

# HARBORD FINANCIAL SERVICES LIMITED

ACN: 097 282 525

Harbord  
**Community Bank**<sup>®</sup>  
Branch



2009

Eighth

**ANNUAL REPORT**

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## **Chairman's Report for year ended 30<sup>th</sup> June 2009**

It is my pleasure to report on the progress of Harbord Financial Services Limited (HFSL) for the year ended 30<sup>th</sup> June 2009

### **Operating Results**

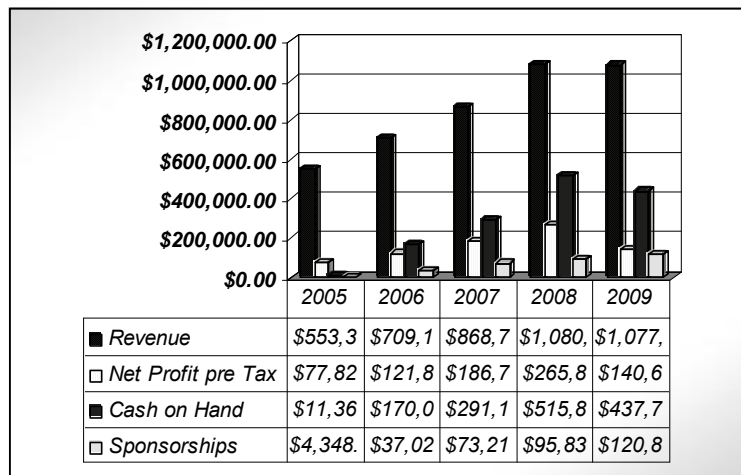
The world's financial crisis has impacted on our results for this year.

It has been a difficult trading period for all financial institutions exacerbated by the Government's deposit security impositions which disadvantaged smaller institutions such as ours.

Notwithstanding, revenue from ordinary activities remained virtually static from \$1,080,030 to \$1,077,761. With the increase in costs (and significant community support already promised of \$120,824 (\$95,838 last year)), the profit before tax reduced to \$140,639 from \$263,426 in 2008.

This has seen cash assets decrease marginally.

It is comforting to note that business has now returned to normal. We in fact more than doubled our forecasted growth in business for this year so in fact we remain confident going forward.



### **Dividend Payment**

Your Directors after reviewing the situation have recommended a franked dividend this year of 8 cents per share (last year 10 cents). We consider this adequate in these troubled times notwithstanding our anticipated continued growth.

This dividend will be paid in February as was the case last year.

### **Adding Value to the Community.**

This year we have seen a further significant increase in our sponsorships (see graph above) and other financial support to numerous local clubs and community organisations. Details of these amounts continue to be listed on the back page of this report

### **Stock Exchange Listing**

HFSL is now a listed entity on the Bendigo Exchange as previously advised directly to you by our Secretary Ian Greentree.

### **Lease Renewal and Secure Tenure**

The Directors have been concerned that with all the development in the Village our tenure may be at risk and after consultation and negotiation with our landlord we have negotiated to secure our position well into the future. It

will be comforting to know that our bank will continue securely for virtually another generation without interruption.

### **Directors Contribution**

The voluntary efforts of all our Directors keep our bank a fresh and exciting place with which to be associated. Without their passion and commitment, I doubt our Bank would be the great success it is. We continue to lead the way in New South Wales and are considered by Bendigo Bank as such. The Directors met monthly during the year with the exception of January '09. Retiring Directors by rotation this year are Noela Roberts, Darren Jones and John Vaccaro, who have all nominated for re-appointment

### **Acknowledging Our Staff Auditor and New Assistant Manager**

To accommodate the continued expansion and in order to maintain the level of service Melanie and Maria have joined the team. We are truly blessed to have what we consider the best team possible at HFSL. Ken Ward, Angela Sue, Becky, Sandy, Casey and Simmone are efficient friendly and caring both to customers and the business alike. We would also like to advise that Sandy has, due to her outstanding work, has been promoted to Assistant Manager. We also wish to acknowledge Ray Patmore, our auditor for his assistance and guidance in compliance issues. Ray retires this year and we thank him sincerely for all his efforts.

### **New Auditor to be Appointed**

We have reviewed our options regarding this appointment and obtained various quotes from those available and put forward herewith our recommendation of AFS, Chartered Accountants from Bendigo who have extensive experience with Community Banks throughout the country and provide, through resultant economies of scale a comprehensive service at reasonable cost.

### **Expanding our facilities**

We are bursting at the seams at present, doing our best to accommodate staff required to maintain the quality service you are used to. Shortly you will see improvements to facilities to better service your needs. It is also worth noting that by securing our tenure in these premises well into the future, we can confidently invest in further improvements in the knowledge we will get full value over time.

### **In Conclusion.**

***On behalf of the Board I wish to thank you once again for your continued support and we encourage you to be pro-active, spread the good news by telling our wonderful story and recommending our services to all your friends.***

***For me it continues to be a privilege to serve this great community.***

Trevor Sargeant



Chairman

## **Manager's Report**

Despite the financial crisis and the problems experienced in the financial world, Harbord **Community bank** continued to grow and achieved some fantastic results.

