

2018 Annual Report



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 2018

On 3 April 2001 over 200 people attended a public meeting in Lockhart with the view to starting a Bendigo **Community Bank**[®] company. A steering committee was formed and our aim was to retain banking services in our community and return profits back to our community. These profits are generated by people simply changing their banking habits and banking with our **Community Bank**[®] branch.

On 22 October 2002 our Lockhart & District **Community Bank**[®] Branch was opened, having raised \$550,000.

Since then our **Community Bank**[®] branch has returned back to the community \$1.35 million in grants, sponsorships and dividends.

Now with another closure of yet another bank in Lockhart it is a good time to talk with our Manager Clare Hamson and our friendly staff who are available 9.00am – 5.00pm Monday to Friday to discuss your banking needs at your only community owned bank.

This year we have welcomed two new staff members Annie Stoddart and Stephanie Wettenhall, as well as two new Directors Peter McDonnell and Christy Webb.

Three Directors Nick Mathews, Craig Fletcher and Rachel Westblade participated in all or part of the ride from Ungarie to Melbourne as part of Pedalcure 4 MMD which raised over \$150,000 which was a great effort.

For the 2017/18 financial year our total portfolio of Loans, Deposits, Rural Bank and Financial Planning Customers accumulates to over \$100 million and although this did not increase significantly from last year due to a combination of increased margins and a prudent reduction of expenses has resulted in a profit of \$224,710 before tax and contributions to the community and to the Bendigo Community Enterprise Foundation™ (CEF). We now have a balance of \$153,300 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.

We continue to have strong growth in the rural sector with products provided by Rural Bank – which is wholly owned by Bendigo Bank – who offer a full rural banking services to the rural community.

This year sponsorship to community groups was over \$20,000. Community grants were \$8,300. We also finalised a grant for the Barbeque Area at the pool at a cost of \$25,000 and \$10,000 towards the Bird Avery in Urana.

I would like to thank Peter McDonnell for taking on the Driver Training coordinator roll. We have been funding this project for over ten years and spent over \$25,000 insuring the safety of our young drivers and have seen over 130 students complete the course.

This year Clare Hamson and I attended the National Conference for **Community Bank**[®] branches in Bendigo which celebrated 20 years of the **Community Bank**[®] model in Australia.

Finally I would like to thank all my fellow Directors' who are all volunteers and do a wonderful job with only the best interest of the community driving them to continue in this positions.

Thanks to our local staff who provide friendly and efficient face to face service and most of all our customers who without their business we could not return profits back to our community.

Also thank you, our shareholders, who invested in this **Community Bank**[®] company and made this partnership with Bendigo and Adelaide Bank possible (who are now rated by Roy Morgan as Australia's most Trusted Branch in third position only beaten by Aldi and NRMA in recent research) for supporting your community.



Ken Hogan
Chairman

Manager's report

For year ending 30 June 2018

Once again I have the privilege as Branch Manager of the Lockhart & District **Community Bank**® Branch to report on the great success we have achieved over the last 12 months and contribute to what is our 15th annual report.

Our focus, as always, remains around adding value to our existing customers whilst building new banking relationships in our community and growing our business as major banks continue to withdraw their services from our town.

Our 2018 financial year was a challenging year with a highly competitive financial market and unfortunately a dryer than normal finish along with some of our rural customers also experiencing some frost conditions.

In summary as at the end of the 2018 financial year the branches business was represented as follows:

- total accounts increasing to 2,806
- total book value of \$100.2 million in banking business.

The Rural Banking component of our business has been an area where we have achieved significant 23.5% growth within our business levels through very competitive products such as farm loans, overdrafts, farm management deposits and term deposits for our rural farming customers. We have a dedicated team of Agribusiness lenders based in our Wagga regional office and we can visit you on farm for all your rural lending requirements such as making capital improvements, purchasing property, new farm buildings or production facilities.

Birthday celebrations

In October 2017 the branch celebrated its 15th birthday along with some staff milestones: Sarah Smyth (15 years' service) and myself – Clare Hamson (10 years' service). Carol Smith and Julie McRae resigned from their permanent positions at our branch however we were fortunate to retain them both as casual staff employees to assist our branch when we have temporary staffing shortages.

Staff

October 2017 also saw us farewell another valued member of our team – Zoe Pertzel. Zoe was fortunate enough to secure a promotion working in a Customer Relationship role at the Bayswater Bendigo Bank in Victoria. More recently Zoe and her husband Kyle also welcomed their first child, a baby boy, Max Reginald Pertzel to their family. Congratulations Zoe and Kyle.

Thankfully our branch was able to easily and quickly obtain and train up two new Customer Service Officers, Annie Stoddart and Stephanie Wettenhall (Lane).

