

# Annual Report 2023

Harbord Financial Services  
Limited

Community Bank  
Freshwater

ABN 25 097 282 525

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## Chairman's Report

For the year ended 30 June 2023

Again, it is a pleasure to submit our Annual Report.

The world has changed, interest rates and margins are up, with responsible and rational budgeting and the expected positive growth trend in income reported in last year's report. The Board is delighted to announce a net profit of \$1.2million dollars.

This has enabled us to pay off our loans completely for the Community Bank Freshwater branch fit out loan and leaving the Community Bank Freshwater premises loan with a balance of \$6k and the Harbord FSL office / meeting room loan in Freshwater village Plaza a balance of \$267k on this site.

The Board are so proud to have achieved this result for the community! Yes, Freshwater has an estimated \$3million in community asset properties, congratulations to everyone involved.

### **Dividend results / Community**

Accordingly, the Board has decided to pay a 10 cent per share dividend fully franked for the year ended 30 June 2023.

The Board has still been able to generously contribute a total of \$91,710 made up of \$63,090 in Community Partnership, \$21,500 Community Grants and \$7,120 in donations and I refer you to the list for details of the groups we support.

### **Scholarship / Tertiary funding**

Our 11th year of the Tertiary Scholarship Scheme has continued to be very well accepted and appreciated.

With the direction of Simmone and Peter Harley we have a budget of \$50,000 to invest in the academic future of our youth in eight High schools in our area in the form of our Ken Ward Memorial Scholarship program.

#### **2022 Ken Ward Memorial Scholarship recipient:**

- Stefanie Fejes                      NBSC Mackellar Girls Campus

#### **2022 Individual recipients:**

- Sebastian Bush                      NBSC Balgowlah Boys Campus
- Josiah Pugh                              NBSC Cromer Campus
- Lauren Peach                            NBSC Freshwater Senior Campus
- Rebecca Hoffman                      NBSC Manly Campus
- Harvey Cordukes                        St Augustine's College
- Tara Seymour                            St Luke's Grammar School
- Ashling Carroll                         Stella Maris College

## **Directors and Ambassadors**

The whole community and I thank you the Board for your incredible expertise, commitment and co-operation which has enabled us to achieve this extremely positive result and turn around for the company and our great community. It is an absolute pleasure to work with you all.

I accordingly thank Directors Ian Greentree, David Irvine, Martin Brook, Noela Roberts, Denise Goldstein, Peter Harley, Tony Bevan, Julie Rigoni and Violet Warner and our Ambassadors Ian Joynson, John Vaccaro, Sandra Kleiner for their service.

Rohan Fell joined us on the Board this year, unfortunately for us but good for Rohan, he has taken a position at Tweed Heads and had to resign from the Board.

These Directors will be retiring by rotation, and I ask you to support Ian Greentree, Tony Bevan, David Irvine, Violet Warner for re-election as a Director to the Board.

## **Staff**

Led by Kasey our Branch Operations Manager, Kerry, Su-Ellen, Roberta, and Simmone our Executive assistant, the staff will continue to give that special point of difference, service, and support that makes us truly unique.

The Bendigo and Adelaide Bank banking model is changing and so must we accordingly. Digital dinosaurs like your Chairman, with the help of our caring staff is being trained in the online / digital banking process, a service available to all our customers. Please use it.

Banking hours may change but the Board is still committed to offering a convenient and personal and complete Banking service to all our customers in the future. One change in direction is the appointment of Michael Sims as our business Development Manager. Michael brings 20 years of Business lending and relationships with the Bendigo and Adelaide Bank to our Community Bank. A major step forward and coup for our community to secure not only a "local" and such a Business Management expert. The Board, staff and community are absolutely excited to work with you! Onwards and upwards.

Su-Ellen Laing our long serving Customer Service Supervisor (CSS) is leaving us. It has been an interesting journey over 17 years and will be different in the branch without you.

As I said before Banking is changing and so must we. Enjoy your time away from the pressures and regimentation of Banking and welcome a calmer lifestyle you deserve. The community and the Board thank you so much for your years of services with us. Look after yourself and god bless you in your retirement.

Banking is a team business; Bendigo and Adelaide Bank are our partner, and we are grateful for the support and expertise given by Business Banking Manager Michael Sims and our Regional Manager Tom Woods.

We wish to acknowledge our Lead Auditor Joshua Griffin, Accountants James, Lachie, and Stacey who manage the AFS Share Registry and our partners Bendigo and Adelaide Bank Ltd.

The tide has turned, and we look forward to our future as a real positive.

We encourage the shareholders, Directors, Ambassadors, Staff, and our customers to support our great Community Bank Freshwater to achieve and sustain our special contribution and commitment to our great community.

Finally, I thank you all for the privilege of serving this great community of ours.

A handwritten signature in black ink, appearing to read 'T. Sargeant', written in a cursive style.

Trevor Sargeant - Chairman 2023

## Branch Operations Manager

I have the privilege as Branch Operations Manager of Community Bank Freshwater to report on the great success we have achieved over the last 12 months and contribute to what is our 22nd Annual Report.

Our focus as always remains around adding value to our existing customers while building new relationships in our Community to ultimately grow our business.

It was another challenging year in a highly competitive financial market plus pressure felt by the Banking Industry from the Royal commission. Once again, we have witnessed record low lending rates for our borrowers while trying to keep our retired and deposit customers satisfied with low deposit rates.

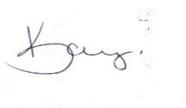
Our results are a team effort and can be attributed to our passionate, customer connected staff of our branch staff, Kerry, Su-Ellen, Roberta, and EA to the Board, Simone. We also said goodbye to Sandra Kleiner who dedicated the last 18 years to Community Bank Freshwater, she embodied what it is to be part of a Community and she will be sadly missed by all of us.

Our community contributions were again substantial with \$91,710 being returned to our local community through donations, community grants and sponsorships which makes a significant difference to numerous organisations. This is a very rewarding aspect to my role and something we are very proud of.

We continue to receive support from our partners at Bendigo and Adelaide Bank and our State Office team with which we have a close working relationship.

Our Board of Directors and Ambassadors dedicate many volunteer hours and work tirelessly in their roles to support me in my role as Branch Manager and to ensure the ongoing success of our business. This group places our Community Bank in a unique position to be able to provide quality banking services to our Community whilst producing great outcomes for our customers, shareholders and sponsored organisations.

We look forward to serving you and yet another successful year and encourage all Shareholders who do not currently bank with us to give me a call and see how we can assist with your banking requirements.



Kasey Kaye

Branch Operations Manager

Community Bank Report 2023  
BEN Message  
August 2023

Community and customer will always be at the heart of what we do at Bendigo and Adelaide Bank.

Together, we're setting up Community Banking for the future - growing our impact as a leading social impact movement to transform communities across Australia.

As we continue to evolve to meet the needs of our customers, we should feel proud that more Australians are choosing to do their banking with us and trust us with their financial goals. Our position as Australia's most trusted bank (Roy Morgan) reflects the esteem we are held in by our customers, and communities.

This year has been particularly significant for us. After five years apart, we had the opportunity to come together in person and connect through our State Connect program and in Bendigo at our National Conference in September. It has also been a record-breaking year for Community Bank with more than \$32 million invested into local communities nationwide. This is our highest year on record and underscores our ongoing commitment to our customers and communities.

Reflecting on the 25 years since we opened our first Community Bank, I'm so grateful to the hard work of many passionate Directors (past and present). Everything we have done and continue to do is focused on our purpose to feed into the prosperity of our customers and communities, not off it.

On behalf of the Bank, thank you for continuing to play an essential role in supporting your community. I look forward to seeing us grow together and make a positive impact for generations to come.

Warmest regards,

**Justine Minne**  
**Bendigo and Adelaide Bank**



As a shareholder in your local Community Bank, you belong to an incredible social enterprise network that to date has reinvested more than \$300 million in our local communities.

And now, as we celebrate our 25<sup>th</sup> anniversary milestone, we are evolving even further by sharpening our focus on our community enterprises – separate to the banking side of the business. We are uniting our Community Bank companies through a shared vision of being the most influential network of social enterprises in Australia. This means we'll have a bigger and better story to tell about how we collectively deliver impact.

Our future is together because of our extraordinary strength and aligned partnership with each other, and with our partner, Bendigo and Adelaide Bank. Our partnership with the Bank has been fashioned out of shared effort, risk and reward and it continues to serve us well.

And now even with the digital evolution upon us, the foundation of our future still relies on the guiding principles of the Community Bank model. We are community enterprises and the custodians of this incredible model that collaborates with local communities for social good. The objective of our Community Bank network remains the same. Our evolution will be evidenced by the channels that we use to connect with our customers and communities, digital by design and human where it matters.