- Total footings held increased by 40.4% or \$33,078,000 to a total of \$114,862,000
- Our lending portfolio increased by over 22% or \$5,700,000
- Our deposit portfolio increased by over 58% or 29,694,000
- Our contribution to the community exceeded \$135,000

Whilst we are pleased with our results, profits were reduced for a number of months due to the margin squeeze and the difference between interest rates being paid to depositors and the interest rates received from loans. The lesson learned is that we need to increase our lending portfolio to better balance our book. Now that the market has stabilized, profitability has returned to normal levels.

Our success is based on the support we receive from our customers and shareholders I encourage any shareholders who are yet to set up their banking with Harbord **Community Bank** to give us a go. You will not be disappointed.

A big thank you goes to the Board for all their assistance throughout the year. This hard working Board are all volunteers yet provide great support and many hours of hard work to ensure the success of the Bank.

Finally, to the great staff working at Harbord **Community Bank**, a big thank you for all your effort and hard work throughout the year.

**Ken Ward**

A handwritten signature in black ink, appearing to read 'Ken Ward', written over a light blue horizontal line.

**Branch Manager**

**Harbord Financial Services Limited**  
**ABN 25 097 282 525**  
**Directors' Report**

Your Directors submit the financial report of the company for the financial year ended 30 June 2009.

#### Directors

The names and details of the company's directors who held office during or since the end of the financial year:

**Trevor Leslie Sargeant**  
Chairman  
Age: 54  
Dentist  
Chairman; Committee, Marketing  
Interests in shares: 2,001

**Garry Stanley Chadwick**  
Treasurer  
Age: 63  
Accountant/Company Director  
Treasurer; Committee, Marketing  
Interests in shares: 15,001

**Ian John Greentree**  
Secretary  
Age: 54  
Business Consultant  
Company Secretary; Committee, HR  
Interests in shares: 1,001

**Ian Charles Joynson**  
Director  
Age: 70  
Retired Newsagent  
Committee, Sponsorship  
Interests in shares: 2,001

**Bradley Raymond O'Connor**  
Director  
Age: 50  
Chief Executive Officer  
Committee, Sponsorship  
Interests in shares: 5,501

**Martin Edwin Brook**  
Director  
Age: 51  
Pharmacist  
Committee, Sponsorship  
Interests in shares: 2,001

**Darren Grigor Jones**  
Director  
Age: 61  
Company Director  
Committee, HR  
Interests in shares: 3,001

**John Vaccaro**  
Director  
Age: 47  
Licensed Real Estate Professional  
Committee, Marketing  
Interest in shares: 501

**Noela Rose Roberts**  
Director  
Age: 58  
Retired  
Committee, HR  
Interests in shares: 6,001

Directors were in office for this entire year unless otherwise stated.

No Directors have material interests in contracts or proposed contracts with the company.

No Director is a Director of any other listed company or was a Director of a listed Company within the last three years.

#### Company Secretary

The Company Secretary is Ian Greentree. Ian has been the Company's Secretary since 27 November 2006. He has a Diploma in Law admitted as a Solicitor to the Supreme Court of NSW, Associate Diploma in Accounting, member of National Institute of Accountants, Associate of Chartered Secretaries Australia and previously held the position of assistant Company Secretary of Advance Bank Australia Limited.

#### Principal activities

The principal activities of the company during the course of the financial year were in facilitating community banking services under management rights to operate a franchised branch of Bendigo & Adelaide Bank Limited.

There have been no significant changes in the nature of these activities during the year.

#### Operating Results

Operations have continued to perform in line with expectations. The profit of the company for the financial year after provision for income tax was:

Year ended 30 June 2009	Year ended 30 June 2008
\$	\$
119,213	175,322

**Harbord Financial Services Limited**  
**ABN 25 097 282 525**  
**Directors' Report**

**Remuneration Report**

No Director receives remuneration for services as a Company Director or Committee Member.

The Board is responsible for the determination of remuneration packages and policies applicable to the Manager and staff. The Manager is invited to all Board meetings to report on the management of the branch and as required to discuss performance and remuneration packages.

The Manager is paid a base salary, which for the year ended 30 June 2009 was in the range \$90,000 to \$100,000 (plus superannuation).

**Dividends**

	<b>Year Ended 30 June 2009</b>	
	<u>Cents</u>	<u>\$</u>
Dividends paid in the year:	10	69,306

**Significant changes in the state of affairs**

In the opinion of the directors there were no significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report or the financial report.

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

There are no other matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company, in future 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.

**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 except as disclosed in note 17 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

**Indemnification and Insurance of Directors and Officers**

The company has indemnified all Directors and all officers of the company being the Manager and Treasurer 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. The company has not provided any insurance for an auditor of the company or a related body corporate.

Harbord Financial Services Limited  
ABN 25 097 282 525  
Directors' Report

**Directors Meetings**

The number of Directors meetings attended by each of the Directors of the company during the year were:

	<u>Number of Board Meetings eligible to attend</u>	<u>Number attended</u>
Trevor Leslie Sargeant	12	10
Garry Stanley Chadwick	12	11
Ian John Greentree	12	12
Ian Charles Joynson	12	10
Bradley Raymond O'Connor	12	8
Martin Edwin Brook	12	9
Darren Grigor Jones	12	8
John Vaccaro	12	10
Noela Rose Roberts	12	8

**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 (Raymond J Patmore) for audit and non audit services provided during the year are set out in the notes to the accounts.

