

HARBORD FINANCIAL SERVICES LIMITED ACN: 097 282 525  
**20 Albert Street Harbord NSW 2096. Phone (02) 9939 6744**

Harbord

**Community Bank** Branch **Bendigo Bank**



Bendigo Bank

2005

**HARBORD FINANCIAL SERVICES LIMITED**

**A.B.N. 25 097 282 525**

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### For Year Ending 30<sup>th</sup> June 2005

Dear Shareholders

I have great pleasure in enclosing your notice of the annual general meeting of Harbord Financial Services Ltd. The meeting will be held on Tuesday 22<sup>nd</sup> November 2005 commencing at 6.30pm at Freshwater Surf Life Saving Club, Freshwater Beach, followed by cocktails and snacks.

Two of our original Board members, affectionately known as the 'two Howard's' have retired. I thank Dr. Howard Wong See and Howard Lipman on behalf of the shareholders for their tireless support, experience and essential skills that helped us create a bank for our community. Yes we did it!

Your board has recommended the election of 3 new directors, Ian Greentree, Brad O'Connor & John Lang OA, who offer important skills, energy & experience to launch us into our next 'era'. Welcome to the team!

Ken Ward and his staff Angie, Michelle, Sandra, Kasey, Lisa, Becky & Simone always give that extra effort that makes our bank something special. It also enables me to make a very personally satisfying report on this years result.

There were three obvious goals when we opened our bank:

1. To provide a banking service for our community.
2. To provide funding to various community projects as well as supporting many local junior sporting and educational groups, eg. Harbord Harlequins, Harbord Seaside Soccer Club, Freshwater Swimming Club, South Curl Curl Nippers, Little Athletics, Harbord Public School & the Harbord Community Christmas Carols. Our major project is now a new 'Rubber Ducky' IRB for Freshwater S.L.S.C. at a cost of \$15,000. This should be as proud a moment for all of you shareholders as it is for us, the board of directors, to give so much back to our local community.
3. To pay a dividend to our shareholders to which I announce that the board of Harbord Financial Services Ltd has recommended a 2.25 cent dividend for this financial year and shareholders will be asked to vote at the AGM for approval of this dividend.

Thankyou for your support and confidence. With this we will continue to grow (yes, almost \$60 million now) and continue to promote community spirit in 'Gods country'.

Our community is blessed to have a board of directors who have the multi- vocational talents, enthusiasm and unselfish sacrifice of their time and energy to achieve these tremendous goals, both financially and socially. Thankyou Brian Dunphy, Gary Chadwick, Ian Joynson, Lisa Bousfield, Martin Brook and Andrew Speers (retired)!

It is a privilege to serve such a very special community.



Trevor Sargeant  
Chairman

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**HARBORD FINANCIAL SERVICES LIMITED**

**A.B.N. 25 097 282 525**

**DIRECTORS' REPORT**

Your directors present their report on the company for the financial year ended 30 June 2005. The names of the directors in office at any time during or since the end of the year are:

**Trevor Leslie Sargeant**

Appointed director on 24 September 2001. Trevor is a dentist and is the Chairman of the Board.

**Brian Patrick Dunphy**

Appointed director on 26 June 2001. Brian is a registered liquidator and licensed strata manager and is the Company Secretary.

**Ian Charles Joynson**

Appointed director on 26 June 2001. Ian is a retiree.

**Martin Edwin Brook**

Appointed director on 24 September 2001. Martin is a pharmacist.

**Howard Lipman**

Appointed director on 24 September 2001. Howard is a pharmacist. Howard retired as a director in April 2005.

**Howard Wong-See**

Appointed director on 24 September 2001. Howard is a doctor. Howard retired as a director in April 2005.

**Lisa Bousfield**

Appointed 29 October 2002. Lisa is a personnel consultant.

**Garry Chadwick**

Appointed 29 October 2002. Garry is an accountant and the Company's Treasurer.

**Andrew Speers**

Appointed a director on 29 October 2002. Andrew is an environmental consultant. Andrew retired as a director in June 2005.

**Ian Greentree**

Appointed a director on 1 July 2005. Ian is a company executive. Pursuant to the Company's constitution Ian is standing for election as a director.