The Community Bank network was a first mover in Australia with its unique social enterprise model. The first Community Bank opened its doors in 1998, and since then, the network has grown to 307 Community Bank branches. The network represents a diverse cross-section of Australia with 240 social enterprises, 70,000+ shareholders, 1600+ volunteer directors, 1600+ staff and 905,000 customers located in metro, regional, rural and remote locations across the country.

The Community Bank network creates impact through grants, donations and sponsorships that connect with and care for generations of Australians. Network investment ranges from sport, scholarships and school programs, through to community groups, cultural organisations and local councils. We also facilitate and attract partnerships to help support much needed community projects.

The Community Bank National Council (CBNC) is the voice of the Community Bank network. The role of the CBNC is to advocate and influence on behalf of the 240 community enterprises with its partner. It has also been the role of the CBNC to oversee the development of the Community Network Strategy which exists to ensure the ongoing sustainability of this unique collective of social enterprises.

In September this year our Community Bank network celebrates 25 years. It's a tremendous milestone and one which we're hugely proud of achieving. We have never been stronger and we look forward to continuing to serve our shareholders, customers and communities as we embrace our exciting future.

Warm regards

Sarah Franklyn  
**CBNC Chair**

# Harbord Financial Services Limited

ABN 25 097 282 525

Financial Report - 30 June 2023

## Harbord Financial Services Limited

### Directors' report

### 30 June 2023

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2023.

#### Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Name:	Trevor Leslie Sargeant
Title:	Non-executive director
Experience and expertise:	Holds a Bachelor of Dentistry Science from Sydney University.
Special responsibilities:	Chairman of Board, Governance & Audit Committee, Business Development & Marketing Committee, Chair Community Partnership Committee, Operations & Human Resource Committee, Strategic Planning Committee, Building Committee.
Name:	Ian John Greentree
Title:	Non-executive director
Experience and expertise:	Ian is retired and has over 30 years' experience as a Company Secretary of listed and unlisted public companies and smaller companies as well as other Community Bank companies who hold Bendigo Bank franchises. Ian is a retired Solicitor and Accountant and has a Graduate Diploma in Legal Studies and Associate Diploma in Accounting. Ian worked in the Banking and Financial Services industries for over 20 years. Ian also worked in the following sectors; Equipment hire; Road Safety; Automotive Distribution; Events Management Hospitality; Retail and Agriculture.
Special responsibilities:	Company Secretary and on the committee of Governance & Audit Committee, Strategic Planning Committee, Building Committee.
Name:	David James Irvine
Title:	Non-executive director
Experience and expertise:	David is retired. He holds a Bachelor of Financial Administration from University of New England, Chartered Accountant with 40 years' experience in financial management, business expertise and project management.
Special responsibilities:	Treasurer, Governance & Audit Committee, Business Development & Marketing Committee, Community Partnership Committee, Operations & Human Resource Committee, Strategic Planning Committee, Building Committee.
Name:	Martin Edwin Brook
Title:	Non-executive director
Experience and expertise:	Holds a Bachelor of Pharmacy and has been a retail Pharmacist for 43 years. Proprietor of Brook's Pharmacy and Freshwater Pharmacy for 34 years.
Special responsibilities:	Operations & Human Resource Committee, Strategic Planning Committee.
Name:	Noela Rose Roberts
Title:	Non-executive director
Experience and expertise:	Noela is retired. She holds a Bachelor of Economics Sydney University. Worked as an accountant for 40 years and was also the accountant for a family electrician business for 25 years. Is a current member of South Curl Curl Surf Club and a committee member for Northside Enterprise Pty Ltd.
Special responsibilities:	Community Partnership Committee, Director Youth Observer program, Strategic Planning Committee.

**Harbord Financial Services Limited**  
**Directors' report**  
**30 June 2023**

Name: Denise Faith Goldstein  
Title: Non-executive director  
Experience and expertise: Denise is a Business Owner. She is the Owner and Director of SESI Group, a full service recruitment and search business. She also is the Owner and Director of GuideME, a service business focused on providing clients with Outplacement services. She has previously been a Sales and Marketing Director with Tier1 global organisations providing managed services, online information services, hardware and software services and telecommunication services. Denise is also the Co-founder and Treasurer of Friends of Freshwater, Inc.  
Special responsibilities: Business Development & Marketing Committee, Chair Operations & Human Resource Committee, Strategic Planning Committee.

Name: Peter Eric Harley OAM  
Title: Non-executive director  
Experience and expertise: Peter is a retired Public Servant. Former Director of WorkCover Authority of NSW, Executive Director of Test safe Australia (2004-08). Public Sector Manager for thirty years. President of Friends of Freshwater Inc. Bachelor of Commerce UNSW. Post Graduate Diploma of Labour Relations and the Law at University of Sydney. Peter was a former Director of International House at University of NSW.  
Special responsibilities: Business Development & Marketing Committee, Community Partnership Committee, Director of Scholarship program, Strategic Planning Committee.

Name: Anthony Curtiss Bevan  
Title: Non-executive director  
Experience and expertise: Anthony is a Company Secretary and is a Bookkeeper/Semi Retired. He has 40 years banking experience as a Banker with Management, Consumer and Business Banking, his last role being a Relationship Manager.  
Special responsibilities: Governance & Audit Committee, Business Development & Marketing Committee, Community Partnership Committee, Strategic Planning Committee.

Name: Julie Clare Rigoni 'LoA'  
Title: Non-executive director  
Experience and expertise: Julie is retired. She worked in the financial services sector for over 35 years and had run her own business for over 16 years that focuses on preparing and providing programs solely for the financial services sector in key area of education and a range of customised marketing, distribution and business strategy solutions of which she designed and conducted many education programs including investment updates and global research programs to many overseas countries and also advisors here in Australia. Currently under leave of absence 'LoA' from 23 February 2023.  
Special responsibilities: Chair Business Development & Marketing Committee, Community Partnership Committee, Operations & Human Resource Committee, Strategic Planning Committee.

Name: Violet Grace Warner  
Title: Non-executive director  
Experience and expertise: Violet holds a Bachelor of Science (Advanced) and Masters of Teaching (Secondary) and is currently a high school mathematics and science teacher. She has been an ambassador for Community Bank Freshwater since 2017.  
Special responsibilities: Community Partnership Committee, Director Youth Observer program, Strategic Planning Committee.

Name: Rohan Walter Fell  
Title: Non-executive director (appointed 27 January 2023, resigned 26 May 2023)

**Company secretary**

There have been two company secretaries holding the position during the financial year:

**Harbord Financial Services Limited**  
**Directors' report**  
**30 June 2023**

- Ian John Greentree was appointed company secretary on 27 November 2006.
- Anthony Curtiss Bevan was appointed company secretary on 24 February 2022.

**Principal activity**

The principal activity of the company during the financial year was facilitating Community Bank services under management rights of Bendigo and Adelaide Bank Limited (Bendigo Bank).

There have been no significant changes in the nature of this activity during the financial year.

**Review of operations**

The profit for the company after providing for income tax amounted to \$952,253 (30 June 2022: \$92,347).

The company has seen a significant increase in its revenue during the financial year. This is a result of the Reserve Bank of Australia (RBA) increasing the cash rate by 3.25% during the financial year moving from 0.85% to 4.10% as at 30 June 2023. The increased cash rate has had a direct impact on the revenue received by the company, increasing the net interest margin income received under the revenue share arrangement the company has with Bendigo Bank.

**Dividends**

During the financial year, the following dividends were provided for and paid.

	<b>2023</b>
	<b>\$</b>
Fully franked dividend of 6 cents per share (2022: nil cents)	<u><u>41,584</u></u>

**Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the company during the financial year.

**Matters subsequent to the end of the financial year**

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

**Likely developments**

The company will continue its policy of facilitating banking services to the community.

**Environmental regulation**

The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

**Meetings of directors**

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2023, and the number of meetings attended by each director were:

	Board		Governance & Audit Committee		Community Partnership Committee		Operations & Human Resources Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Trevor Leslie Sargeant	12	10	2	2	11	9	11	9
Ian John Greentree	12	10	2	2	11	10	-	-
David James Irvine	12	10	2	2	11	10	11	9
Martin Edwin Brook	12	7	-	-	11	6	-	-
Noela Rose Roberts	12	6	-	-	11	6	-	-
Denise Faith Goldstein	12	-	-	-	11	8	11	9
Peter Eric Harley OAM	12	8	-	-	11	7	-	-
Anthony Curtiss Bevan	12	7	2	2	11	5	-	-
Julie Clare Rigoni 'LoA'	7	7	-	-	6	6	-	-
Violet Grace Warner	12	6	-	-	11	1	-	-
Rohan Walter Fell	4	1	-	-	-	-	-	-

**Harbord Financial Services Limited**  
**Directors' report**  
**30 June 2023**

	Building Committee		Business Development & Marketing Committee	
	Eligible	Attended	Eligible	Attended
Trevor Leslie Sargeant	11	9	11	9
Ian John Greentree	11	9	-	-
David James Irvine	11	9	11	10
Martin Edwin Brook	-	-	-	-
Noela Rose Roberts	-	-	-	-
Denise Faith Goldstein	-	-	11	8
Peter Eric Harley OAM	-	-	11	7
Anthony Curtiss Bevan	-	-	11	5
Julie Clare Rigoni 'LoA'	-	-	6	6
Violet Grace Warner	-	-	-	-
Rohan Walter Fell	-	-	-	-

**Directors' benefits**

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest.

