

Annual Report 2022

Lockhart & District Financial
Services Limited

Community Bank
Lockhart & District

ABN 14 099 918 680



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Chairperson's report

For year ending 30 June 2022

Twenty years...how the world has changed in that time! The 'Big Four' banks were closing rural branches, emails and mobile phones were barely around, and 90% of people drove an Australian built car. Yet 20 years ago our community banded together and invested in the idea of a Community Bank - employing local people, providing banking services to the local area and sharing profits between shareholders and the community. Not only did this brave move work, but Community Bank Lockhart & District has survived and thrived over that time. We have invested around \$10 million into our community via grants for local infrastructure, sponsorship of not-for-profit groups, and employment. We all should be very proud of what has been achieved in that time. To celebrate the 20-year anniversary of Community Bank Lockhart & District, we have been busy planning a special event to be held on Friday 30 September 2022 at the Lockhart Picnic Races with special guest Kurt Fearnley in attendance.

Directors update

Over the last twelve months, our Board of Directors engaged in a Community Company Performance Review which reinforced the importance of effective Community Bank governance, succession planning and role clarity. From the review we identified that some assistance was needed in the day-to-day tasks required to keep up with the constant flow of information from Bendigo Bank in an ever-growing technological world. We have therefore employed the services of Bronwyn Meadows Smith as our Board support and Company Secretary. Bronwyn is well versed in all things required to assist our Board and even in her early time with us she has brought great knowledge and fresh ideas. We are really excited to see what Bronwyn is doing to ensure the consistency of Directors' roles, that they are clearly defined and transferable as Directors come and go.

With Bronwyn coming on board, we say thank you to Rod McMicking for his time as Company Secretary – your service and professionalism has been first class and I look forward in continuing working with you as a Director on the Board.

Over the next twelve months we will be recruiting new Directors if you are someone who wishes to contribute to our Community Bank. Directors don't need to be located in Lockhart as the last two years have shown technology is helping us to easily communicate via video conferencing. We offer a great insight into what is involved being a Director of a company, as well as helping our community financially by way of our Community Grants Program. Please feel free to reach out to myself or any of our Directors with any questions. We hope to see some new faces join our wonderful and diverse Board.

Branch staffing update

As I write my Annual Report, we are actively searching and advertising for a Branch Manager. David Wilkes has recently accepted a position as Branch Manager at Bendigo Bank Maroochydore Branch. David has left our branch in great shape and will be missed by all staff, Directors and customers. His passion and drive to improve results was a real strength. We wish him all the best in his professional and personal life.

Sarah Smyth is our interim Branch Manager, a role she has fulfilled in the past. We thank Sarah for stepping up and don't anticipate any change in customer relations whilst we look for David's replacement. We have a wonderful team in the branch and I thank them for their work in assisting in making Community Bank Lockhart & District the success it is as we head into our 20th Year.

Chairperson's report (continued)

Community Grants Program

Community Bank Lockhart & District continue to work in partnership with local organisations through our yearly sponsorship to sporting groups and public events as well as our Community Grants Program.

This past year we have given back almost \$60,000 (including pledges) to our community.

We continue to sponsor the Driver Training Program, which is well received by those who have attended and their families. We hope the knowledge gained can be the difference between a close call and disaster for our young drivers.

Dividend payment

Our Board of Directors ratified that a 5 cents fully franked dividend will be paid to shareholders on 2 November 2022.

If anyone would like to enquire on the opportunity to purchase more shares or knows of someone who may be interested in owning some shares in our Community Bank, please contact the branch (02) 6920 4244.

In closing, thank you to my family, fellow Board members and Bendigo Bank staff who continue to support Community Bank Lockhart & District.



Nick Mathews
Chairperson

Manager's report

For year ending 30 June 2022

It is with much pleasure that I present the Manager's report for Community Bank Lockhart & District for year ending 30 June 2022.

Our business levels remained stable year-on-year with a closing figure of \$134.60 million in banking business as at 30 June 2022. The increase in activity seen last financial year has stopped and a level of stability has resumed as interest rates continue to rise. It is expected that we will see a decrease in overall activity across the board as economic pressures start to filter through impacting on new lending applications and enquiries. On a positive note, cash deposits currently held with us may be earning interest rates last seen in 2018-19 and many of our customers are starting to see that benefit now.