The board of directors has considered the position, in accordance with the advice received from the audit committee and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are satisfied that the provision of non-audit services by the auditor, as set out in the notes 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 audit committee to ensure they do not impact on the impartiality and objectivity of the auditor;


none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

**Auditors' independence declaration**

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

Signed in accordance with a resolution of the Board of Directors at Harbord, New South Wales on 26 October 2009.

  
\_\_\_\_\_  
Trevor Leslie Sargeant, Chairman

  
\_\_\_\_\_  
Garry Stanley Chadwick, Treasurer



**Raymond J. Patmore** B.E. F.C.A.J.P.

Chartered Accountant

P.O. Box 175  
HARBORD NSW 2096

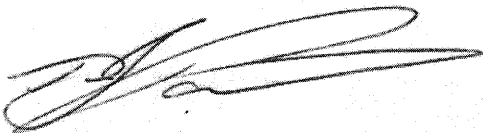
Telephone: (02) 9938 5685  
Fax: (02) 9938 6269  
Email: raymondjpatmore@hotmail.com

ABN 86 665 216 632

**Lead Auditor's Independence Declaration under section 307C of the Corporations Act 2001  
to the directors of Harbord Financial Services Limited**

I declare that to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2009 there have been:

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



**Raymond J Patmore**

**Auditor**

49 Wyndora Avenue Freshwater NSW 2096

Dated this 23<sup>rd</sup> day of October 2009

**Harbord Financial Services Limited**  
**ABN 25 097 282 525**  
**Income Statement**  
**for the year ended 30 June 2009**

	<u>Notes</u>	<b>2009</b> <b>\$</b>	<b>2008</b> <b>\$</b>
Revenues from ordinary activities	3	1,080,357	1,080,587
Salaries and employee benefits expense		(447,611)	(380,831)
Charitable donations, sponsorship, advertising & promotion		(183,274)	(125,447)
Occupancy and associated costs		(111,055)	(119,230)
Systems costs		(25,025)	(25,143)
Depreciation and amortisation expense	4	(32,942)	(42,582)
General administration expenses	4	(141,986)	(123,917)
		<hr/>	<hr/>
<b>Profit before income tax expense</b>		<b>138,464</b>	<b>263,437</b>
Income tax expense	5	(19,251)	(88,115)
		<hr/>	<hr/>
<b>Profit for the period</b>		<b>119,213</b>	<b>175,322</b>
		<hr/>	<hr/>
<b>Profit attributable to members of the entity</b>		<b>119,213</b>	<b>175,322</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>Earnings per share (cents per share)</b>		<b>c</b>	<b>c</b>
- basic for profit for the year	19	17.2	25.29
- dividends paid per share	18	10	10

The accompanying notes form part of these financial statements

**Harbord Financial Services Limited**  
**ABN 25 097 282 525**  
**Balance Sheet**  
**as at 30 June 2009**

	<u>Notes</u>	2009 \$	2008 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash assets	6	437,726	515,804
Current tax asset	5	37,556	-
Trade and other receivables	7	129,214	104,364
<b>Total Current Assets</b>		<b><u>604,496</u></b>	<b><u>620,168</u></b>
<b>Non-Current Assets</b>			
Property, plant and equipment	8	93,998	104,213
Intangible assets	9	30,000	40,000
Deferred tax assets	10	15,245	-
<b>Total Non-Current Assets</b>		<b><u>139,243</u></b>	<b><u>144,213</u></b>
<b>Total Assets</b>		<b><u>743,739</u></b>	<b><u>764,381</u></b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	11	44,408	40,387
Current tax liabilities	5	-	81,231
Provisions	12	38,569	35,720
<b>Total Current Liabilities</b>		<b><u>82,977</u></b>	<b><u>157,338</u></b>
<b>Non-Current Liabilities</b>			
Provisions	12	16,122	12,310
<b>Total Non-Current Liabilities</b>		<b><u>16,122</u></b>	<b><u>12,310</u></b>
<b>Total Liabilities</b>		<b><u>99,099</u></b>	<b><u>169,648</u></b>
<b>Net Assets</b>		<b><u>644,640</u></b>	<b><u>594,733</u></b>
<b>Equity</b>			
Issued capital	13	613,376	613,376
Retained profits/(Accumulated losses)	14	31,264	(18,643)
<b>Total Equity</b>		<b><u>644,640</u></b>	<b><u>594,733</u></b>

The accompanying notes form part of these financial statements

**Harbord Financial Services Limited**  
**ABN 25 097 282 525**  
**Statement of Changes in Equity**  
**for the year ended 30 June 2009**

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Total equity at the beginning of the period	594,733	488,679
Net profit for the period	119,213	175,322
Net income/expense recognised directly in equity	-	-
Total income and expense recognised by the entity for the year	119,213	175,322
Dividends provided for or paid	(69,306)	(69,268)
Shares issued during period	-	-
Total equity at the end of the period	644,640	594,733

