

Harbord Financial Services Limited

ABN: 25 097 282 525

Financial Statements

For the half-year ended 31 December 2016

Harbord Financial Services Limited

Directors' Report

Your directors submit the financial report of the company for the half-year ended 31 December 2016.

Directors

The names of directors who held office during the half-year and until the date of this report are as below:

Trevor Leslie Sargeant
John Vaccaro
Ian John Greentree
David James Irvine
Martin Edwin Brook
Noela Rose Roberts
Denise Faith Goldstein
Peter Eric Harley
Anthony Curtiss Bevan
Julie Rigoni (*Appointed 21 September 2016*)

Principal activities

The principal activities of the company during the financial year were facilitating **Community Bank®** services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

Review of operations

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

Half-year ended 31 December 2016	Half-year ended 31 December 2015
\$ 143,549	\$ 12,809

Events after the end of the reporting period

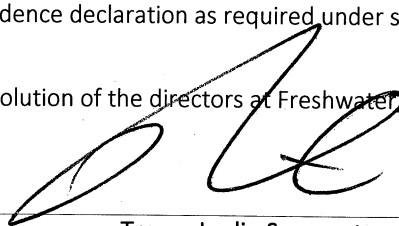
There are no matters or circumstances that have arisen since the end of the half-year reporting period that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company.

Auditor's independence declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 2.

Signed in accordance with a resolution of the directors at Freshwater, New South Wales on 22 February 2017.

Chairman



Trevor Leslie Sargeant

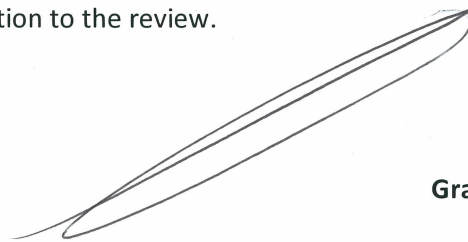
Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Harbord Financial Services Limited

We declare that, to the best of our knowledge and belief, for the half-year ended 31 December 2016 there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review
- ii. any applicable code of professional conduct in relation to the review.



Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 22 February 2017



Graeme Stewart
Lead Auditor

Harbord Financial Services Limited

Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2016

	2016 \$	2015 \$
Revenue from ordinary activities	675,650	546,865
Employee benefits expense	(250,769)	(287,441)
Charitable donations, sponsorship, advertising and promotion	(84,656)	(93,779)
Occupancy and associated costs	(67,875)	(62,781)
Systems costs	(9,937)	(9,771)
Depreciation and amortisation expense	(18,406)	(17,037)
General administration expenses	(45,912)	(57,865)
Profit before income tax	198,095	18,191
Income tax expense	(54,546)	(5,382)
Profit after income tax	143,549	12,809
Total other comprehensive income for the half-year attributable to the ordinary shareholders of the company:	143,549	12,809
Earnings per Share	¢	¢
Basic earnings per share:	20.71	1.85

Harbord Financial Services Limited

Balance Sheet

As At 31 December 2016

	31-Dec-2016 \$	30-Jun-2016 \$
ASSETS		
Current assets		
Cash and cash equivalents	740,280	564,998
Trade and other receivables	159,622	138,187
Current tax asset	-	8,714
Total current assets	899,902	711,899
Non-current assets		
Property, plant and equipment	150,238	156,913
Intangible assets	5,777	11,554
Deferred tax assets	15,951	20,283
Financial assets	5,000	5,000
Total non-current assets	176,966	193,750
TOTAL ASSETS	1,076,868	905,649
LIABILITIES		
Current liabilities		
Trade and other payables	88,749	43,724
Current tax liabilities	41,397	-
Provisions	62,898	73,655
Total current liabilities	193,044	117,379
Non-current liabilities		
Provisions	4,434	3,915
Total non-current liabilities	4,434	3,915
TOTAL LIABILITIES	197,478	121,294
NET ASSETS	879,390	784,355
EQUITY		
Issued capital	613,376	613,376
Retained earnings	266,014	170,979
TOTAL EQUITY	879,390	784,355