2021-22 was a great year for our agricultural sector with favourable seasonal conditions and commodity prices which has helped see a positive impact on the Rural Bank growth for our branch. Our branch focus for the year ahead will be to consolidate on last year's growth, adding value to our existing customers while building and growing our business for the future. With COVID-19 restrictions easing we look forward to returning to our pre-pandemic levels of community involvement and customer engagement. We are proud of what we do, and are proud of why we do it. We believe our success is driven by our purpose, to feed into the prosperity of our customers and communities not off it, and align with Bendigo Bank's greater vision of being Australia's bank of choice.

I would like to thank the staff for their continued efforts throughout the past 12 months as we managed the everchanging restrictions around the COVID-19 pandemic and changes to the way our customers address their banking needs. As you, our customers, adjust with our new way of life, we are with you side by side and will continue to provide impeccable customer service in any way we can. 2021 saw Sarah Smyth celebrate 19 years of continued service with Community Bank Lockhart & District. What an incredible milestone and on behalf of the team as well as our customers and investors we appreciate the years of service you have provided to our community.

I would like to thank our local volunteer Board of Directors, Regional Managers – Tim Koschel and Tim Butt – as well as their support staff for their guidance and leadership through the year. I would also like to especially thank John Walton, our Rural Bank Agribusiness Manager, and Anthony McGettigan, our Bendigo Bank Business Banking Manager, who are both based in Wagga Wagga. We appreciate your visits to our branch regularly and thank you for servicing the needs of our primary producer and business customers.

Most importantly I would like to thank our loyal customers. Your ongoing banking support is invaluable in helping our branch to continue to grow, enabling our Community Bank to continue to inject funds back into local projects and initiatives, and helping to create a vibrant and thriving local Lockhart community.



David Wilkes
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2022

Community continues to be core to who we are at Bendigo and Adelaide Bank.

With your support, we are enabling community infrastructure to be built, strengthening the arts and culturally diverse communities, improving educational outcomes, and growing healthy places for Australians to live and work. On behalf of the Bank, thank you for continuing to play a vital role in supporting your community.

As we emerge from the pandemic and navigate a shifting economic landscape, the investments our Community Banks make in the future of the communities in which they operate has never been more important.

We are proud that more Australians are choosing to do their banking with Bendigo and Adelaide Bank – and importantly trust us with their financial needs. We are Australia's most trusted bank (Roy Morgan, May 2022), an outcome that you have all contributed to and should feel proud of.

Our purpose has never been more important; we remain committed to continuing to feed into the prosperity of our customers and communities, and not off them.

Your ongoing support as a shareholder is essential to the success of your local community. Together, we will continue to grow sustainably and make a positive impact for generations to come.

Warmest regards,



Justine Minne
Bendigo and Adelaide Bank

Investing in our community



110+ drivers completed driver training awareness programme

Thanks to...



1,807 local customers
at 30 June 2022

\$134.6 million
of loans and deposits
at 30 June 2022



355 shareholders who have received
\$588,509 in dividends to 30 June 2022
2021/22: **5 cent** fully franked dividend



Directors' report

For the financial year ended 30 June 2022

The Directors present their report together with the accounts of Lockhart & District Financial Services Limited for the year ended 30 June 2022.

DIRECTORS

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

Kenneth Hogan	Marea Urquhart
Roderick McMicking	Nicholas Mathews
Craig Fletcher	Peter McDonnell
Rachel Westblade	Robyn Pearse

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

DIRECTOR'S MEETINGS

The number 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
Mr K Hogan	10	11
Mr R McMicking	11	11
Mr C Fletcher	10	11
Mrs R Westblade	10	11

Director	Number Attended	Number eligible to attend
Mrs M Urquhart	7	11
Mr N Mathews	10	11
Mr P McDonnell	8	11
Mrs R Pearse	9	11

PRINCIPAL ACTIVITIES

The principle activities of the company during the course of the financial period were in providing community banking 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 \$94,370 (2021 \$64,837).