Annie started with our branch in November 2017. Annie recently graduated with her Bachelor of Animal Science (Honours) and joined us with experience in the hospitality/customer service industry and a passion of getting to know our local Lockhart rural community having grown up on a farm at Inverell NSW.

Stephanie Wettenhall joined our team in February 2018 this year and is married to Wylie with three children (Year 7, Year 6 and Year 1). Stephanie recently moved back to her home area of Lockhart after having grown up on a local farming property "Erinvale" and has brought with her great office administration experience along with a background and understanding of importance of small rural communities.

Both new staff member's friendly, bright and bubbly natures have allowed them to easily fit right into our wonderful Lockhart team.

Manager's report (continued)

The results and longevity of our Lockhart & District **Community Bank**[®] Branch would not be possible without our dedicated team of staff as well as our hardworking Board of Directors. I would like to take this opportunity to publicly thank our staff and Board of volunteer Directors. Together we are achieving some wonderful things for our surrounding community and certainly punching above our weight in comparison to some other **Community Bank**[®] branches in Australia.

With over \$845,700 returned to our local community via sponsorships & grants and over \$506,000 returned to shareholders equates to a grand total of \$1.35 million. So thank you to all those customers who choose to bank locally and in turn help produce great outcomes for our local community.

We are all committed to working collaboratively for the continued success of our Lockhart & District **Community Bank**[®] Branch and look forward to a bigger and better 2018/19 year for our **Community Bank**[®] branch.



Clare Hamson
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2018

It's been 20 years since the doors to the first **Community Bank®** branch opened. And it has only been a few months since the latest, the 321st, **Community Bank®** branch opened its doors.

In the last 20 years, much has changed. A staggering 92 per cent of our customers do their banking online and we pay for goods and services on a range of mobile phones, our watches and even our fitness devices. Many are embracing this online world with a sense of excitement and confidence. Our model will be even more accessible to people right across Australia.

Despite the change many things have also remained constant through the last two decades. Commitment within communities remains as strong today as it has ever been; from our first **Community Bank®** branch to the most recent one, and the 319 in between.

This year, five of our **Community Bank®** branches are celebrating 20 years in business. Bendigo Bank has celebrated 160 years in business. We farewelled Managing Director Mike Hirst and welcomed into the MD role long-time Bendigo employee Marnie Baker.

Our **Be the change** online marketing campaign has been the most successful online marketing campaign ever run by our organisation. The premise behind **Be the change** is simple – it thanks individual customers for banking with their **Community Bank®** branch.

But it's not the Bank thanking the customers. It's not the staff, volunteer directors or shareholders thanking the customers. It's the kids from the local little athletics and netball clubs, it's the man whose life was saved by a **Community Bank®** funded defib unit, it's members of the local community choir and the animal rescue shelter. These people whose clubs and organisations have received a share of over \$200 million in **Community Bank®** contributions, all because of people banking with their local **Community Bank®** branch.

Be the change has further highlighted the power of the model. For others, customers are important. For our **Community Bank®** network, customer support ensures our point of difference. It's the reason we can share in the revenue generated by their banking business. Without this point of difference, we would be just another bank.

But we're not, we're Bendigo Bank and we're Australia's only 'community bank', recently named by Roy Morgan Research as Australia's third most trusted brand and most trusted bank. As one of 70,000-plus **Community Bank®** company shareholders across Australia, these are outcomes we hope you too are proud of.

I'd like to thank you for your decision to support your local **Community Bank®** company as a shareholder. Your support has been vitally important to enhancing the prospects and outcomes within your community.

Without you, there would be no **Community Bank®** branch network in Australia.

We value your initial contribution and your ongoing support of your **Community Bank®** branch and your community. Thank you for continuing to play a role in helping your community **Be the change**.



Robert Musgrove
Bendigo and Adelaide Bank

Directors' report

For the financial year ended 30 June 2018

The Directors present their report together with the accounts of Lockhart & District Financial Services Limited for the year ended 30 June 2018.

Directors

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

Shane Trotter (Resigned 29 November 2017)	Heidi Gooden (Resigned 30 August 2017)
Roderick McMicking	Christine Mackey
Kenneth Hogan	Marea Urquhart
Craig Fletcher	Nicholas Mathews
Rachel Westblade	Peter McDonnell (Appointed 27 September 2017)
Christy Webb (Appointed 6 June 2018)	

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	5	5	Mrs H Gooden	1	1
Mr R McMicking	10	11	Mrs C Mackey	8	11
Mr K Hogan	11	11	Mrs M Urquhart	9	11
Mr C Fletcher	8	11	Mr N Mathews	6	11
Mrs R Westblade	10	11	Mr P McDonnell	6	8
Mrs C Webb	2	2			

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 \$67,049 (2017 \$69,881).

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.