**Directors' interests**

The interest in company shareholdings for each director are:

	Balance at the start of the year	Changes	Balance at the end of the year
Trevor Leslie Sargeant	11,001	500	11,501
Ian John Greentree	4,001	-	4,001
David James Irvine	1	-	1
Martin Edwin Brook	2,001	-	2,001
Noela Rose Roberts	9,001	-	9,001
Denise Faith Goldstein	5,001	-	5,001
Peter Eric Harley OAM	5,501	-	5,501
Anthony Curtiss Bevan	1,001	-	1,001
Julie Clare Rigoni 'LoA'	6,000	-	6,000
Violet Grace Warner	1	-	1
Rohan Walter Fell	2,500	-	2,500

**Indemnity and insurance of directors and officers**

The company has indemnified all directors and the manager in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as directors or manager of the company except where the liability arises out of conduct involving the lack of good faith.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance.

**Proceedings on behalf of the company**

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

**Indemnity and insurance of auditor**

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

**Harbord Financial Services Limited**  
**Directors' report**  
**30 June 2023**

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

**Non-audit services**

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 25 to the accounts.

The board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of the non-audit services is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Governance & Audit Committee to ensure they do not impact on the impartiality, integrity and objectivity of the auditor
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing risks and rewards.

**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 immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors



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Trevor Leslie Sargeant  
Chairman

24 August 2023



Andrew Frewin Stewart  
61 Bull Street Bendigo VIC 3550  
ABN: 65 684 604 390  
afs@afsbendigo.com.au  
(03) 5443 0344

## Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Harbord Financial Services Limited

As lead auditor for the audit of Harbord Financial Services Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart', is positioned above the printed name.

**Andrew Frewin Stewart**  
61 Bull Street, Bendigo, Vic, 3550  
Dated: 24 August 2023

A handwritten signature in black ink, appearing to read 'Joshua Griffin', is positioned above the printed name.

**Joshua Griffin**  
**Lead Auditor**

**Harbord Financial Services Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2023**

	Note	2023 \$	2022 \$
Revenue from contracts with customers	6	2,093,454	1,153,003
Other revenue	7	79,200	343
Total revenue		<u>2,172,654</u>	<u>1,153,346</u>
Employee benefits expense	8	(449,448)	(565,253)
Advertising and marketing costs		(20,399)	(9,996)
Occupancy and associated costs		(40,560)	(59,598)
System costs		(39,614)	(41,461)
Depreciation and amortisation expense	8	(81,071)	(72,040)
Impairment of assets	8	-	(85,199)
Finance costs	8	(78,211)	(43,262)
General administration expenses		(99,434)	(103,588)
Total expenses before community contributions and income tax expense		<u>(808,737)</u>	<u>(980,397)</u>
<b>Profit before community contributions and income tax expense</b>		1,363,917	172,949
Charitable donations and sponsorships expense		<u>(91,711)</u>	<u>(49,317)</u>
<b>Profit before income tax expense</b>		1,272,206	123,632
Income tax expense	9	<u>(319,953)</u>	<u>(31,285)</u>
<b>Profit after income tax expense for the year</b>	19	952,253	92,347
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u><u>952,253</u></u>	<u><u>92,347</u></u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	27	137.40	13.32
Diluted earnings per share	27	137.40	13.32

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Harbord Financial Services Limited**  
**Statement of financial position**  
**As at 30 June 2023**

	Note	2023 \$	2022 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	10	364,065	337,359
Trade and other receivables	11	199,739	140,207
Total current assets		<u>563,804</u>	<u>477,566</u>
<b>Non-current assets</b>			
Financial assets	13	5,000	5,000
Property, plant and equipment	12	2,426,739	2,416,503
Intangible assets	14	50,129	-
Deferred tax assets	9	-	8,085
Total non-current assets		<u>2,481,868</u>	<u>2,429,588</u>
<b>Total assets</b>		<u>3,045,672</u>	<u>2,907,154</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	15	73,684	48,698
Borrowings	16	42,497	158,398
Current tax liabilities	9	278,732	1,766
Employee benefits	17	84,736	98,852
Total current liabilities		<u>479,649</u>	<u>307,714</u>
<b>Non-current liabilities</b>			
Trade and other payables	15	55,141	-
Borrowings	16	236,605	1,257,571
Deferred tax liabilities	9	21,607	-
Employee benefits	17	398	266
Total non-current liabilities		<u>313,751</u>	<u>1,257,837</u>
<b>Total liabilities</b>		<u>793,400</u>	<u>1,565,551</u>
<b>Net assets</b>		<u>2,252,272</u>	<u>1,341,603</u>
<b>Equity</b>			
Issued capital	18	613,376	613,376
Retained earnings	19	1,638,896	728,227
<b>Total equity</b>		<u>2,252,272</u>	<u>1,341,603</u>

*The above statement of financial position should be read in conjunction with the accompanying notes*

**Harbord Financial Services Limited**  
**Statement of changes in equity**  
**For the year ended 30 June 2023**

	Note	Issued capital \$	Retained earnings \$	Total equity \$
<b>Balance at 1 July 2021</b>		613,376	635,880	1,249,256
Profit after income tax expense		-	92,347	92,347
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	92,347	92,347
<b>Balance at 30 June 2022</b>		<u>613,376</u>	<u>728,227</u>	<u>1,341,603</u>
<b>Balance at 1 July 2022</b>		613,376	728,227	1,341,603
Profit after income tax expense		-	952,253	952,253
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	952,253	952,253
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for	21	-	(41,584)	(41,584)
<b>Balance at 30 June 2023</b>		<u>613,376</u>	<u>1,638,896</u>	<u>2,252,272</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**Harbord Financial Services Limited**  
**Statement of cash flows**  
**For the year ended 30 June 2023**

	Note	2023 \$	2022 \$
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		2,311,815	1,207,981
Payments to suppliers and employees (inclusive of GST)		(1,015,152)	(925,347)
Interest and other finance costs paid		(78,211)	(42,917)
Income taxes refunded/(paid)		(13,295)	41,882
Net cash provided by operating activities	26	<u>1,205,157</u>	<u>281,599</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		-	(436,628)
Net cash used in investing activities		<u>-</u>	<u>(436,628)</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	173,048
Repayment of lease liabilities		-	(48,633)
Dividends paid	21	(41,584)	-
Repayment of borrowings		(1,136,867)	(100,441)
Net cash provided by/(used in) financing activities		<u>(1,178,451)</u>	<u>23,974</u>
Net increase/(decrease) in cash and cash equivalents		26,706	(131,055)
Cash and cash equivalents at the beginning of the financial year		<u>337,359</u>	<u>468,414</u>
Cash and cash equivalents at the end of the financial year	10	<u><u>364,065</u></u>	<u><u>337,359</u></u>

*The above statement of cash flows should be read in conjunction with the accompanying notes*

# Harbord Financial Services Limited

## Notes to the financial statements

### 30 June 2023

#### Note 1. Reporting entity

The financial statements cover Harbord Financial Services Limited (the company) as an individual entity, which is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

#### Registered office

Suite 1, 1-3 Moore Road Freshwater, NSW 2096

#### Principal place of business

Shop 1, 9 Lawrence Street Freshwater, NSW 2096

A description of the nature of the company's operations and its principal activity is included in the directors' report, which is not part of the financial statements.

#### Note 2. Basis of preparation and statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB). The financial statements have been prepared on an accrual and historical cost basis and are presented in Australian dollars, which is the company's functional and presentation currency

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 August 2023. The directors have the power to amend and reissue the financial statements.

#### Note 3. Significant accounting policies

The company has consistently applied the following accounting policies to all periods presented in these financial statements.