SHORT AND LONG TERM OBJECTIVES

Our short term objective is to continue to offer community banking 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.

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 Bank Ltd

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 31st day of August 2022

Signed in accordance with a resolution of the directors:



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
D.T. Rosetta CA

AUDITORS INDEPENDENCE DECLARATION

As lead auditor for the audit of Lockhart & District Financial Services Limited for the year ended 30 June 2022, 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

DR

David Rosetta
Partner

Wagga Wagga
31 August 2022

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

www.bushcampbell.com.au



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approved under Professional
Standards Legislation

Financial statements

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2022

	Notes	2022 \$	2021 \$
Revenues from ordinary activities	2	676,641	702,112
Employee expenses		(360,207)	(354,037)
Administration expenses		(136,330)	(157,648)
Depreciation and amortisation		(33,996)	(22,498)
Sponsorship expense		(20,385)	(79,569)
Net Profit from ordinary activities before income tax expense		125,723	88,360
Income tax expense relating to ordinary activities	3	(31,353)	(23,523)
Net profit from ordinary activities after related income tax expense		94,370	64,837
Total change in equity other than those resulting from transactions with owners as owners		94,370	64,837
Earnings per share	22	17.16 cents	11.78 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 2022

	Notes	2022 \$	2021 \$
CURRENT ASSETS			
Cash	5	618,450	508,097
Receivables	6	60,364	63,657
Other Financial Assets	7	7,422	8,728
Tax Assets	13	-	6,787
TOTAL CURRENT ASSETS		686,236	587,269
NON-CURRENT ASSETS			
Other Financial Assets	7	4,408	17,629
Tax Assets	8	-	-
Property, plant & equipment	9	159,138	169,069
TOTAL NON-CURRENT ASSETS		163,546	186,698
TOTAL ASSETS		849,782	773,967
CURRENT LIABILITIES			
Borrowings	10	114	16,908
Payables	11	43,738	31,297
Provisions	12	16,278	35,514
Tax Liabilities	13	23,470	-
TOTAL CURRENT LIABILITIES		83,600	83,719
NON CURRENT LIABILITIES			
Borrowings	10	-	-
Tax Liabilities	8	1,088	2,040
Provisions	12	10,015	-
TOTAL NON CURRENT LIABILITIES		11,103	2,040
TOTAL LIABILITIES		94,703	85,759
NET ASSETS		755,079	688,208
EQUITY			
Contributed Equity	14	550,009	550,009
Retained Profits	15	205,070	138,199
TOTAL EQUITY		755,079	688,208

The Statement of Financial Position is to be read in conjunction with the notes to and forming part of the accounts.

Financial statements (continued)

Statement of Changes in Equity for the year ended 30 June 2022

	Issued capital \$	Retained earnings \$	Total \$
Balance as at 1 July 2020	550,009	100,862	650,871
Profit for period	-	64,837	64,837
Dividend paid	-	(27,500)	(27,500)
Balance as at June 30 2021	550,009	138,199	688,208
Profit for period	-	94,370	94,370
Dividend paid	-	(27,500)	(27,500)
Balance as at June 30 2022	550,009	205,070	755,079

The Statement of Changes in Equity 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 2022

	Notes	2022 \$	2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		679,210	719,117
Cash payments in the course of operations		(514,444)	(608,336)
Cash receipts from interest and dividends		724	2,691
Net cash used by operating activities	16(ii)	165,490	113,472
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(10,844)	(51,736)
Net cash used in investing activities		(10,844)	(51,736)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net receipts/(repayment) from borrowings		(16,794)	(14,015)
Payment of dividends		(27,500)	(27,500)
Net cash used in financing activities		(44,294)	(41,515)
Net increase / (decrease) in cash held		110,352	20,221
Cash at the beginning of the financial year		508,097	487,875
Cash at the end of the financial year	16(i)	618,450	508,097

The Statement of Cash Flows is to be read in conjunction with the notes to and forming part of the accounts.

Notes to the financial statements

For the year ended 30 June 2022

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 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.

(f) Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes to presentation for the current financial year.