The accompanying notes form part of these financial statements

**Harbord Financial Services Limited**  
**ABN 25 097 282 525**  
**Statement of Cashflows**  
**for the year ended 30 June 2009**

	<u>Notes</u>	2009 \$	2008 \$
<b>Cash Flows From Operating Activities</b>			
Receipts from customers		1,135,618	1,051,159
Payments to suppliers and employees		(1,010,819)	(786,632)
Interest received		37,651	29,428
Income taxes paid		(153,283)	-
<b>Net cash provided by operating activities</b>	15	<u>9,167</u>	<u>293,955</u>
<b>Cash Flows From Investing Activities</b>			
Payments for property, plant & equipment		(17,939)	-
<b>Net cash provided by/(used in) investing activities</b>		<u>(17,939)</u>	<u>-</u>
<b>Cash Flows From Financing Activities</b>			
Dividends paid		(69,306)	(69,306)
<b>Net cash used in financing activities</b>		<u>(69,306)</u>	<u>(69,306)</u>
<b>Net increase/(decrease) in cash held</b>		(78,078)	224,649
Cash at the beginning of the financial year		515,804	291,155
<b>Cash at the end of the financial year</b>	6(a)	<u>437,726</u>	<u>515,804</u>

The accompanying notes form part of these financial statements

**Harbord Financial Services Limited**  
**ABN 25 097 282 525**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2009**

**1. Summary of significant accounting policies**

**Basis of preparation**

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001.

*Compliance with IFRS*

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS). These financial statements and notes comply with IFRS.

*Historical cost convention*

The financial report has been prepared under the historical cost conventions on an accruals basis as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

**Revenue**

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of Goods and Services Tax (GST). The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue.

**Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable for 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 expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operation cash flows.

**Income tax**

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

## **1. Summary of significant accounting policies (continued)**

### **Income tax (continued)**

#### Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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 company/consolidated entity intends to settle its tax assets and liabilities on a net basis.

#### Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

### **Employee entitlements**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

The company contributes to a defined contribution plan. Contributions to employee superannuation funds are charged against income as incurred.

### **Intangibles**

The cost of the company's franchise fee has been recorded at cost and is amortised on a straight line basis at a rate of 20% per annum.

### **Cash**

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

### **Comparative figures**

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

## **1. Summary of significant accounting policies (continued)**

### **Property, plant and equipment**

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated at the rate equivalent to the available building allowance using the straight line method. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

- leasehold improvements	40 years
- plant and equipment	2.5 - 40 years
- furniture and fittings	4 - 40 years

### **Critical Accounting Estimates and Judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

There are no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### **Payment terms**

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days.

### **Trade Receivables and Payables**

Receivables are carried at their amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

### **Borrowings**

All loans are initially measured at the principal amount. Interest is recognised as an expense as it accrues.

### **Financial Instruments**

#### Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transactions costs. Financial instruments are classified and measured as set out below.

#### Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with



## **1. Summary of significant accounting policies (continued)**

### Classification and Subsequent Measurement

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(ii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iii) *Financial Liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

### Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the income statement.

### **Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the entity are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

### **Provisions**

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

### **Contributed Equity**

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

### **Earnings per Share**

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

## **2. Financial Risk Management**

The company's activities expose it to a limited variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. 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 entity. The entity does not use derivative instruments.

Risk management is carried out directly by the Board of Directors.

### **(i) Market Risk**

The company has no exposure to any transactions denominated in a currency other than Australian dollars.

### **(ii) Price Risk**

The company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. The company is not exposed to commodity price risk.

### **(iii) Credit Risk**

The company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo and Adelaide Bank Limited.

### **(iv) Liquidity Risk**

Prudent liquidity management implies maintaining sufficient cash and marketable securities and the availability of funding from credit facilities. The company believes that its sound relationship with Bendigo and Adelaide Bank Limited mitigates this risk significantly.

### **(v) Cash flow and fair value interest rate risk**

Interest-bearing assets are held with Bendigo and Adelaide Bank Limited and subject to movements in market interest. 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 believes that its sound relationship with Bendigo and Adelaide Bank Limited mitigates this risk significantly.

### **(vi) Capital management**

The Board's policy is to maintain a strong capital base so as to sustain future development of the Company. The Board of Directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Balance Sheet.

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

- (i) the Distribution Limit is the greater of:
  - (a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and
  - (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and
- (ii) 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 year ended 30 June 2009 can be seen in the Income Statement.