#### Changes in accounting policies, standards and interpretations

There are a number of amendments to accounting standards issued by the AASB that became mandatorily effective for accounting periods beginning on or after 1 July 2022, and are therefore relevant for the current financial year. The amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

#### Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when, it is expected to be realised or intended to be sold or consumed in the company's normal operating cycle, it is held primarily for the purpose of trading, it is expected to be realised within 12 months after the reporting period or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when, it is either expected to be settled in the company's normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within 12 months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

#### Impairment

##### *Non-derivative financial assets*

Expected credit losses (ECL) are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received. At each reporting date, the entity recognises the movement in the ECL (if any) as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

# Harbord Financial Services Limited

## Notes to the financial statements

### 30 June 2023

#### Note 3. Significant accounting policies (continued)

The company's trade receivables are limited to the monthly profit share distribution from Bendigo Bank, which is received 10 business days post month end. Due to the reliance on Bendigo Bank the company has reviewed credit ratings provided by Standard & Poors, Moody's and Fitch Ratings to determine the level of credit exposure to the company. The company also performed a historical assessment of receivables from Bendigo Bank and found no instances of default. As a result no ECL has been made in relation to trade receivables as at 30 June 2023.

##### *Non-financial assets*

At each reporting date, the company reviews the carrying amounts of its tangible assets and intangible assets to determine whether there is any indication those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

#### **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except when the amount of GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue or expense item.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

#### Note 4. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events that it believes to be reasonable under the circumstances. Differences between the accounting judgements and estimates and actual results and outcomes are accounted for in future reporting periods. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

##### *Estimation of useful lives of assets*

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives or assets that have been abandoned or sold will be written off or written down.

##### *Impairment of non-financial assets*

The company assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined as the higher of its fair value less costs of disposal or value-in-use, each of which incorporate a number of key estimates and assumptions.

##### *Recovery of deferred tax assets*

Deferred tax assets are recognised for deductible temporary differences only if the company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

**Harbord Financial Services Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 4. Critical accounting judgements, estimates and assumptions (continued)**

*Lease term*

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the company's operations, comparison of terms and conditions to prevailing market rates, incurrence of significant penalties, existence of significant leasehold improvements and the costs and disruption to replace the asset. The company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

*Incremental borrowing rate*

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

*Employee benefits provision*

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and inflation have been taken into account.

The company uses historical employee attrition rates in determining the probability of an employee, at a given date, achieving continuous employment eligible for entitlement in accordance with long service leave legislation.

In the absence of sufficient historical employee attrition rates, the company applies a benchmark probability rate from across the Community Bank network to factor in estimating the probability of an employee, at a given date, achieving continuous employment eligible for entitlement in accordance with legislation.

*Lease make good provision*

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

**Note 5. Economic dependency**

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank. The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry June 2022.

The company operates as a franchise of Bendigo Bank, using the name "Bendigo Bank" and the logo and system of operations of Bendigo Bank. The company manages the Community Bank on behalf of Bendigo Bank, however all transactions with customers conducted through the Community Bank are effectively conducted between the customers and Bendigo Bank.

All deposits are made with Bendigo Bank, and all personal and investment products are products of Bendigo Bank, with the company facilitating the provision of those products. All loans, leases or hire purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction that involves creating a new debt, or increasing or changing the terms of an existing debt owed to Bendigo Bank, must be approved by Bendigo Bank. All credit transactions are made with Bendigo Bank, and all credit products are products of Bendigo Bank.

The company promotes and sells the products and services, but is not a party to the transaction.

**Harbord Financial Services Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 5. Economic dependency (continued)**

The credit risk (i.e. the risk that a customer will not make repayments) is for Bendigo Bank to bear as long as the company has complied with the appropriate procedures and relevant obligations and has not exercised a discretion in granting or extending credit.

Bendigo Bank provides significant assistance in establishing and maintaining the Community Bank franchise operations. It also continues to provide ongoing management and operational support and other assistance and guidance in relation to all aspects of the franchise operation, including advice and assistance in relation to:

- the design, layout and fit out of the Community Bank premises
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- security and cash logistic controls
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations
- providing payroll services.

**Note 6. Revenue from contracts with customers**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Margin income	1,975,688	1,017,635
Fee income	56,956	64,358
Commission income	60,810	71,010
	<u>2,093,454</u>	<u>1,153,003</u>

The company has entered into a franchise agreement with Bendigo Bank. The company delivers banking and financial services of Bendigo Bank to its community. The franchise agreement provides for a share of interest, fee, and commission revenue earned by the company. Interest margin share is based on a funds transfer pricing methodology which recognises that income is derived from deposits held, and that loans granted incur a funding cost. Fees are based on the company's current fee schedule and commissions are based on the agreements in place. All margin revenue is recorded as non-interest income when the company's right to receive the payment is established.

The company acts as an agent under the franchise agreement and revenue arises from the rendering of services through its franchise agreement.

Revenue is recognised on an accruals basis, at the fair value of consideration specified in the franchise agreement. Under *AASB 15 Revenue from Contracts with Customers* (AASB 15), revenue recognition for the company's revenue stream is as follows:

<u>Revenue stream</u>	<u>Includes</u>	<u>Performance obligation</u>	<u>Timing of recognition</u>
Franchise agreement profit share	Margin, commission, and fee income	When the company satisfies its obligation to arrange for the services to be provided to the customer by the supplier (Bendigo Bank as franchisor).	On completion of the provision of the relevant service. Revenue is accrued monthly and paid within 10 business days after the end of each month.

All revenue is stated net of the amount of GST. There was no revenue from contracts with customers recognised over time during the financial year.

*Revenue calculation*

The franchise agreement provides that three forms of revenue may be earned by the company which are margin, commission and fee income. Bendigo Bank decides the form of revenue the company earns on different types of products and services. The revenue earned by the company is dependent on the business that it generates, interest rates and funds transfer pricing and other factors, such as economic and local conditions.

**Harbord Financial Services Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 6. Revenue from contracts with customers (continued)**

*Margin income*

Margin on core banking products is arrived at 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 Bank for a deposit  
**minus:** any costs of funds i.e. interest applied by Bendigo Bank to fund a loan.

The company is entitled to a share of the margin earned by Bendigo Bank. If this reflects a loss, the company incurs a share of that loss.

*Commission income*

Commission income is in the form of commission generated for products and services sold. This commission is recognised at a point in time which reflects when the company has fulfilled its performance obligation.

The company receives trailing commission for products and services sold. Ongoing trailing commission payments are recognised on receipt as there is insufficient detail readily available to estimate the most likely amount of income without a high probability of significant reversal in a subsequent reporting period. The receipt of ongoing trailing commission income is outside the control of the company, and is a significant judgement area.

*Fee income*

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

*Core banking products*

Bendigo Bank has identified some products and services as 'core banking products'. It may change the products and services which are identified as core banking products by giving the company at least 30 days notice. Core banking products currently include Bendigo Bank branded home loans, term deposits and at call deposits.

*Ability to change financial return*

Under the franchise agreement, Bendigo Bank may change the form and amount of financial return the company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo Bank earns revenue.

The change may be to the method of calculation of margin, the amount of margin, commission and fee income or a change of a margin to a commission or vice versa. This may affect the amount of revenue the company receives on a particular product or service.

Bendigo Bank must not reduce the margin and commission the company receives on core banking products and services to less than 50% (on an aggregate basis) of Bendigo Bank's margin at that time. For other products and services, there is no restriction on the change Bendigo Bank may make.

**Note 7. Other revenue**

	<b>2023</b>	<b>2022</b>
	\$	\$
Insurance recoveries	78,775	-
Other income	425	343
	<u>79,200</u>	<u>343</u>

The company's activities include the generation of income from sources other than the core products under the franchise agreement. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and can be reliably measured.

**Harbord Financial Services Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 7. Other revenue (continued)**

<u>Revenue stream</u>	<u>Revenue recognition policy</u>
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.
Insurance claim income	Insurance claim income is recognised when the contracted works for restoration of the branch from flooding is invoiced or installed ready for use.

All revenue is stated net of the amount of GST.

*Insurance recoveries*

During the financial year the company's insurance covered most reimbursed the costs involved in fixing the flood damage of the Freshwater branch. The insurance funds were received by the companies contractors who completed the works.

**Note 8. Expenses**

**Employee benefits expense**

	<b>2023</b>	<b>2022</b>
	\$	\$
Wages and salaries	392,873	483,584
Non-cash benefits	11,579	4,667
Superannuation contributions	49,540	59,704
Expenses related to long service leave	(17,145)	(2,756)
Other expenses	12,601	20,054
	<u>449,448</u>	<u>565,253</u>

**Depreciation and amortisation expense**

	<b>2023</b>	<b>2022</b>
	\$	\$
<i>Depreciation of non-current assets</i>		
Buildings	55,541	48,195
Plant and equipment	12,998	13,543
	<u>68,539</u>	<u>61,738</u>
<i>Amortisation of intangible assets</i>		
Franchise fee	2,089	2,059
Franchise renewal fee	10,443	8,243
	<u>12,532</u>	<u>10,302</u>
	<u>81,071</u>	<u>72,040</u>

**Impairment losses**

	<b>2023</b>	<b>2022</b>
	\$	\$
Buildings	<u>-</u>	<u>85,199</u>

The branch incurred flooding during the previous period which resulted in damage to some of the leasehold improvements held by the company. As such the company recalculated the value of the assets affected and determined them to be partially impaired. As such, an impairment loss was recognised in the accounts.