**John Lang OA**

Appointed a director on 1 July 2005. John is a company director. Pursuant to the Company's constitution John is standing for election as a director.

**Brad O'Connor**

Appointed a director on 1 July 2005. Brad is a plumber. Pursuant to the Company's constitution Brad is standing for election as a director.

The number of directors' meetings attended by each of the current directors of the company during the year were:

	Held	Attended
Trevor Leslie Sargeant	11	10
Brian Patrick Dunphy	11	11
Ian Charles Joynson	11	10
Martin Edwin Brook	11	8
Howard Lipman	6	5
Howard Wong-See	6	6
Lisa Bousfield	11	10
Garry Chadwick	11	10
Andrew Speers	8	1
Ian Greentree	4	4
John Lang	4	3
Brad O'Connor	4	4

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

#### **Principle Activities**

The principle activities of the company during the course of the financial period were in providing community banking services under management rights to operate a franchised branch of Bendigo Bank Ltd.

#### **Results**

The net profit of the company for the financial year was \$77,825.

#### **Dividends**

The directors recommend that an unfranked dividend of 2.25 cent be paid for the current year.

#### **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 Financial Year**

In the opinion of the directors there were no matters of significance subsequent to the end of financial year.

#### **Likely Developments**

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

#### **Director's Benefits**

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

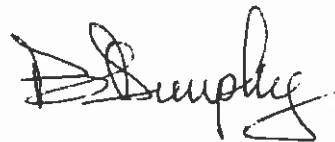
**Directors' and Auditor's Indemnification**

The company has indemnified all directors and the manager in respect of liabilities to other persons (other than the company or a related body corporate) that may arise from their position as a director or manager of the company except where the liability arises out of conduct involving the lack of good faith. The premium paid in respect to this policy is \$5,000.

Signed in accordance with a resolution of the Board of Directors.



Trevor Leslie Sargeant  
Chairman



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Brian Patrick Dunphy  
Company Secretary

Dated this 20<sup>th</sup> day of October 2005

**HARBORD FINANCIAL SERVICES LIMITED**

**A.B.N. 25 097 282 525**

**STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE 2005**

		2004	
	<b>Note</b>	<b>\$</b>	<b>\$</b>
Revenues from Ordinary Activities	2	553,380	355,047
Employee Benefits Expense		(242,628)	(227,488)
Depreciation/Amortisation Expense	3	(33,043)	(33,737)
Borrowing Costs Expense	3	(4,686)	(3,822)
Other Expenses from Ordinary Activities		(195,198)	<u>(190,295)</u>
<b>Profit from Ordinary Activities Before Income Tax Expense</b>	3	77,825	(100,295)
Income Tax Expense Relating to Ordinary Activities		<u>-</u>	<u>-</u>
<b>Net Profit from Ordinary Activities after Income Tax Expense Attributable to Members of the Company</b>	13	77,825	<u>(100,295)</u>
<b>Total Changes in Equity Other than those Resulting from Transactions with Owners as Owners</b>		<u>77,825</u>	<u>(100,295)</u>

The accompanying notes form part of the financial statements

# HARBORD FINANCIAL SERVICES LIMITED

A.B.N. 25 097 282 525

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2005

	Note	\$	2004 \$
<b>CURRENT ASSETS</b>			
Cash	4	11,361	200
Receivables	5	49,322	28,888
Other	7	<u>4,032</u>	<u>7,406</u>
<b>TOTAL CURRENT ASSETS</b>		<u>64,715</u>	<u>36,494</u>
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	6	24,373	25,283
Intangible Assets	8	<u>249,354</u>	<u>280,299</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>273,727</u>	<u>305,582</u>
<b>TOTAL ASSETS</b>		<u>338,442</u>	<u>342,076</u>
<b>CURRENT LIABILITIES</b>			
Payables	9	19,682	10,264
Interest Bearing Liabilities	10	-	104,067
Provisions	11	<u>20,827</u>	<u>7,277</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>40,509</u>	<u>121,608</u>
<b>TOTAL LIABILITIES</b>		<u>40,509</u>	<u>121,608</u>
<b>NET ASSETS</b>		<u>297,933</u>	<u>220,108</u>
<b>EQUITY</b>			
Issued Capital	12	691,058	691,058
Accumulated Losses	13	<u>393,125</u>	<u>(470,950)</u>
<b>TOTAL EQUITY</b>		<u>297,933</u>	<u>220,108</u>