Directors' report (continued)

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 15 September 2018

Signed in accordance with a resolution of the Directors:



Ken Hogan
Director

Auditor's independence declaration



■ PARTNERS:

P.J. King	CA
A.P. Powell	CA
D.R. Uden	CA
R.K. Nicoll	CA
M.A. Smith	CA

AUDITORS INDEPENDENCE DECLARATION

As lead auditor for the audit of Lockhart & District Financial Services Limited for the year ended 30 June 2018, 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
Peter King
Partner

Wagga Wagga
15 September 2018

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Standards Legislation

Financial statements

Statement of Comprehensive Income for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
Revenues from ordinary activities	2	698,833	655,816
Employee expenses		(283,572)	(279,405)
Administration expenses		(164,129)	(160,221)
Depreciation and amortisation		(26,422)	(30,676)
Sponsorship expense		(132,229)	(88,571)
Net profit from ordinary activities before income tax expense		92,481	96,943
Income tax expense relating to ordinary activities	3	(25,432)	(27,062)
Net profit from ordinary activities after related income tax expense		67,049	69,881
Total change in equity other than those resulting from transactions with owners as owners		67,049	69,881
Earnings per share	22	12.19 cents	12.71 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 2018

	Notes	2018 \$	2017 \$
Current assets			
Cash	5	431,914	381,844
Receivables	6	59,715	53,550
Other financial assets	7	4,268	2,075
Total current assets		495,897	437,469
Non-current assets			
Other financial assets	7	62,296	9,308
Tax assets	8	12,789	11,611
Property, plant & equipment	9	155,035	168,334
Total non-current assets		230,120	189,253
Total assets		726,017	626,722
Current liabilities			
Borrowings	10	16,578	-
Payables	11	27,344	35,495
Provisions	12	16,514	15,420
Tax liabilities	13	20,124	18,890
Total current liabilities		80,560	69,805
Non current liabilities			
Borrowings	10	46,053	-
Provisions	12	23,243	20,305
Total non current liabilities		69,296	20,305
Total liabilities		149,856	90,110
Net assets		576,161	536,612
Equity			
Contributed equity	14	550,009	550,009
Retained profits	15	26,152	(13,397)
Total equity		576,161	536,612

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 2018

	Notes	2018 \$	2017 \$
Cash flows from operating activities			
Cash receipts in the course of operations		684,750	656,998
Cash payments in the course of operations		(611,619)	(531,373)
Cash receipts from interest and dividends		7,918	4,908
Net cash used by operating activities	16(ii)	81,049	130,533
Cash flows from investing activities			
Purchase of intangibles		(66,111)	-
Purchase of plant and equipment		-	(28,632)
Net cash used in investing activities		(66,111)	(28,632)
Cash flows from financing activities			
Net cashflow from borrowings		62,631	-
Payment of dividends		(27,500)	(16,500)
Net cash used in financing activities		35,131	(16,500)
Net increase / (decrease) in cash held		50,069	85,401
Cash at the beginning of the financial year		381,844	296,442
Cash at the end of the financial year	16(i)	431,914	381,844

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 2018

	Issued capital \$	Retained earnings \$	Total \$
Balance as at 1 July 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
Profit for period	-	67,049	67,049
Dividend paid	-	(27,500)	(27,500)
Balance as at June 30 2018	550,009	26,152	576,161

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2018

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 Bank 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.

(h) Standards and Interpretations issued not yet effective

At the date of authorisation of the financial report, the Standards and Interpretations listed below were in issue but not yet effective. These standards have not been applied in the financial report and the Directors do not expect the new standards to have a significant impact on the financial statements.

Standard/ Interpretation	Nature of Change	Effective for annual reporting periods beginning	Expected to be initially applied in the financial year ending
AASB 9 Financial Instruments	AASB 9 addresses the classification, measurement and de-recognition of financial assets and liabilities.	30 June 2019	30 June 2020
AASB 15 Revenue from Contracts with Customers	AASB 15 replaces AASB 118 which details the recognition of revenue. The new standard is based on the principal that revenue is recognised when specific performance obligations are met.	1 January 2018	30 June 2019
AASB 16 Leases	AASB 16 removes the distinction between operating and finance leases, consequently the majority of leases will be recognised on the balance sheet. Under the new standard, an asset (the right to use the leased item) and a financial liability to for future rental payments are recognised.	1 January 2019	30 June 2020

Notes to the financial statements (continued)

	2018 \$	2017 \$
Note 2. Revenue		
Operating activities		
Fees	45,203	45,339
Gross margin	509,633	461,143
Trailers	94,148	97,410
Upfront commission	11,931	15,349
Market development	30,000	31,667
	690,915	650,908
Non-operating activities		
Interest	7,918	4,908
	698,833	655,816