**Harbord Financial Services Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 8. Expenses (continued)**

**Finance costs**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Bank loan interest paid or accrued	78,211	42,917
Lease interest expense	-	345
	<u>78,211</u>	<u>43,262</u>

Finance costs are recognised as expenses when incurred using the effective interest rate.

**Leases recognition exemption**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Expenses relating to low-value leases	<u>18,777</u>	<u>18,866</u>

The company pays for the right to use information technology equipment. The underlying assets have been assessed as low value and exempted from recognition under *AASB 16 Leases*. Expenses relating to low-value exempt leases are included in system costs expenses.

**Note 9. Income tax**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Income tax expense</i>		
Current tax	290,261	45,215
Movement in deferred tax	29,692	(13,930)
Aggregate income tax expense	<u>319,953</u>	<u>31,285</u>
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	1,272,206	123,632
Tax at the statutory tax rate of 25%	318,052	30,908
Tax effect of:		
Non-deductible expenses	1,901	377
Income tax expense	<u>319,953</u>	<u>31,285</u>
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Deferred tax attributable to:</i>		
expense accruals	1,662	800
employee provisions	21,284	24,780
property, plant and equipment	(44,553)	(17,495)
Deferred tax asset/(liability)	<u>(21,607)</u>	<u>8,085</u>

**Harbord Financial Services Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 9. Income tax (continued)**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Provision for income tax	<u>278,732</u>	<u>1,766</u>

*Accounting policy for income tax*

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

*Accounting policy for current tax*

Current tax assets and liabilities are measured at amounts expected to be recovered from or paid to the taxation authorities. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

*Accounting policy for deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for all deductible temporary differences, carried-forward tax losses, and unused tax credits to the extent that it is probable that future taxable profits will be available against which they can be used.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax is measured at the rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the entity intends to settle its tax assets and liabilities on a net basis.

**Note 10. Cash and cash equivalents**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Cash on hand	344	344
Cash at bank and on hand	<u>363,721</u>	<u>337,015</u>
	<u>364,065</u>	<u>337,359</u>

*Accounting policy for cash and cash equivalents*

For the purposes of the Statement of Financial Position and Statement of Cash Flows, cash and cash equivalents comprise cash on hand and deposits held with banks.

**Harbord Financial Services Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 11. Trade and other receivables**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	188,811	127,199
Prepayments	10,928	13,008
	<u>199,739</u>	<u>140,207</u>

*Accounting policy for trade and other receivables*

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

**Note 12. Property, plant and equipment**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Land - at cost	755,911	755,911
Buildings - at cost	1,840,787	1,663,621
Less: Accumulated depreciation	(216,098)	(75,358)
Less: Impairment	-	(85,199)
	<u>1,624,689</u>	<u>1,503,064</u>
Plant and equipment - at cost	94,743	94,743
Less: Accumulated depreciation	(48,604)	(35,606)
	<u>46,139</u>	<u>59,137</u>
Motor vehicles - at cost	-	31,561
Less: Accumulated depreciation	-	(31,561)
	<u>-</u>	<u>-</u>
Capital works in progress - at cost	-	98,391
	<u>2,426,739</u>	<u>2,416,503</u>

Reconciliations of the carrying values at the beginning and end of the current and previous financial year are set out below:

	Land	Buildings	Plant and equipment	Capital works in progress	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2021	755,911	1,636,458	71,541	46,459	2,510,369
Additions	-	-	1,139	51,932	53,071
Impairment	-	(85,199)	-	-	(85,199)
Depreciation	-	(48,195)	(13,543)	-	(61,738)
	<u>755,911</u>	<u>1,503,064</u>	<u>59,137</u>	<u>98,391</u>	<u>2,416,503</u>
Balance at 30 June 2022	755,911	1,503,064	59,137	98,391	2,416,503
Additions	-	78,775	-	-	78,775
Transfers in/(out)	-	98,391	-	(98,391)	-
Depreciation	-	(55,541)	(12,998)	-	(68,539)
	<u>755,911</u>	<u>1,624,689</u>	<u>46,139</u>	<u>-</u>	<u>2,426,739</u>

**Harbord Financial Services Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 12. Property, plant and equipment (continued)**

*Impairment*

The branch incurred flooding during the previous period which resulted in damage to some of the leasehold improvements held by the company. As such the company recalculated the value of the assets affected and determined them to be partially impaired. As such, an impairment loss was recognised in the accounts.

*Transfer in/(out)*

During the financial year the renovation that was underway at the newly purchased office building was completed. The costs incurred were originally recorded in 'capital works in progress' with no depreciation applied. Now the renovations are complete the costs have been recognised in buildings and depreciation has been applied from date of use.

*Additions*

During the financial year the company re-renovated of the Freshwater branch after it was damaged by flooding due to burst pipe last financial year.

*Accounting policy for property, plant and equipment*

Items of property, plant and equipment are measured at cost or fair value as applicable, less accumulated depreciation. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Land is not depreciated.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Building	40 years
Leasehold improvements	5 to 40 years
Plant and equipment	2.5 to 20 years
Motor vehicles	5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

*Changes in estimates*

During the financial year, the company assessed estimates used for property, plant and equipment including useful lives, residual values, and depreciation methods. There were no changes in estimates for the current reporting period.

**Note 13. Financial assets**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Warringah Financial Services Limited shares	<u>5,000</u>	<u>5,000</u>

*Accounting policy for financial assets*

Financial assets are recognised at their market value. Financial assets are derecognised when the rights to receive cash flows have been transferred and the company has transferred substantially all the risks and rewards of ownership.

**Harbord Financial Services Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 14. Intangible assets**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Franchise fee	133,190	122,746
Less: Accumulated amortisation	<u>(124,835)</u>	<u>(122,746)</u>
	<u>8,355</u>	<u>-</u>
Franchise renewal fee	143,200	90,983
Less: Accumulated amortisation	<u>(101,426)</u>	<u>(90,983)</u>
	<u>41,774</u>	<u>-</u>
	<u><u>50,129</u></u>	<u><u>-</u></u>

Reconciliations of the carrying values at the beginning and end of the current and previous financial year are set out below:

	Franchise fee	Franchise renewal fee	Total
	\$	\$	\$
Balance at 1 July 2021	2,059	8,243	10,302
Amortisation expense	<u>(2,059)</u>	<u>(8,243)</u>	<u>(10,302)</u>
Balance at 30 June 2022	-	-	-
Additions	10,444	52,217	62,661
Amortisation expense	<u>(2,089)</u>	<u>(10,443)</u>	<u>(12,532)</u>
Balance at 30 June 2023	<u><u>8,355</u></u>	<u><u>41,774</u></u>	<u><u>50,129</u></u>

*Additions*

During the financial year, the franchise fee was renewed. It is to be amortised over five years to June 2027.

*Accounting policy for intangible assets*

Intangible assets of the company relate to the franchise fees paid to Bendigo Bank which conveys the right to operate the Community Bank franchise.

Intangible assets are measured on initial recognition at cost. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

The franchise fees paid by the company are amortised over their useful life and assessed for impairment whenever impairment indicators are present.

The estimated useful life and amortisation method for the current and comparative periods are as follows:

<u>Asset class</u>	<u>Method</u>	<u>Useful life</u>	<u>Expiry/renewal date</u>
Franchise fee	Straight-line	Over the franchise term (5 years)	June 2027
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	June 2027

Amortisation methods, useful life, and residual values are reviewed and adjusted, if appropriate, at each reporting date.

*Change in estimates*

During the financial year, the company assessed estimates used for intangible assets including useful lives, residual values, and amortisation methods. There were no changes in estimates for the current reporting period.

**Harbord Financial Services Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 15. Trade and other payables**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Trade payables	2,373	6,246
Other payables and accruals	71,311	42,452
	<u>73,684</u>	<u>48,698</u>
<i>Non-current liabilities</i>		
Other payables and accruals	<u>55,141</u>	<u>-</u>

*Accounting policy for trade and other payables*

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Where the company is liable to settle the amount within 12 months of the reporting date, the liability is classified as current. All other obligations are classified as non-current.