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

**Harbord Financial Services Limited**  
**ABN 25 097 282 525**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2009**

<b>3. Revenue from ordinary activities</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Operating activities:		
- gross margin	1,033,112	1,050,582
- other revenue	1,500	577
Total revenue from operating activities	<u>1,034,612</u>	<u>1,051,159</u>
Non-operating activities:		
- interest received	45,745	29,428
Total revenue from non-operating activities	<u>45,745</u>	<u>29,428</u>
Total revenues from ordinary activities	<u>1,080,357</u>	<u>1,080,587</u>
<b>4. Expenses</b>		
Depreciation of non-current assets:		
- plant and equipment	8,577	21,418
- leasehold improvements	14,365	11,163
Amortisation of non-current assets:		
- franchise agreement	10,000	10,000
	<u>32,942</u>	<u>42,581</u>
Bad debts	<u>3,130</u>	<u>7,815</u>
Loss on disposal of fixed asset	<u>5,210</u>	<u>-</u>
<b>5. Income tax expense</b>		
The components of tax expense comprise:		
- Current tax	34,496	89,383
- Deferred tax on provisions	(15,245)	-
- Recoupment of prior year tax losses	-	(1,268)
	<u>19,251</u>	<u>88,115</u>
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Operating profit	138,464	263,437
Prima facie tax on profit from ordinary activities at 30%	41,539	79,031
Add tax effect of:		
- non-deductible expenses	3,344	6,349
- timing difference expenses	(5,606)	4,003
- investment deduction	-	-
- other deductible expenses	(4,781)	-
Current tax	34,496	89,383
Recoupment of prior year tax losses	-	(1,268)
Movement in deferred tax	<b>10.</b> (15,245)	-
	<u>19,251</u>	<u>88,115</u>
<b>Tax assets</b>		
Current tax refundable	<u>37,556</u>	<u>-</u>
<b>Tax liabilities</b>		
Current tax payable	<u>-</u>	<u>81,231</u>

**Harbord Financial Services Limited**  
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**Notes to the Financial Statements**  
**for the year ended 30 June 2009**

<b>6. Cash assets</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Cash at bank and on hand	65,602	58,811
Term deposits	372,124	456,993
	<u>437,726</u>	<u>515,804</u>

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cashflows as follows:

**6(a) Reconciliation of cash**

Cash at bank and on hand	65,602	58,811
Term deposit	372,124	456,993
	<u>437,726</u>	<u>515,804</u>

**7. Trade and other receivables**

Trade receivables	113,477	104,045
Prepayments	7,643	319
Accrued income	8,094	-
	<u>129,214</u>	<u>104,364</u>

**8. Property, plant and equipment**

*Plant and equipment*

At cost	54,491	53,636
Less accumulated depreciation	(45,156)	(36,578)
	<u>9,335</u>	<u>17,058</u>

*Leasehold improvements*

At cost	201,994	201,275
Less accumulated depreciation	(117,331)	(114,120)
	<u>84,663</u>	<u>87,155</u>

Total written down amount	<u>93,998</u>	<u>104,213</u>
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**Movements in carrying amounts:**

*Plant and equipment*

Carrying amount at beginning	17,058	43,330
Additions	854	-
Disposals	-	(6,747)
Less: depreciation expense	(8,577)	(19,525)
Carrying amount at end	<u>9,335</u>	<u>17,058</u>

*Leasehold improvements*

Carrying amount at beginning	87,155	100,212
Additions	17,083	-
Disposals	(5,210)	-
Less: depreciation expense	(14,365)	(13,057)
Carrying amount at end	<u>84,663</u>	<u>87,155</u>

Total written down amount	<u>93,998</u>	<u>104,213</u>
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**Harbord Financial Services Limited**  
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**Notes to the Financial Statements**  
**for the year ended 30 June 2009**

<b>9. Intangible assets</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<i>Franchise Fee</i>		
At cost	100,000	100,000
Less: accumulated amortisation	(70,000)	(60,000)
	<u>30,000</u>	<u>40,000</u>
<b>10. Deferred Tax</b>		
Deferred Tax Asset/(Liability)		
- Opening Balance	-	-
Future income tax benefits attributable to losses	-	-
Recoupment of prior year tax losses	-	-
Deferred tax on provisions	15,245	-
- Closing Balance	<u>15,245</u>	<u>-</u>
<b>11. Trade and other payables</b>		
Trade creditors	40,732	-
Other creditors & accruals	3,676	40,387
	<u>44,408</u>	<u>40,387</u>
<b>12. Provisions</b>		
<b>Current</b>		
Employee provisions	<u>38,569</u>	<u>35,720</u>
<b>Non-Current</b>		
Employee provisions	<u>16,122</u>	<u>12,310</u>
Number of employees at year end	<u>8</u>	<u>8</u>
<b>13. Contributed equity</b>		
693,059 Ordinary shares fully paid (2008: 693,059)	693,059	693,059
Less: equity raising expenses (reclassified)	(79,683)	(79,683)
	<u>613,376</u>	<u>613,376</u>

**Rights attached to shares**

(a) *Voting Rights*

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

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® have the same ability to influence the operation of the Company.

**Harbord Financial Services Limited**  
**ABN 25 097 282 525**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2009**

**13. Contributed equity (continued)**

**Rights attached to shares (continued)**

(b) *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 and Adelaide 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).

(c) *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.

**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 10% or more of the shares in the Company (the "10% 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 416 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 his or her associates) have a prohibited shareholding interest, 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.

The Bendigo Stock Exchange (BSX) has advised that in its view the prohibited shareholding provisions are appropriate and equitable but the 'base number test' is not as a result the base number clause does not operate whilst the company remains listed on the BSX.

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.