These statements are to be read in conjunction with  
the attached compilation report

**HARBORD FINANCIAL SERVICES LIMITED**

**A.B.N. 25 097 282 525**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2005**

		2004
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>\$</b>	<b>\$</b>
<b>Receipts from Customers</b>		
Commissions	75,768	44,955
Fees Received	324,776	201,414
Gross Fees	107,003	84,049
Rebates Received	<u>45,833</u>	<u>24,584</u>
	553,380	355,002
Payments to suppliers and employees	(453,852)	(476,741)
Borrowing costs paid	(4,686)	(3,822)
Payments of GST yet to be paid/(refunded)	<u>8,967</u>	<u>(449,571)</u>
		<u>7,783</u>
Net cash provided by (used in) operating activities	103,809	(117,733)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Proceeds</b>		
Less Prov'n for Amortisation & Depreciation	33,043	33,193
Payment for property, plant & equipment	(1,190)	(1,294)
Income Accrued	<u>(20,434)</u>	<u>(28,888)</u>
Net cash provided by (used in) investing activities	<u>11,419</u>	<u>3,011</u>
<b>Net Increase / (decrease) in cash held</b>	<b>115,228</b>	<b>(114,722)</b>
<b>Cash at beginning of year</b>	<b><u>(103,867)</u></b>	<b><u>10,855</u></b>
<b>Cash at end of year</b>	<b><u>11,361</u></b>	<b><u>(103,867)</u></b>

These statements are to be read in conjunction with  
the attached compilation report

**HARBORD FINANCIAL SERVICES LIMITED**

**A.B.N. 25 097 282 525**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2005**

**NOTE 1 – STATEMENT OF ACCOUNTING PRINCIPLES**

These financial statements are a special purpose financial report prepared in order to satisfy the accounts preparation requirements of the Corporations Act. The directors have determined that the company is not a reporting entity

The statements have been prepared in accordance with the requirements of the Corporations Act and the following applicable Accounting Standards and other mandatory professional reporting requirements:

- AASB 1002 Events Occurring After Balance Date
- AASB 1008 Accounting for Leases
- AASB 1018 Profit and Loss Accounts
- AASB 1019 Measurement and Presentation of Inventories in the Context of the Historical Cost System
- AASB 1020 Accounting for Income Tax (Tax Effect Accounting)
- AASB 1021 Depreciation of Non-Current Assets
- AASB 1025 Application of the Reporting Entity Concept and Other Amendments
- AASB 1031 Materiality
- AASB 1034 Information to be Disclosed in Financial Reports

No other applicable Accounting Standards or other mandatory professional reporting requirements have been applied.

The statements have been prepared on an accruals basis. They are based on historical costs and do not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of these statements:

These statements are to be read in conjunction with  
the attached compilation report

2004

## NOTE 2 – REVENUE

<b>Operating Activities</b>	<b>\$</b>	<b>\$</b>
Interest	-	46
Rendering of Service	431,779	285,463
Other	<u>121,601</u>	<u>69,538</u>
Total Revenue	<u>553,380</u>	<u>355,047</u>
<b>Interest from</b>		
Other Persons	<u>-</u>	<u>46</u>

## NOTE 3 – PROFIT FROM ORDINARY ACTIVITIES

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

### Expenses

#### Borrowing Costs

Other Persons	4,686	3,822
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#### Depreciation of Non-Current Assets

353	503
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#### Amortisation of Non-Current Assets

Goodwill	10,000	10,000
Other	22,690	23,234

#### Bad Debts

651	1,472
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#### Remuneration of Auditor

1,800	1,800
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#### Rental Expense on Operating Leases

15,801	19,795
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## NOTE 4 – CASH

Cash at Bank	10,965	-
Cash on Hand	<u>396</u>	<u>200</u>
	<u>11,361</u>	<u>10,855</u>