Notes to the financial statements (continued)

Note 1 - Statement of Significant Accounting Policies (continued)

(g) Revenue

Revenue from contracts with customers

The Company recognises revenue as the amount of the transaction price that is allocated to the performance obligation, excluding any amounts of variable consideration, when the performance obligation has been satisfied. All revenue is stated net of the amount of goods and services tax (GST).

Revenue calculation

The Company provides banking services under a franchise agreement. Bendigo and Adelaide Bank Limited decides the form of revenue the company earns on different types of products and services. The franchise agreement provides that three forms of revenue may be earned by the company – margin, commission and fee income. The revenue earned by the company is dependent on the business that it generates. It may also be affected by other factors, such as economic and local conditions, for example, interest rates.

Margin

Margin is arrived through the following calculation:

- Interest paid by customers on loans less interest paid to customers on deposits,
- plus any deposit returns i.e. interest return applied by Bendigo and Adelaide Bank Limited for a deposit,
- minus any costs of funds i.e. interest applied by Bendigo and Adelaide Bank Limited to fund a loan.

For those products and services on which margin is paid, the company is entitled to a share of the margin earned by Bendigo and Adelaide Bank Limited (i.e. income adjusted for Bendigo and Adelaide Bank Limited's interest expense and interest income return). However, if this reflects a loss, the company incurs a share of that loss. Products and services on which margin is paid include variable rate deposits and variable rate home loans.

Commission

Commission is a fee paid for products and services sold. It may be paid on the initial sale or on an ongoing basis. Commission is payable on the sale of an insurance product such as home and contents. Examples of products and services on which ongoing commissions are paid include leasing and other products.

The Company has considered the treatment of trail commissions in accordance with AASB 15. It was concluded that there is no way to determine, with high probability, the present value of on-going commissions. For these reasons on-going trail commission is recognised when calculated and remitted to the Company.

Fee income

Fee income is a share of what is commonly referred to as 'bank fees and charges' charged to customers by Bendigo Bank Group entities including fees for loan applications and account transactions.

(h) New Accounting standards adopted during the year

There were no new accounting standards adopted during the year that had a material impact on the financial statements of the company.

	2022 \$	2021 \$
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Note 2 - Revenue

Operating activities		
Fees	37,011	38,307
Gross margin	444,188	453,198
Commissions	172,502	178,214
Market development	15,000	22,500
	668,701	692,219

Notes to the financial statements (continued)

	2022 \$	2021 \$
Note 2 - Revenue (continued)		
Non-operating activities		
Interest	724	2,691
Other Income	7,216	7,202
ATO Cashflow Boost	-	-
	676,641	702,112

Note 3 - Income Tax Expense

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

Tax expense at 25% (2021 - 26%)	31,431	22,974
Add/(less) tax effect of:		
- Restatement of deferred tax asset due to change in tax rate	(78)	549
- Permanent Difference	-	-
	31,353	23,523

Note 4 - Profit from Ordinary Activities

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

(a) Expenses		
Amortisation of intangibles	13,221	13,223
Auditors remuneration - auditing accounts	8,150	7,750
Auditors remuneration - other services	12,560	13,450
Depreciation of non-current assets	20,775	10,344

Note 5 - Cash Assets

Cash at bank	618,450	508,097
	618,450	508,097

Note 6 - Receivables

Trade debtors (Bendigo Receivable)	60,364	63,657
Other receivables	-	-
	60,364	63,657

Note 7 - Other Financial Assets

Current		
Prepayments	7,422	8,728
	7,422	8,728

Notes to the financial statements (continued)

	2022 \$	2021 \$
Note 7 - Other Financial Assets (continued)		
Non-current		
Current franchise fee	66,111	66,111
Less: accumulated amortisation	(61,703)	(48,482)
	4,408	17,629

Note 8 - Deferred Tax Assets & Liabilities

Deferred Tax Assets/(Liability)	(1,088)	(2,040)
	(1,088)	(2,040)