<b>14. Retained earnings</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Balance at the beginning of the financial year	(18,643)	(124,696)
Net profit from ordinary activities after income tax	119,213	175,322
Dividends paid	(69,306)	(69,306)
Adjustments to previous dividends paid	-	37
Balance at the end of the financial year	<u>31,264</u>	<u>(18,643)</u>

**Harbord Financial Services Limited**  
**ABN 25 097 282 525**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2009**

<b>15. Statement of cashflows</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<i>Reconciliation of profit from ordinary activities after tax to net cash provided by operating activities</i>		
Profit from ordinary activities after income tax	119,213	175,325
Non cash items:		
- depreciation	22,942	32,582
- amortisation	10,000	10,000
- loss on disposal of fixed asset	5,210	6,747
Changes in assets and liabilities:		
- increase in receivables	(62,404)	(22,999)
- increase in other assets	(15,245)	-
- increase/(decrease) in payables	(77,210)	78,945
- increase in provisions	6,661	13,355
Net cashflows provided by operating activities	<u>9,167</u>	<u>293,955</u>

**16. Auditors' remuneration**

Amounts received or due and receivable by the auditor of the company for:

- audit & review services	4,800	4,495
- non audit services	-	-
	<u>4,800</u>	<u>4,495</u>

**17. Director and related party disclosures**

The names of directors who have held office during the financial year are:

Trevor Leslie Sargeant  
Garry Stanley Chadwick  
Ian John Greentree  
Ian Charles Joynson  
Bradley Raymond O'Connor  
Martin Edwin Brookes  
Darren Grigor Jones  
John Vaccaro  
Noela Rose Roberts

No director or related entity has entered into a material contract with the company. No director's fees have been paid as the positions are held on a voluntary basis.

<b>Directors shareholdings</b>	<b>2009</b>	<b>2008</b>
Trevor Leslie Sargeant	2,001	2,001
Garry Stanley Chadwick	15,001	15,001
Ian John Greentree	1,001	1,001
Ian Charles Joynson	2,001	2,001
Bradley Raymond O'Connor	5,501	5,501
Martin Edwin Brookes	2,001	2,001
Darren Grigor Jones	3,001	3,001
John Vaccaro	501	501
Noela Rose Roberts	6,001	6,001

There was no movement in directors shareholdings during the year.

**Harbord Financial Services Limited**  
**ABN 25 097 282 525**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2009**

18. Dividends paid or provided	2009 \$	2008 \$
<b>a. Dividends paid during the year</b>		
Prior year proposed final 100% (2008: Nil%) franked dividend - 10 cents (2008: 10 cents) per share	<u>69,268</u>	<u>69,268</u>
<b>b. Dividends proposed and not recognised as a liability</b>		
100% (2008: 100%) franked dividend - 8 cents (2008: 10 cents) per share	<u>55,445</u>	<u>69,268</u>

**19. Earnings per share**

(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	119,213	175,322
	<b><u>2009</u></b>	<b><u>2008</u></b>
	<b><u>Number</u></b>	<b><u>Number</u></b>
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	693,059	693,059

**20. Correction of errors**

*Correction of accounting errors in previous financial years*

Accounting errors were made in prior years in relation to:

- Classification of preliminary expenses incurred in company start up
- Classification of leasehold improvements capitalised from fit out of branch

<b>Balance Sheet (extract)</b>	<b>30 June 2008</b>	<b>Increase/ (Decrease)</b>	<b>30 June 2008 Restated</b>
Cash assets	515,804	-	515,804
Trade and other receivables	104,364	-	104,364
Property, plant & equipment	98,079	6,134	104,213
Intangibles assets	125,817	(85,817)	40,000
Trade and other payables	40,387	-	40,387
Current tax liabilities	81,231	-	81,231
Short term provisions	35,720	-	35,720
Long term provisions	12,310	-	12,310
<b>Net assets</b>	<b>1,013,712</b>	<b>(79,683)</b>	<b>934,029</b>
Issued capital	693,059	(79,683)	613,376
Accumulated losses	(18,643)	-	(18,643)
<b>Total equity</b>	<b>674,416</b>	<b>(79,683)</b>	<b>594,733</b>

**21. Events occurring after the balance sheet date**

There have been no other events after the end of the financial year that would materially affect the financial statements.

**22. Contingent liabilities**

There were no contingent liabilities at the date of this report to affect the financial statements.

**23. Segment reporting**

The economic entity operates in the service sector where it facilitates community banking services pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited. The economic entity operates in one geographic area being Harbord, New South Wales.

**24. Registered office/Principal place of business**

The registered office and principal place of business is:

<b>Registered office</b>	<b>Principal place of business</b>
20 Albert Street Harbord NSW 2096	20 Albert Street Harbord NSW 2096



Harbord Financial Services Limited  
 ABN 25 097 282 525  
 Notes to the Financial Statements for the year ended 30 June 2009

**25. Financial Instruments**

**Net fair values**

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Balance Sheet. The company does not have any unrecognised financial instruments at the year end.

**Credit risk**

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the Balance Sheet and notes to the financial statements.

There are no material credit risk exposures to any single debtor or group of debtors under financial instruments entered into by the economic entity.