## NOTE 5 – RECEIVABLES

### Current

Income Accrued	<u>49,323</u>	<u>28,888</u>
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These statements are to be read in conjunction with the attached compilation report

2004

**NOTE 12 – CONTRIBUTED EQUITY**

Shareholders Funds	<u>691,058</u>	<u>691,058</u>
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**NOTE 13 – RETAINED PROFITS**

Retained Profits (Accumulated Losses) at the beginning of the Financial Year	(470,950)	(370,656)
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Net Profit Attributable to Members of the Company	<u>77,825</u>	<u>(100,294)</u>
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<b>Retained Profits (Accumulated Losses) at the End of the Financial Year</b>	<u>(393,125)</u>	<u>(470,950)</u>
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These statements are to be read in conjunction with  
the attached compilation report

**HARBORD FINANCIAL SERVICES LIMITED****A.B.N. 25 097 282 525****PROFIT AND LOSS STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2005**

<b>INCOME</b>	<b>\$</b>	<b>\$</b>
Commissions	75,768	44,955
Fees Received	324,776	201,414
Gross Fees	107,003	84,049
Interest Received	-	46
Market Development Fund	<u>45,833</u>	<u>24,583</u>
<b>TOTAL INCOME</b>	553,380	355,047
<b>EXPENSES</b>		
Accountancy	-	342
Advertising & Promotion	6,561	8,233
Amortisation – Intangibles	10,000	10,000
- Others	22,690	22,690
- Capitalised Leases	-	544
ATM Expenses	20,018	16,945
Auditors Remuneration - Fees	1,800	1,800
Bad Debts	651	1,472
Bank Charges	935	1,190
Cleaning	5,050	5,177
Computer Maintenance	6,061	5,606
Consultants Fees	2,886	4,156
Depreciation	353	503
Electricity	4,094	4,376
Freight & Cartage	16,723	14,960
Insurance	14,392	12,071
Interest	4,686	3,822
Leasing Charges	15,800	19,795
Legal Costs	180	142
Office Expenses	2,392	2,269
Postage	1,265	2,261
Printing & Stationery	11,411	9,352
Rates	3,387	2,175
Rent	64,829	63,037
Repairs & Maintenance	2,433	2,166
Salaries	211,187	203,662
Secretarial & Filing Fees	2,177	786
Security	1,594	1,072
Staff Amenities	14,236	5,100
Superannuation	18,044	18,776
Telephone	5,736	6,339
Travelling Expenses	<u>3,984</u>	<u>4,123</u>
<b>TOTAL EXPENSES</b>	<u>475,555</u>	<u>455,342</u>
<b>OPERATING LOSS</b>	<u>77,825</u>	<u>(100,295)</u>

## **SCOPE**

I have audited the financial report of Harbord Financial Services Limited, being the Statements of Financial Position, Financial Performance and Cashflows and the Notes to the Financial Statements. The Company's directors are responsible for the financial report. I have conducted an independent audit of this financial report in order to express an opinion on them to the members of the Company.

In preparing my report I have considered and relied upon the independent Audit Report to the Company by Mulqueen Griffin Rogers Pty Ltd, Certified Practising Accountants, Bendigo in respect to the Profit Share Statement of the Harbord Community Bank Branch as prepared by the Board of management of the Bendigo Bank.

My audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the statements are free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statement and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether in all material aspects, the financial report is presented fairly in accordance with Australian Accounting Standards and other mandatory professional requirements so as to present a view which is consistent with my understanding of the Company's financial position and performance as represented by the results of their operations and their cashflows.

The audit opinion expressed in this report has been formed on the above basis.

## **AUDIT OPINION**

In my opinion the financial report of Harbord Financial Services Limited is in accordance with:

- (a) the Corporations Act, including;
  - (i) giving a true and fair view of the Company's financial position as at 30 June 2005 and of the Company's performance for the year ended on that date and
  - (ii) complying with Accounting Standards and the Corporations Act Regulations and
- (b) other mandatory professional reporting requirements.



RAYMOND J PATMORE F.C.A.  
HARBORD  
20 October 2005