Note 3. Income tax expense

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

Tax expense at 27.5% (2017 - 27.5%)	25,432	26,659
Add/(less) tax effect of:		
- Restatement of deferred tax asset due to change in tax rate	-	403
	25,432	27,062

Note 4. Profit from ordinary activities

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

(a) Expenses		
Amortisation of intangibles	13,123	13,844
Auditors remuneration - auditing accounts	6,750	6,500
Auditors remuneration - other services	8,750	8,750
Depreciation of non-current assets	13,299	16,832

Note 5. Cash assets

Cash at bank	431,914	381,844
	431,914	381,844

Notes to the financial statements (continued)

	2018 \$	2017 \$
Note 6. Receivables		
Trade debtors	59,715	53,550
	59,715	53,550

Note 7. Other financial assets

Current

Prepayments	4,268	2,075
	4,268	2,075

Non-current

Current franchise fee	66,111	69,221
Less: accumulated amortisation	(8,815)	(64,913)
	57,296	4,308
Southern Agventure shares - at cost	5,000	5,000
	62,296	9,308

Note 8. Tax assets

Deferred tax assets	12,789	11,611
	12,789	11,611

Note 9. Property, plant and equipment

Land - at cost	27,258	27,258
Buildings - at cost	154,863	154,863
Less: accumulated depreciation	(61,258)	(57,347)
	93,605	97,516
Plant and equipment - at cost	174,583	174,583
Less: accumulated depreciation	(140,411)	(131,023)
	34,172	43,560
Total	155,035	168,334

Notes to the financial statements (continued)

Note 9. Property, plant and equipment (continued)

(b) Movement in carrying amounts

	Freehold land	Buildings	Plant and equipment	Total
Balance at the beginning of year	27,258	97,516	43,560	168,334
Additions	-	-	-	-
Depreciation	-	(3,911)	(9,388)	(13,299)
Balance at the end of year	27,258	93,605	34,172	155,035

	2018 \$	2017 \$
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Note 10. Borrowings

Current

Bendigo Bank - Credit Card	1,227	-
Bendigo Bank - Franchise Fee Loan	15,351	-
	16,578	-

Non-Current

Bendigo Bank - Franchise Fee Loan	46,053	-
	46,053	-

Note 11. Payables

Trade creditors	19,348	24,089
GST Payable	7,996	11,406
	27,344	35,495

Note 12. Provisions

Current

Employee entitlements	16,514	15,420
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Non-current

Employee entitlements	23,243	20,305
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Note 13. Tax liabilities

Provisions for income tax	20,124	18,890
	20,124	18,890

Notes to the financial statements (continued)

	2018 \$	2017 \$
Note 14. Contributed equity		
550,009 fully paid ordinary shares	550,009	550,009

Note 15. Retained profits

Retained profits at the beginning of the financial year	(13,397)	(66,778)
Net profit / (loss) from ordinary activities	67,049	69,881
Dividend paid	(27,500)	(16,500)
Retained profits at the end of the financial year	26,152	(13,397)

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	431,914	381,844
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(ii). Reconciliation of operating profit to net cash used in operating activities

Profit / (loss) for year:	67,049	69,881
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Non cash flows recored in ordinary activities

Amortisation	13,123	13,844
Depreciation	13,299	16,832

Net cash provided / (used) in operating activities before changes in assets and liabilities during the year

(Increase) / decrease in other assets	(2,193)	571
(Increase) / decrease in receivables	(6,165)	6,090
(Increase) / decrease in tax assets	(1,178)	(131)
Increase / (decrease) in payables	(8,151)	3,096
Increase / (decrease) in tax liabilities	1,234	18,658
Increase / (decrease) in provisions	4,031	1,692
Net cash used in operating activities	81,049	130,533

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	Peter McDonnell
Christy Webb	

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	
	2018 %	2017 %	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$
Financial assets								
Cash at bank	1.95	1.45	431,914	381,844			431,914	381,844
Receivable assets					59,715	53,550	59,715	53,550
Total financial assets			431,914	381,844	59,715	53,550	491,629	435,394
Financial liabilities								
Borrowings and payables	13.99	13.99	-	-	27,344	35,495	27,344	35,495
Total financial liabilities			-	-	27,344	35,495	27,344	35,495

Note 21. Dividends

Dividends paid for the year were at 5c per share (2017 3c per share).

	2018 \$	2017 \$
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Note 22. Earnings per share

Net Profit used in calculation of EPS	67,049	69,881
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 2018 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.



Ken Hogan
Director

Dated 15 September 2018

Independent audit report



PARTNERS:	
P.J. King	CA
A.P. Powell	CA
D.R. Uden	CA
R.K. Nicoll	CA
M.A. Smith	CA

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

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 2018, 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 2018 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 2018, 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 2018

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