Legislation

Financial statements

Statement of Comprehensive Income for the year ended 30 June 2017

	Notes	2017 \$	2016 \$
Revenues from ordinary activities	2	655,816	573,748
Employee expenses		(279,405)	(311,925)
Administration expenses		(160,221)	(143,435)
Depreciation and amortisation		(30,676)	(27,120)
Sponsorship		(88,571)	(70,707)
Net Profit from ordinary activities before income tax expense		96,943	20,561
Income tax expense relating to ordinary activities	3	(27,062)	(5,627)
Net profit from ordinary activities after related income tax expense		69,881	14,934
Total change in equity other than those resulting from transactions with owners as owners		69,881	14,934
Earnings per share	22	12.71 cents	2.72 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 2017

	Notes	2017 \$	2016 \$
Current assets			
Cash	5	381,844	296,442
Receivables	6	53,550	59,640
Other financial assets	7	2,075	2,646
Total current assets		437,469	358,728
Non-current assets			
Other financial assets	7	9,308	23,152
Tax assets	8	11,611	11,480
Property, plant & equipment	9	168,334	156,534
Total non-current assets		189,253	191,166
Total assets		626,722	549,894
Current liabilities			
Borrowings	10	-	8
Payables	11	35,495	32,391
Provisions	12	15,420	17,730
Tax liabilities	13	18,890	232
Total current liabilities		69,805	50,361
Non current liabilities			
Provisions	12	20,305	16,302
Total non current liabilities		20,305	16,302
Total liabilities		90,110	66,663
Net assets		536,612	483,231
Equity			
Contributed equity	14	550,009	550,009
Retained profits	15	(13,397)	(66,778)
Total equity		536,612	483,231

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 2017

	Notes	2017 \$	2016 \$
Cash flows from operating activities			
Cash receipts in the course of operations		656,998	558,897
Cash payments in the course of operations		(531,373)	(530,685)
Cash receipts from interest and dividends		4,908	5,357
Net cash used by operating activities	16(ii)	130,533	33,569
Cash flows from investing activities			
Purchase of plant and equipment		(28,632)	-
Net cash used in investing activities		(28,632)	-
Cash flows from financing activities			
Repayment of borrowings		-	-
Payment of dividends		(16,500)	(27,500)
Net cash used in financing activities		(16,500)	(27,500)
Net increase / (decrease) in cash held		85,401	6,069
Cash at the beginning of the financial year		296,442	290,372
Cash at the end of the financial year	16(i)	381,844	296,442

The Statement of Cash Flows 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 2017

	Issued capital \$	Retained earnings \$	Total \$
Balance as at 1 July 2015	550,009	(54,212)	495,797
Profit for period	-	14,934	14,934
Dividend paid	-	(27,500)	(27,500)
Balance as at June 30 2016	550,009	(66,778)	483,231
Profit for period	-	69,881	69,881
Dividend paid	-	(16,500)	(16,500)
Balance as at June 30 2017	550,009	(13,397)	536,612

The Statement of Changes in Equity 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 2017

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 five 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.

	2017 \$	2016 \$
Note 2. Revenue		
Operating activities		
Fees	45,339	47,486
Gross margin	461,143	307,245
Trailers	97,410	155,477
Upfront commission	15,349	8,183
Market development	31,667	50,000
	650,908	568,391
Non-operating activities		
Interest	4,908	5,357
Other Income	-	-
	655,816	573,748

Note 3. Income tax expense

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

Tax expense at 27.5% (2016 - 28.5%)	26,659	5,860
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	403	459
	27,062	5,627

Notes to the financial statements (continued)

	2017 \$	2016 \$
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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	13,844	13,843
Auditors remuneration - auditing accounts	6,500	6,250
Auditors remuneration - other services	8,750	8,150
Depreciation of non-current assets	16,832	13,276

Note 5. Cash assets

Cash at bank	381,844	296,442
	381,844	296,442

Note 6. Receivables

Trade debtors	53,550	59,640
	53,550	59,640

Note 7. Other financial assets

Current

Prepayments	2,075	2,646
	2,075	2,646

Non-current

Current franchise fee	69,221	69,221
Less: accumulated amortisation	(64,913)	(51,069)
	4,308	18,152
Southern Agventure shares - at cost	5,000	5,000
	9,308	23,152