**Note 16. Borrowings**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Bank loans	<u>42,497</u>	<u>158,398</u>
<i>Non-current liabilities</i>		
Bank loans	<u>236,605</u>	<u>1,257,571</u>

*Bank loans*

Bank loans are repayable monthly. Interest is recognised at rate of 6.15% (2022: 2.99%). The loans are secured by a fixed and floating charge over the company's assets.

*Accounting policy for borrowings*

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

**Note 17. Employee benefits**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Annual leave	33,914	30,753
Long service leave	50,822	68,099
	<u>84,736</u>	<u>98,852</u>
<i>Non-current liabilities</i>		
Long service leave	<u>398</u>	<u>266</u>

**Harbord Financial Services Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 17. Employee benefits (continued)**

*Accounting policy for employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for salary and wages where the employee has provided the service but payment has not yet occurred at the reporting date. They are measured at amounts expected to be paid, plus related on-costs. Non-accumulating sick leave is expensed when the leave is taken and measured at the rates paid or payable.

An annual leave liability is recognised for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated. The company's obligations for short-term employee benefits such as salaries and wages are recognised as part of current trade and other payables in the statement of financial position. The company's obligations for employees' annual leave and long service leave entitlements are recognised in employee benefits in the statement of financial position.

*Superannuation contributions*

Contributions to superannuation plans are expensed in the period in which they are incurred.

*Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

*Other long-term employee benefits*

The company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior reporting periods.

That benefit is discounted to determine its present value. Consideration is given to expected future wage and salary levels plus related on-costs, experience of employee departures, and years of service achieved. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Remeasurements are recognised in profit or loss in the period in which they arise.

**Note 18. Issued capital**

	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
Ordinary shares - fully paid	693,059	693,059	693,059	693,059
Less: Equity raising costs	-	-	(79,683)	(79,683)
	<u>693,059</u>	<u>693,059</u>	<u>613,376</u>	<u>613,376</u>

*Accounting policy for issued capital*

Ordinary shares are recognised at the fair value of the consideration received by the company being \$1 per share. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

***Rights attached to issued capital***

*Ordinary shares*

Voting rights

Subject to some limited exceptions, each member has the right to vote at a general meeting.

## Harbord Financial Services Limited

### Notes to the financial statements

#### 30 June 2023

#### Note 18. Issued capital (continued)

On a show of hands or a poll, each member attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of shares held. However, where a person attends a meeting in person and is entitled to vote in more than one capacity (for example, the person is a member and has also been appointed as proxy for another member) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a member and one vote for each other member that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each member only one vote, regardless of the number of shares held, is to reflect the nature of the company as a community based company, by providing that all members of the community who have contributed to the establishment and ongoing operation of the Community Bank branch have the same ability to influence the operation of the company.

#### Dividends

Generally, dividends are payable to members in proportion to the amount of the share capital paid up on the shares held by them, subject to any special rights and restrictions for the time being attaching to shares. The franchise agreement with Bendigo Bank contains a limit on the level of profits or funds that may be distributed to shareholders. There is also a restriction on the payment of dividends to certain shareholders if they have a prohibited shareholding interest (see below).

#### Transfer

Generally, ordinary shares are freely transferable. However, the directors have a discretion to refuse to register a transfer of shares.

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the company's constitution and the *Corporations Act 2001*.

#### *Prohibited shareholding interest*

A person must not have a prohibited shareholding interest in the company.

In summary, a person has a prohibited shareholding interest if any of the following applies:

- They control or own 5% or more of the shares in the company (the "5% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 374. As at the date of this report, the company had 403 shareholders (2022: 407 shareholders).

As with voting rights, the purpose of this prohibited shareholding provision is to reflect the community-based nature of the company.

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and their associates) has a prohibited shareholding interest in are suspended.

The board has the power to request information from a person who has (or is suspected by the board of having) a legal or beneficial interest in any shares in the company or any voting power in the company, for the purpose of determining whether a person has a prohibited shareholding interest. If the board becomes aware that a member has a prohibited shareholding interest, it must serve a notice requiring the member (or the member's associate) to dispose of the number of shares the board considers necessary to remedy the breach. If a person fails to comply with such a notice within a specified period (that must be between three and six months), the board is authorised to sell the specified shares on behalf of that person. The holder will be entitled to the consideration from the sale of the shares, less any expenses incurred by the board in selling or otherwise dealing with those shares.

In the constitution, members acknowledge and recognise that the exercise of the powers given to the board may cause considerable disadvantage to individual members, but that such a result may be necessary to enforce the prohibition.

**Harbord Financial Services Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 19. Retained earnings**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Retained earnings at the beginning of the financial year	728,227	635,880
Profit after income tax expense for the year	952,253	92,347
Dividends paid (note 21)	(41,584)	-
	<u>1,638,896</u>	<u>728,227</u>

**Note 20. Capital management**

The board's policy is to maintain a strong capital base so as to sustain future development of the company. The board monitor the return on capital and the level of distributions to shareholders. Capital is represented by total equity as recorded in the statement of financial position.

In accordance with the franchise agreement, in any 12 month period the funds distributed to shareholders shall not exceed the distribution limit.

The distribution limit is the greater of:

- 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
- subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the company over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the financial year can be seen in the statement of profit or loss and other comprehensive Income.

There were no changes in the company's approach to capital management during the year.

**Note 21. Dividends**

*Dividends provided for and paid during the period*

The following dividends were provided for and paid to shareholders during the financial year as presented in the Statement of changes in equity and Statement of cash flows.

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Fully franked dividend of 6 cents per share (2022: nil cents)	<u>41,584</u>	<u>-</u>

**Franking credits**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Franking account balance at the beginning of the financial year	248,581	290,463
Franking credits (debits) arising from income taxes paid (refunded)	13,295	(41,882)
Franking debits from the payment of franked distributions	(13,861)	-
	<u>248,015</u>	<u>248,581</u>

*Franking transactions that will arise subsequent to the financial year end:*

Balance at the end of the financial year	248,015	248,581
Franking credits (debits) that will arise from payment (refund) of income tax	278,732	1,766
Franking credits available for future reporting periods	<u>526,747</u>	<u>250,347</u>

**Harbord Financial Services Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 21. Dividends (continued)**

The ability to utilise franking credits is dependent upon the company's ability to declare dividends. The tax rate at which future dividends will be franked is 25%.

*Accounting policy for dividends*

Dividends are recognised in the financial year they are declared.

**Note 22. Financial instruments**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Financial assets</b>		
Trade and other receivables	188,811	127,199
Cash and cash equivalents	364,065	337,359
Financial assets	5,000	5,000
	<u>557,876</u>	<u>469,558</u>
<b>Financial liabilities</b>		
Trade and other payables	128,825	48,698
Bank loans	279,102	1,415,969
	<u>407,927</u>	<u>1,464,667</u>

*Accounting policy for financial instruments*

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The company's financial instruments include trade debtors and creditors, cash and cash equivalents and borrowings.

Trade receivables are initially recognised at the transaction price when they originated. All other financial assets and financial liabilities are initially measured at fair value plus transaction costs (where applicable), when the company becomes a party to the contractual provisions of the instrument. These assets and liabilities are subsequently measured at amortised cost using the effective interest method.

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the rights are transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and rewards associated with the asset. Financial liabilities are derecognised when its contractual obligations are discharged, cancelled, or expire. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company currently has a legally enforceable right to set off the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**Financial risk management**

The company has exposure to credit, liquidity and market risk arising from financial instruments. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The company does not use derivative instruments. Risk management is carried out directly by the board.

**Market risk**

Market risk is the risk that changes in market prices - e.g. foreign exchange rates, interest rates, and equity prices - will affect the company's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The company has no exposure to any transactions denominated in a currency other than Australian dollars.

Interest-bearing assets and liabilities are held with Bendigo Bank and earnings on those are subject to movements in market interest rates. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk. The company held cash and cash equivalents of \$364,065 at 30 June 2023 (2022: \$337,359).

**Harbord Financial Services Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 22. Financial instruments (continued)**

As at the reporting date, the company had the following variable rate borrowings outstanding:

	2023		2022	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Bank loans	6.15%	<u>279,102</u>	2.99%	<u>1,415,969</u>
Net exposure to cash flow interest rate risk		<u>279,102</u>		<u>1,415,969</u>

An analysis by remaining contractual maturities is shown in 'liquidity risk' below.

**Equity Price risk**

The company is not exposed to any significant price risk.

**Credit risk**

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers.

The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank. The company monitors credit worthiness through review of credit ratings, Bendigo Bank is rated BBB+ on Standard & Poor's credit ratings.'

**Liquidity risk**

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

**Exposure to liquidity risk**

The following are the remaining contractual maturities of financial liabilities. The contractual cash flow amounts are gross and undiscounted and therefore may differ from their carrying amount in the statement of financial position.