**Interest rate risk**

Financial instrument	Floating interest rate		Fixed interest rate maturing in						Non interest bearing		Weighted average effective interest rate	
	2009 \$	2008 \$	1 year or less		Over 1 to 5 years		Over 5 years		2009 \$	2008 \$	2009 %	2008 %
			2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$				
<b>Financial assets</b>												
Cash assets	65,501	58,811	-	-	-	-	-	-	300	-	0.82	1.75
Term Deposit	-	-	372,124	456,993	-	-	-	-	-	-	7.47	5.79
Receivables	-	-	-	-	-	-	-	-	129,214	104,364	N/A	N/A
<b>Financial liabilities</b>												
Payables	-	-	-	-	-	-	-	-	44,408	40,387	N/A	N/A

**Harbord Financial Services Limited**  
**ABN 25 097 282 525**  
**Directors' Declaration**

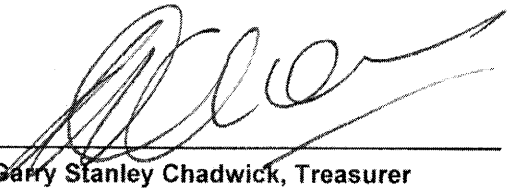
In accordance with a resolution of the directors of Harbord Financial Services Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are 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 2009 and of its performance for the financial year ended on that date; and
  - (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB174 Related Party Disclosures and the Corporations Regulations 2001.

This declaration is made in accordance with a resolution of the Board of Directors.

  
\_\_\_\_\_  
**Trevor Leslie Sargeant, Chairman**

  
\_\_\_\_\_  
**Garry Stanley Chadwick, Treasurer**

Signed on the 26th of October 2009.

**Raymond J. Patmore** B.E.C.F.C.A.J.P.

Chartered Accountant

P.O. Box 175  
HARBORD NSW 2096

Telephone: (02) 9938 5685  
Fax: (02) 9938 6269  
Email: raymondjpatmore@hotmail.com

ABN 86 665 216 632

## INDEPENDENT AUDITOR'S REPORT

To the members of Harbord Financial Services Limited

I have audited the accompanying financial statements of Harbord Financial Services Limited, which comprise the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

### Directors' Responsibility for the Financial Report

The Directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1, the directors also state in accordance with the Accounting Standard AASB 101 Presentation of Financial Statements that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

### Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, I consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

My audit did not involve an analysis of the prudence of business decisions made by directors or management.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



Liability limited by a scheme approved under Professional Standards Legislation



Chartered Accountant

## Independence

In conducting my audit I have met the independence requirements of the Corporations Act 2001. I have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to my audit of the financial report and the remuneration disclosures, I was engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired my independence.

## Auditor's Opinion on the Financial Report

In my opinion:

- 1) The financial report of Harbord Financial Services Limited is in accordance with the Corporations Act 2001 including
  - (a) giving a true and fair view of the company's financial position as at 30 June 2009 and of its financial performance and its cash flows for the year then ended and;
  - (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001 and;
- 2) The financial statements and notes also complies with International Financial Reporting Standards as disclosed in Note 1.

## Report on the Remuneration Report

I have audited the Remuneration Report included in the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. My responsibility is to express an opinion on the Remuneration Report, based on my audit conducted in accordance with Australian Auditing Standards.

### Auditor's Opinion

In my opinion, the Remuneration Report of Harbord Financial Services Limited for the year ended 30 June 2009, complies with section 300A of the Corporations Act 2001.



**RAYMOND J PATMORE**

49 Wyndora Avenue Freshwater NSW 2096

Dated this 23<sup>rd</sup> day of October 2009

## BSX Report

Additional information required by Bendigo Stock Exchange Limited and not shown elsewhere in this report is as follows The information is current as at 28 September 2009.

### 1. Corporate governance statement

The Board guides and monitors the business affairs on behalf of the shareholders to whom they are accountable.

The Board recognises that importance of a strong governance focus and methodology. The Board has compiled policies and procedures that will govern our company into the future. We believe that building a policy framework will assist us to clarify the future direction of our local company, provide accountability and transparency and ensure there are guiding principles in place for future decision making.

### 2. Substantial Shareholders – ten largest shareholders.

(Note there are 53 shareholders holding 5,000 shares only the first 4 alphabetically are named)

Shareholder	Ordinary Shares	Percentage of Total Ordinary Shares
TOOROOKA ENTERPRISES PTY LTD	12,000	1.73%
MARY-LOUISE PARKINSON	10,000	1.44%
BRETROE PTY LTD	10,000	1.44%
MR PHILLIP ROHAN MARSH	6,000	0.86%
MRS NOELA ROSE ROBERTS	5,001	0.72%
MR BRADLEY O'CONNOR	5,001	0.72%
MR HARRY S BEDIKIAN	5,000	0.72%
MR GUNTHER & HELEN BIRK	5,000	0.72%
BMP CONSULTING PTY LTD	5,000	0.72%
ESTATE OF THE LATE JAN CHADWICK	5,000	0.72%

### 3. Voting Rights

Each shareholder has one vote, irrespective of the number of shares held.