Note 8. Tax assets

Deferred tax assets	11,611	11,480
	11,611	11,480

Notes to the financial statements (continued)

	2017 \$	2016 \$
Note 9. Property, plant and equipment		
Land - at cost	27,258	27,258
Buildings - at cost	154,863	154,863
Less: accumulated depreciation	(57,347)	(53,436)
	97,516	101,427
Plant and equipment - at cost	174,583	145,951
Less: accumulated depreciation	(131,023)	(118,102)
	43,560	27,849
Total	168,334	156,534

(b) Movement in carrying amounts

	Freehold Land	Buildings	Plant & Equipment	Total
Balance at the beginning of year	27,258	101,427	27,849	156,534
Additions	-	-	28,632	28,632
Depreciation	-	(3,911)	(12,921)	(16,832)
Balance at the end of year	27,258	97,516	43,560	168,334

	2017 \$	2016 \$
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Note 10. Borrowings

Bendigo Bank - Credit Card	-	8
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Note 11. Payables

Trade creditors	24,089	18,335
GST Payable	11,406	14,056
	35,495	32,391

Note 12. Provisions

Current

Employee entitlements	15,420	17,730
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Non-current

Employee entitlements	20,305	16,302
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Notes to the financial statements (continued)

	2017 \$	2016 \$
Note 13. Tax liabilities		
Provisions for income tax	18,890	232
	18,890	232

Note 14. Contributed equity

550,009 fully paid ordinary shares	550,009	550,009
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Note 15. Retained profits

Retained profits at the beginning of the financial year	(66,778)	(54,212)
Net profit / (loss) from ordinary activities	69,881	14,934
Dividend paid	(16,500)	(27,500)
Retained profits at the end of the financial year	(13,397)	(66,778)

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:

Cash at bank	381,844	296,442
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(ii). Reconciliation of operating profit to net cash used in operating activities:

Profit / (loss) for Year:	69,881	14,934
Non cash flows recored in ordinary activities		
Amortisation	13,844	13,843
Depreciation	16,832	13,276
Net cash provided / (used) in operating activities before changes in assets and liabilities during the year		
(Increase) / decrease in other assets	571	369
(Increase) / decrease in receivables	6,090	(9,494)
(Increase) / decrease in tax assets	(131)	(2,991)
Increase / (decrease) in payables	3,096	(1,795)
Increase / (decrease) in tax liabilities	18,658	(3,754)
Increase / (decrease) in provisions	1,692	9,181
Net cash used in operating activities	130,533	33,569

Notes to the financial statements (continued)

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:

Shane Cornell Trotter	Christine Mackey
Roderick Neil Fergusson McMicking	Heidi Eveline Gooden
Kenneth John Hogan	Marea Katherine Urquhart
Craig Fletcher	Nicholas Mathews
Rachel Westblade	

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 Av Interest rate		Floating Interest rate		Non-interest bearing		Total	
	2017 %	2016 %	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$
Financial assets								
Cash at bank	1.45	2.82	381,844	296,442			381,844	296,442
Receivable assets					53,550	59,640	53,550	59,640
Total financial assets			381,844	296,442	53,550	59,640	435,394	356,082
Financial liabilities								
Borrowings & payables	13.99	13.99	-	8.0	35,495	32,391	35,495	32,399
Total financial liabilities			-	8.0	35,495	32,391	35,495	32,399

Note 21. Dividends

Dividends paid for the year were at 3c per share (2016 5c per share).

	2017 \$	2016 \$
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Note 22. Earnings per share

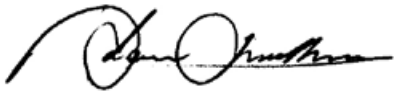
Net profit used in calculation of EPS	69,881	14,934
Number of ordinary shares used in calculation of EPS	550,009	550,009

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 2017 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 15 September 2017

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

LOCKHART AND DISTRICT FINANCIAL SERVICES LIMITED

Opinion

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 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration.

In our opinion, 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 2017 and of their performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Regime and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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Independent audit report (continued)

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibility for the Financial Report

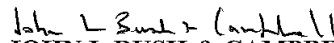
The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.


JOHN L BUSH & CAMPBELL
Chartered Accountants


Peter King
Partner

Wagga Wagga
15 September 2017



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