Harbord Financial Services Limited

Statement of Changes in Equity

For the half-year ended 31 December 2016

	Issued Capital \$	Retained Earnings \$	Total Equity \$
Balance at 1 July 2015	613,376	153,119	766,495
Total comprehensive income for the half-year	-	12,809	12,809
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(45,049)	(45,049)
Balance at 31 December 2015	613,376	120,879	734,255
Balance at 1 July 2016	613,376	170,979	784,355
Total comprehensive income for the half-year	-	143,549	143,549
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(48,514)	(48,514)
Balance at 31 December 2016	613,376	266,014	879,390

Harbord Financial Services Limited

Statement of Cash Flows

For the half-year ended 31 December 2016

	2016 \$	2015 \$
Cash flows from operating activities		
Receipts from customers	708,128	583,451
Payments to suppliers and employees	(526,822)	(563,266)
Interest received	33	6,284
Income taxes paid	(103)	(19,413)
Net cash provided by operating activities	181,236	7,056
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,954)	(31,561)
Net cash used in investing activities	(5,954)	(31,561)
Net increase/(decrease) in cash held	175,282	(24,505)
Cash and cash equivalents at the beginning of the financial year	564,998	633,492
Cash and cash equivalents at the end of the half-year	740,280	608,987

Harbord Financial Services Limited

Notes to the Financial Statements

For the half-year ended 31 December 2016

Note 1. Summary of significant accounting policies

Statement of compliance

The half-year financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34: *Interim Financial Reporting*.

Basis of preparation

The half-year financial report is intended to provide users with an update on the latest annual financial statements and does not include all the notes of the type normally included in an annual financial report. Accordingly the report shall be read in conjunction with the annual financial report for the year ended 30 June 2016 and any public announcements made by the company during the period.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements and the previous corresponding interim period.

The half-year financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

There are no new and revised Accounting Standards or amendments thereof and Interpretations effective for the current reporting period relevant to the company that were not disclosed in the annual financial report for the year ended 30 June 2016.

Note 2. Events subsequent to reporting date

There have been no events subsequent to reporting date that would materially effect the financial statements at the reporting date.

Note 3. Contingent assets and liabilities

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

Note 4. Segment reporting

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

Note 5. Related parties

Arrangements with related parties continue to be in place. For details on these arrangements, refer to the 30 June 2016 annual financial report.

Note 6. Dividends paid/provided	2016		2015	
	Cents	\$	Cents	\$

Dividend declared in the period and recognised as a liability:	7	48,514	6.5	45,049
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100% fully franked (2015: 100%)

The tax rate at which dividends have been franked is 30% (2015: 30%).

Harbord Financial Services Limited

Directors' Declaration

In the opinion of the directors of Harbord Financial Services Limited ("the company"):

1. The financial statements and notes thereto are in accordance with the *Corporations Act 2001* including:
 - a. giving a true and fair view of the financial position of the entity as at 31 December 2016 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date;
 - b. complying with Australian Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*; and
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Chairman



Trevor Leslie Sargeant

Dated this 22nd day of February 2017.

Independent auditor's review report to the members of Harbord Financial Services Limited

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Harbord Financial Services Limited, which comprises the balance sheet as at 31 December 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view 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 half-year 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.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

As the auditor of Harbord Financial Services Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

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

Independence

In conducting our review we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Harbord Financial Services Limited is not in accordance with the *Corporations Act 2001* including:

- a. giving a true and fair view of the company's financial position at 31 December 2016 and of its performance for the half-year ended on that date
- b. complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.



Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 22 February 2017



Graeme Stewart
Lead Auditor

Taxation

Business Services

Community Banking

Audit

Share Registry

Your partners
in success



61 Bull Street
Bendigo VIC 3550
PO Box 454
Bendigo VIC 3552

P 03 5443 0344
F 03 5443 5304
E afs@afsbendigo.com.au



afsbendigo.com.au