### 4. Distribution of Shareholders

The number of shareholders, by range of holding:

Range	No. of Shareholders	Number of Shares
1 to 1,000	272	189,554
1,001 to 5,000	135	455,503
5,001 to 10,000	5	36,002
10,001 to 12,000	1	12,000
12,001 and over	0	0
<b>Total Holders</b>	<b>413</b>	<b>693,059</b>

**Harbord Financial Services Limited**  
**ABN 25 097 282 525**

**5. Substantial Shareholder**

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

**6. Shareholders with less than a marketable parcel**

There are 9 shareholders holding less than a marketable parcel of shares (\$500 in value)

**7. Other information**

- There are no restricted securities on issue
- All shares on issue are ordinary shares fully paid to \$1.00 per share. There are no unquoted equity securities.

**8. Monitoring the Board's performance and communication with shareholders**

In order to ensure the Board continues to discharge its responsibilities in an appropriate manner, the performance of all directors is reviewed annually by the chairperson. Any director, whose performance is considered unsatisfactory, is asked to retire.

The Board's aim is to ensure that shareholders are provided all information necessary to assess the performance of the directors.

**9. Corporate Governance**

The Company has implemented various corporate governance practices, which include:

- The establishment of an audit committee. Members of the audit committee are: Trevor Sergeant, Garry Chadwick and Ian Greentree;
- Director approval of operating budgets and monitoring progress against these budgets;
- Ongoing Director training; and
- Monthly Director meetings (except January) to discuss performance and strategic plans.

**10. Registered Office and Principal Administrative Office**

The registered office of the company is located at:

Care of Harbord Community Branch of Bendigo Bank  
20 Albert Street,  
FRESHWATER NSW 2096  
Telephone 02 9939 6744

**11. Share Registry**

The securities register (share register) is kept at:

AFS & Associates

61-65 Bull Street

BENDIGO Vic 3550

Telephone 03 5443 0344

**Postal Address:**

P O Box 454

BENDIGO Vic 3552

**12. Company Secretary**

Ian Greentree has been the company secretary of Harbord Financial Services Ltd for 3 years. Ian's qualifications and experience include:

- Diploma in Law admitted as a Solicitor to the Supreme Court of NSW
- Associate Diploma in Accounting member of National Institute of Accountants
- Associate Chartered Secretaries Australia
- Previous Assistant Company Secretary of Advance Bank Australia Limited.

## 2008-2009 Sponsorship and related Advertising

Name of Recipient	For	Amount
Canopies Australia	Repairs to Shade	\$700.00
Canopies Australia	Tear Drop Flags	\$8,000.00
Community Enterprise Foundation	Charitable Fund Bendigo Bank	\$20,000.00
Corill Lea Foundation	2008 Golf Day	\$1,200.00
Curl Curl North Public School	Trivia Night	\$200.00
Freshie Longboard Club	Sponsor	\$750.00
Freshie SLSC Nippers	2008 Gold Sponsor	\$4,545.00
Freshwater Christmas Carols	2008 Sponsor	\$2,000.00
Freshwater Fair	Sponsor	\$10,000.00
Freshwater Festival of Chamber Music	2008 Sponsor	\$10,660.00
Freshwater Senior Campus	Since Innovation Europe Trip	\$3,000.00
Harbord 1 <sup>st</sup> & 2 <sup>nd</sup> Scouts	Sponsor	\$100.00
Harbord Community Kindy	Christmas Sponsor	\$1,500.00
Harbord Kindy	Sponsorship BBQ	\$450.00
Harbord Frigid Frogs	Australian Champion Sponsor	\$1,638.00
Harbord Harlequins Rugby	2009 Golf Day	\$200.00
Harbord Harlequins Rugby	2009 Sponsor	\$3,000.00
Harbord Public School	Netball clinic	\$2,852.00
Harbord Public School	Netball & Soccer Shirts	\$1,885.00
Harbord Public School	Homework book Advertisement	\$500.00
Harbord Public School	Sports team shirts	\$4,415.00
Harbord Public School	Sports team shirts	\$2,835.00
Harbord Seaside United	Sponsorship & shirts	\$6,750.00
Harbord United JRLFC	2008-2009 Sponsorship	\$2,000.00
Manly Bombers	2009 Sponsorship	\$2,000.00
Manly Warringah Netball Association	Sponsorship & Advertising	\$24,359.00
North Cur Curl SLSC	IRB, signage & sponsorship	\$17,288.00
North Curl Curl SLSC	3 Point Race Sponsor 3 Clubs	\$5,000.00
North Curly Knights	2008 Sponsor	\$750.00
South Curl Curl SLSC	Nipper Equipment	\$7,090.00
St Luke's Grammar School	2009 Golf Day Sponsor	\$2,000.00
Sydney Vocal Arts Centre	Grease on the Beach	\$1,000.00
<b>Total</b>		<b>\$148,667.00</b>

The first step to obtain sponsorship is banking with Bendigo Bank at Harbord Community Bank Branch. It's your Bank.

If you are involved with a community organisation or sporting club, Harbord Community Bank branch of Bendigo Bank would welcome your banking.

Harbord  
**Community Bank**<sup>®</sup>  
Branch



HARBORD FINANCIAL SERVICES LIMITED ACN: 097 282 525  
20 Albert Street Freshwater NSW 2096 PH: (02) 9939 6744