2023	1 year or less	Between 1 and 5 years	Over 5 years	Remaining contractual maturities
	\$	\$	\$	\$
Bank loans	42,497	236,605	-	279,102
Trade and other payables	73,684	55,141	-	128,825
Total non-derivatives	<u>116,181</u>	<u>291,746</u>	-	<u>407,927</u>

2022	1 year or less	Between 1 and 5 years	Over 5 years	Remaining contractual maturities
	\$	\$	\$	\$
Bank loans	158,398	1,257,571	-	1,415,969
Trade and other payables	48,698	-	-	48,698
Total non-derivatives	<u>207,096</u>	<u>1,257,571</u>	-	<u>1,464,667</u>

**Harbord Financial Services Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 23. Key management personnel disclosures**

The following persons were directors of Harbord Financial Services Limited during the financial year and/or up to the date of signing of these Financial Statements

Trevor Leslie Sargeant	Peter Eric Harley OAM
Ian John Greentree	Anthony Curtiss Bevan
David James Irvine	Julie Clare Rigoni 'LoA'
Martin Edwin Brook	Violet Grace Warner
Noela Rose Roberts	Rohan Walter Fell
Denise Faith Goldstein	

No director of the company receives remuneration for services as a company director or committee member.

There are no executives within the company whose remuneration is required to be disclosed.

**Note 24. Related party transactions**

The following transactions occurred with related parties:

	<b>2023</b>	<b>2022</b>
	\$	\$
John Vaccaro as an Asset Manager at Hardys Realty was engaged to find a new tenant for the previous branch building at 20 Albert Street, Freshwater.	-	15,706

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

**Note 25. Remuneration of auditors**

During the financial year the following fees were paid or payable for services provided by Andrew Frewin Stewart, the auditor of the company:

	<b>2023</b>	<b>2022</b>
	\$	\$
<i>Audit services</i>		
Audit or review of the financial statements	7,600	5,200
<i>Other services</i>		
Taxation advice and tax compliance services	1,433	1,325
General advisory services	2,330	4,690
Share registry services	5,585	4,303
	<u>9,348</u>	<u>10,318</u>
	<u><u>16,948</u></u>	<u><u>15,518</u></u>

**Harbord Financial Services Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 26. Reconciliation of profit after income tax to net cash provided by operating activities**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Profit after income tax expense for the year	952,253	92,347
Adjustments for:		
Depreciation and amortisation	81,071	72,040
Impairment	-	85,199
Lease liabilities interest	-	345
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(59,532)	330,533
Decrease in income tax refund due	-	85,331
Decrease/(increase) in deferred tax assets	8,085	(8,085)
Increase in other operating assets	(78,775)	-
Increase/(decrease) in trade and other payables	17,466	(367,026)
Increase in provision for income tax	276,966	1,766
Increase/(decrease) in deferred tax liabilities	21,607	(5,845)
Decrease in employee benefits	(13,984)	(5,006)
Net cash provided by operating activities	<u>1,205,157</u>	<u>281,599</u>

**Note 27. Earnings per share**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Profit after income tax	<u>952,253</u>	<u>92,347</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>693,059</u>	<u>693,059</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>693,059</u>	<u>693,059</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	137.40	13.32
Diluted earnings per share	137.40	13.32

*Accounting policy for earnings per share*

Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Harbord Financial Services Limited, by the weighted average number of ordinary shares outstanding during the financial year.

**Note 28. Commitments**

The company has no commitments contracted for which would be provided for in future reporting periods.

**Note 29. Contingencies**

There were no contingent liabilities or contingent assets at the date of this report.

**Note 30. Events after the reporting period**

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

**Harbord Financial Services Limited**  
**Directors' declaration**  
**30 June 2023**

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



---

Trevor Leslie Sargeant  
Chairman

24 August 2023



Andrew Frewin Stewart  
61 Bull Street Bendigo VIC 3550  
ABN: 65 684 604 390  
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(03) 5443 0344

# Independent auditor's report to the Directors of Harbord Financial Services Limited

## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of Harbord Financial Services Limited (the company), which comprises:

- Statement of financial position as at 30 June 2023
- Statement of profit or loss and other comprehensive income
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements, including a summary of significant accounting policies
- The directors' declaration of the company.

In our opinion, the accompanying financial report of Harbord 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 2023 and of its financial performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards 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 for the Audit of the Financial Report* section of our report.

We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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



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## Other Information

The other information comprises the information included in the company's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon. The annual report may also include "other information" on the company's operations and financial results and financial position as set out in the financial report, typically in a Chairman's report and Manager's report, and reports covering governance and shareholder matters.

The directors are responsible for the other information. The annual report is expected to be made available to us after the date of this auditor's report.

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

Our responsibility is to read the other information identified above when it becomes available 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 we identify that a material inconsistency appears to exist when we read the annual report (or become aware that the other information appears to be materially misstated), we will discuss the matter with the directors and where we believe that a material misstatement of the other information exists, we will request management to correct the other information. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that it gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control 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 cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the company's financial reporting process.

## Auditor's responsibilities for the Audit of the Financial Report

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 the Australian Auditing Standards will always detect a material misstatement when it exists.



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Misstatement can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Andrew Frewin Stewart**  
61 Bull Street, Bendigo, Vic, 3550  
Dated: 24 August 2023

**Joshua Griffin**  
Lead Auditor

## Shareholder information

Harbord Financial Services Limited is a public company incorporated in Australia and from 1 July 2015 operates a Special market called Low Volume Market (LVM) to facilitate the trading of its shares.

### Shareholding

The following table shows the number of shareholders, broken into various categories showing the total number of shares held.

Number of shares held	Number of shareholders	Number of shares held	Percentage of total issued
1 to 1,000	267	185,956	26.83%
1,001 to 5,000	123	386,102	55.71%
5,001 to 10,000	10	82,232	11.87%
10,001 to 100,000	3	38,769	5.59%
101,000 and over	-	-	0.00%
Total shareholders	403	693,059	100.00%

### Equity securities

Each of the above shareholders are entitled to 1 vote, irrespective of the number of shares held.

There are no substantial shareholders (holding more than 5% of voting rights) as each shareholder is entitled to 1 vote.

Normally holding more than 5% of total issued shares would create a substantial shareholder, but this is not applicable due to the voting restrictions for the company.

There are 15 shareholders holding less than a marketable parcel of shares (\$500 in value).

There are no restricted securities on issue.

All shares on issue are ordinary shares fully paid to \$1 per share.

There are no unquoted equity securities.

### Registered office and Principal administrative office

The registered office of the company is located at:  
Suite 1 / 1-3 Moore Road Freshwater NSW 2096 Phone (02) 9939 8990  
The principal administrative office of the company is located at:  
Suite 1 / 1-3 Moore Road Freshwater NSW 2096 Phone (02) 9939 8990  
The principal place of business of the company is located at:  
Community Bank Freshwater Bendigo Bank  
Shop 1 / 9 Lawrence Street FRESHWATER NSW 2096 Ph (02) 9939 6744

### Security Register

The security register (share register) is kept at:  
AFS & Associates Pty Ltd 61-65 Bull Street BENDIGO VIC 3550 Phone: (03) 5443 0344

Postal address: PO BOX 454 BENDIGO VIC 3552

### Company Secretary

Ian Greentree has been the Company Secretary of Harbord Financial Services Limited since 2006. Anthony (Tony) Bevan has been the Company Secretary of Harbord Financial Services Limited since 2022.

### Corporate Governance

The company has implemented various corporate governance policies, which include:

- (a) The establishment of an audit committee. Members of the audit committee are Trevor Sargeant; Ian Greentree; David Irvine; Tony Bevan
- (b) Director approval of operating budgets and monitoring of progress against these budgets.
- (c) Ongoing Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

### 5 Year summary of performance

		2019	2020	2021	2022	2023
Gross revenue	\$	1,318,608	1,362,330	1,189,372	1,153,346	2,093,454
Net profit before tax	\$	152,019	276,360	25,991	123,632	1,363,917
Total assets	\$	1,302,708	1,735,556	3,166,599	2,907,154	3,045,672
Total liabilities	\$	158,241	445,472	1,917,343	1,565,551	793,400
Total equity	\$	1,144,467	1,290,084	1,249,256	1,341,603	2,252,272