Note 9 - Property, Plant and Equipment

Land - at cost	27,258	27,258
Buildings - at cost	164,125	154,863
Less: accumulated depreciation	(78,433)	(72,887)
	85,692	81,976
Plant and equipment - at cost	202,031	200,449
Less: accumulated depreciation	(155,843)	(140,614)
	46,188	59,835
Total	159,138	169,069

(b) Movement in Carrying Amounts

	Freehold Land	Buildings	Plant & Equipment	Total
Balance at the beginning of year	27,258	81,976	59,835	169,069
Additions	-	9,262	1,582	10,844
Disposal	-	-	-	-
Depreciation	-	(5,546)	(15,229)	(20,775)
Balance at the end of year	27,258	85,692	46,188	159,138

Note 10 - Borrowings

Current		
Bendigo Bank - Credit Card	114	1,557
Bendigo Bank - Franchise Fee Loan	-	15,351
	114	16,908
Non-Current		
Bendigo Bank - Franchise Fee Loan	-	-
	-	-

Notes to the financial statements (continued)

	2022 \$	2021 \$
Note 11 – Payables		
Trade Creditors	29,662	28,288
ATO Payable	14,076	3,009
	43,738	31,297

Note 12 - Provisions

Current		
Employee Entitlements	16,278	35,514
Non-Current		
Employee Entitlements	10,015	-

Note 13 - Tax Liabilities

Provisions for Income Tax Payable/(Receivable)	23,470	(6,787)
	23,470	(6,787)

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	138,199	100,862
Net profit / (loss) from ordinary activities	94,370	64,837
Dividend paid	(27,500)	(27,500)
Retained profits at the end of the financial year	205,070	138,199

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	618,450	508,097
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Notes to the financial statements (continued)

	2022 \$	2021 \$
Note 16 - Cash Flow Information (continued)		
(iii). Reconciliation of Operating Profit to Net Cash Used in Operating Activities:		
Profit / (loss) for Year:	94,370	64,837
Non cash flows recored in ordinary activities		
Amortisation	13,221	13,223
Depreciation	20,775	10,344
Profit on sale of asset	-	6,136
Net cash provided / (used) in operating activities before changes in assets and liabilities during the year		
(Increase) / decrease in other assets	1,306	(1,126)
(Increase) / decrease in receivables	3,293	19,696
(Increase) / decrease in tax assets	(952)	17,194
Increase / (decrease) in payables	12,441	(5,692)
Increase / (decrease) in tax liabilities	30,257	1,202
Increase / (decrease) in provisions	(9,221)	(12,342)
Net Cash Used in Operating Activities	165,490	113,472

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:

Kenneth John Hogan	Marea Katherine Urquhart
Roderick Neil Fergusson McMicking	Nicholas William Mathews
Craig Anthony Fletcher	Peter Andrew McDonnell
Rachel Jacinta Westblade	Robyn Maree Pearse

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.

Notes to the financial statements (continued)

Note 20 - Financial Instruments (continued)

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.

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	
	2022 %	2021 %	2022 \$	2021 \$	2022 \$	2021 \$	2022 \$	2021 \$
Financial Assets								
Cash at bank	0.13	0.13	618,450	508,097			618,450	508,097
Receivable Assets					60,364	63,657	60,364	63,657
Total Financial Assets			618,450	508,097	60,364	63,657	679,084	571,754
Financial Liabilities								
Borrowings & Payables	-	-	-	-	94,703	85,719	94,703	85,719
Total Financial Liabilities			-	-	94,703	85,759	94,703	85,759

Note 21 - Dividends

Dividends paid for the year were at 5c per share (2021 5c per share)

	2022 \$	2021 \$

Note 22 - Earnings Per Share

Net Profit used in calculation of EPS	94,370	64,837
Number of ordinary shares used in calculation of EPS	550,009	550,009

Directors' declaration

For the financial year ended 30 June 2022

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 2022 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.



.....
Director

Dated this 31st day of August 2022

Independent audit report



■ PARTNERS:

P.J. King	CA
A.P. Powell	CA
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M.A. Smith	CA
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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 2022, 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 2022 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 2022, 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.

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Independent audit report (continued)

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.

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



David Rosetta
Partner

Wagga Wagga
31 August 2022

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 **Bendigo Bank**