YEAR	Cents per share	Total Distribution
2004 / 2005	2.25 cents	\$15,593.83
2005 / 2006	3.50 cents	\$24,257.06
2006 / 2007	10.0 cents	\$69,305.90
2007 / 2008	10.0 cents	\$69,305.90
2008 / 2009	8.0 cents	\$55,444.72
2009 / 2010	10.0 cents	\$69,305.90
2010 / 2011	10.0 cents	\$69,305.90
2011 / 2012	10.0 cents	\$69,305.90
2012 / 2013	4.50 cents	\$31,187.71
2013 / 2014	5.50 cents	\$38,118.30
2014 / 2015	6.50 cents	\$45,048.89
2015 / 2016	7.0 cents	\$48,514.13
2016 / 2017	10.0 cents	\$69,305.90
2017 / 2018	10.0 cents	\$69,305.90
2018 / 2019	6.0 cents	\$41,583.54
2019 / 2020	10.0 cents	\$69,305.90
2020 / 2021	0.0 cents	\$0.00
2021 / 2022	6.0 cents	\$41,583.54
Total	123.25 cents	\$895,778.92

## Director History

### Steering Committee

Bernard O'Connor	Chairman
Robert Adams	
Brian Dunphy	
Greg Hazlett	
Jeremy Hodges	
Ian Joynson	
Roger Leys	
Peter Lowther	
Bryce Rea	
Deidre McAliden	Public Relations
Peter Kemp	Solicitor
Stephen Armstrong	Accountant
David McCauley	Bendigo Bank

### Inaugural Directors

Domenic Gerace	Chairman
Dr Trevor Sargeant	Vice Chairman
Brian Dunphy	Company Secretary
Martin Brook	
Ian Joynson	
Howard Lipman	
Phillip Murray	
Dr Howard Wong-See (Dec'd)	

### Past Directors

Brian Dunphy	
Anita Hutcheson	
Phillip Murray	
Andrew Speers	
Howard Lipman	
Dr Howard Wong-See (Dec'd)	
John Lang	
Lisa Bousfield	
Darren Jones	
Brad O'Connor	
Ian Joynson	now Ambassador
Kevin Abrahamson (Dec'd)	
John Vaccaro	now Ambassador

## Community Support for the year ended 30 June 2023

<b>DONATIONS</b>		
<b>NAME OF RECIPIENT</b>	<b>DESCRIPTION</b>	<b>AMOUNT</b>
The Soldiers Avenue of Honour Stakeholders Group	Remembrance Day 11/11/2022	\$100
Community Capital Foundation	Manly Spin for Youth 01/04/2023	\$2,000
Leukaemia Foundation	direct donation on behalf of the Aqua Aerobics Fundraiser event 28/04/2023	\$2,520
Sydney Children's Hospitals Foundation	direct donation on behalf of the Aqua Aerobics Fundraiser event 28/04/2023	\$2,500
	<b>TOTAL</b>	<b>\$7,120</b>

<b>COMMUNITY GRANTS</b>		
<b>NAME OF RECIPIENT</b>	<b>DESCRIPTION</b>	<b>AMOUNT</b>
Claudia Hayman - St Luke's Grammar School	2020 FCB Tertiary Scholarship + Ken Ward Memorial Scholarship	\$2,500
Riona Chapman – Stella Maris College	2020 FCB Tertiary Scholarship	\$500
Piper Harrison - NBSC Mackellar Girls Campus	2021 FCB Tertiary Scholarship + Ken Ward Memorial Scholarship	\$5,000
Archie Viesis - NBSC Balgowlah Campus	2021 FCB Tertiary Scholarship	\$500
Jayden Hurst - NBSC Cromer Campus	2021 FCB Tertiary Scholarship	\$1,000
Andrew Mizon - NBSC Freshwater Senior Campus	2021 FCB Tertiary Scholarship	\$500
Krishaa Tulsiani – NBSC Manly Campus	2021 FCB Tertiary Scholarship	\$500
Nikolas Pender – St Augustine's College	2021 FCB Tertiary Scholarship	\$500

Samuel Bell - St Lukes Grammar School	2021 CBF Tertiary Scholar	\$500
Nicholas Taylor – St Pauls Catholic College	2021 FCB Tertiary Scholarship	\$500
Holly Horswill - Stella Maris College	2021 FCB Tertiary Scholarship	\$500
Carlos Ramirez- NBSC Balgowlah Campus	2022 FCB Tertiary Scholarship	\$500
Georgia Gamble - NBSC Freshwater Senior Campus	2022 FCB Tertiary Scholarship	\$500
Milla Papallo - NBSC Mackellar Girls Campus	2022 FCB Tertiary Scholarship	\$500
Eliza Lo Russo – NBSC Manly Campus	2022 FCB Tertiary Scholarship	\$500
Joshua Seward – St Augustines College	2022 FCB Tertiary Scholarship	\$500
Maddison Smart – St Lukes Grammar School	2022 FCB Tertiary Scholarship	\$500
Josephine Kelly - Stella Maris College	2022 FCB Tertiary Scholarship	\$1,000
Stefanie Fejes - NBSC Mackellar Girls Campus	2023 CBF Tertiary Scholar + Ken Ward Memorial Scholarship	\$2,500
Sebastian Bush - NBSC Balgowlah Boys Campus	2023 CBF Tertiary Scholar	\$500
Rebecca Hoffman - NBSC Manly Campus	2023 CBF Tertiary Scholar	\$500
Harvey Cordukes - St Augustine's College	2023 CBF Tertiary Scholar	\$500
Tara Seymour - St Lukes Grammar School	2023 CBF Tertiary Scholar	\$500
Ashling Carroll - Stella Maris College	2023 CBF Tertiary Scholar	\$500
	<b>TOTAL</b>	<b>\$21,500</b>
* Balgowlah Boys; Cromer; Freshwater Senior; Mackellar Girls and Manly Campuses are all part of the Northern Beaches Secondary College.		

<b>SPONSORSHIP</b>		
<b>NAME OF RECIPIENT</b>	<b>DESCRIPTION</b>	<b>AMOUNT</b>
UHA of NSW Inc - Manly Hospital Branch	Manly Adolescent & Young Adult Hospice fundraiser event 24/08/2022	\$4200
Manly Croquet Club Inc.	2022/23 Sponsorship	\$500
Harbord Swimming Club Inc.	2022/23 sponsorship	\$500
Rotary Club of Balgowlah Inc.	Bronze sponsorship of 32nd Charity Golf Day & Dinner Fri 09/09/2022	\$500
Manly United Football Club Ltd	2022/23 sponsorship	\$25,000
Northern Beaches Pickleball Assoc Inc.	2022/23 sponsorship	\$500
Yellow Diamond Brain Cancer Foundation	9th Annual Gala lunch tickets 09/10/2022	\$640
Freshwater Longboard Club Inc.	2022/23 sponsorship	\$600
Harbord Women's Bowling Club	2022 sponsorship Christmas Annual Carnival Day 02/12/2022	\$500
Northside Enterprise Inc.	2022/23 sponsorship - Carrington Pde project	\$3,600
Freshwater Community Christmas Carols	04/12/2022 - design & printing of brochures and posters; stage setup and pack down; Sound production	\$7,200
Baringa Bush Community Garden Seaforth	2022/23 sponsorship	\$289
Freshwater Surf Life Saving Club	2022/23 sponsorship	\$5,000
South Curl Curl SLSC Inc.	2022/23 sponsorship	\$5,000
North Curl Curl Knights JRLFC Inc.	2023 season sponsorship – Bronze	\$1,200

Manly Warringah Avicultural Society Inc.	Annual Bird show 22/04/2023	\$300
Yellow Diamond Brain Cancer Foundation	Sponsorship of entertainment & table for Charity fundraiser event 22/04/2023	\$2,264
Sailability NSW Inc. - Manly Branch	2023 Sponsorship for the purchase of 6 new slings that will be used to assist disabled people in and out of sailing crafts	\$2,158
Soroptimist International Northern Beaches	2022/23 sponsorship	\$2,000
Manly United Football Club Ltd	Gala dinner tickets 10/06/2023	\$140
NCC Longboarders Club Inc.	2023 Curly Maljam Silver spon category voucher winners W Poulter; A Evangelinidis; Z Couriel	\$1,000
	<b>TOTAL</b>	<b>\$63,091</b>

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If you are involved with a community organisation or sporting club Community Bank Freshwater Bendigo Bank would welcome your banking.

Community Bank · Freshwater  
Shop 1, 9-15 Lawrence Street,  
Freshwater NSW 2096  
Phone: 02 9939 6744  
Email: FreshwaterMailbox@bendigoadelaide.com.au  
Web: bendigobank.com.au/freshwater

Franchisee: Harbord Financial Services Limited  
ABN: 25 097 282 525  
Suite 1/1-3 Moore Road  
Freshwater NSW 2096  
Phone: 02 9939 6744  
Email: info@harbordfinancialservices.com.au

Share Registry:  
AFS & Associates Pty Ltd  
PO Box 454, Bendigo VIC 3552  
Phone: 5443 0344  
Fax: 5443 5304  
Email: shareregistry@afsbendigo.com.au

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 **Bendigo Bank**