

Harbord Financial Services Limited

ABN: 25 097 282 525

Financial Statements

For the half-year ended 31 December 2018

Harbord Financial Services Limited

Directors' Report

Your directors submit the financial report of the company for the half-year ended 31 December 2018.

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 Clare Rigoni

Principal activities

The principal activities of the company during the financial period 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 2018	Half-year ended 31 December 2017
\$ 78,393	\$ 136,669

Events after the end of the reporting period

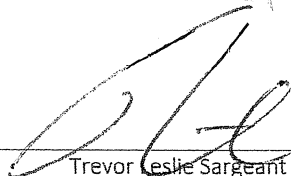
There are no matters or circumstances that have arisen since the end of the half-year reporting period that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company.

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 20 February 2019.

Chairman



Trevor Leslie Sargeant

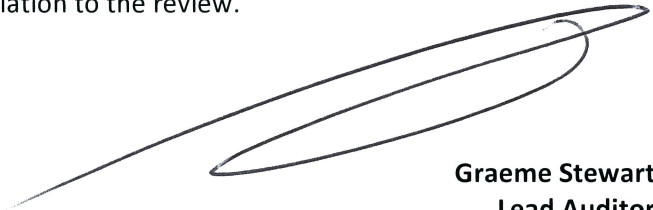
Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Harbord Financial Services Limited

We declare that, to the best of our knowledge and belief, for the half-year ended 31 December 2018 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: 20 February 2019



Graeme Stewart
Lead Auditor

Harbord Financial Services Limited

Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2018

	2018 \$	2017 \$
Revenue from ordinary activities	680,736	712,831
Employee benefits expense	(290,253)	(279,890)
Charitable donations, sponsorship, advertising and promotion	(124,411)	(80,543)
Occupancy and associated costs	(69,073)	(82,404)
Systems costs	(16,408)	(11,278)
Depreciation and amortisation expense	(13,950)	(14,258)
General administration expenses	(58,511)	(55,749)
Profit before income tax	108,130	188,709
Income tax expense	(29,737)	(52,040)
Profit after income tax	78,393	136,669
Total comprehensive income for the half-year attributable to the ordinary shareholders of the company:	78,393	136,669
Earnings per Share	¢	¢
Basic earnings per share:	11.31	19.72

Harbord Financial Services Limited

Balance Sheet

As at 31 December 2018

	31-Dec-2018	30-Jun-2018
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	926,965	941,336
Trade and other receivables	142,121	136,887
Total current assets	1,069,086	1,078,223
Non-current assets		
Property, plant and equipment	268,597	123,434
Intangible assets	38,462	44,240
Deferred tax assets	14,999	17,208
Financial assets	5,000	5,000
Total non-current assets	327,058	189,882
TOTAL ASSETS	1,396,144	1,268,105
LIABILITIES		
Current liabilities		
Trade and other payables	174,228	57,296
Current tax liabilities	3,680	3,854
Provisions	72,166	72,349
Total current liabilities	250,074	133,499
Non-current liabilities		
Trade and other payables	24,623	24,623
Provisions	8,604	6,227
Total non-current liabilities	33,227	30,850
TOTAL LIABILITIES	283,301	164,349
NET ASSETS	1,112,843	1,103,756
EQUITY		
Issued capital	613,376	613,376
Retained earnings	499,467	490,380
TOTAL EQUITY	1,112,843	1,103,756

Harbord Financial Services Limited

Statement of Changes in Equity

For the half-year ended 31 December 2018

	Note	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2017		613,376	361,572	974,948
Total comprehensive income for the half-year		-	136,669	136,669
Transactions with owners in their capacity as owners:				
Shares issued during period		-	-	-
Costs of issuing shares		-	-	-
Dividends provided for or paid	6	-	(69,306)	(69,306)
Balance at 31 December 2017		613,376	428,935	1,042,311
Balance at 1 July 2018		613,376	490,380	1,103,756
Total comprehensive income for the half-year		-	78,393	78,393
Transactions with owners in their capacity as owners:				
Shares issued during period		-	-	-
Costs of issuing shares		-	-	-
Dividends provided for or paid	6	-	(69,306)	(69,306)
Balance at 31 December 2018		613,376	499,467	1,112,843

Harbord Financial Services Limited

Statement of Cash Flows

For the half-year ended 31 December 2018

	2018	2017
	\$	\$
Cash flows from operating activities		
Receipts from customers	727,211	1,088,956
Payments to suppliers and employees	(571,238)	(882,933)
Interest received	10,693	2,768
Income taxes paid	(27,702)	(8,460)
Net cash provided by operating activities	138,964	200,331
Cash flows from investing activities		
Purchase of property, plant and equipment	(153,335)	(2,235)
Net cash used in investing activities	(153,335)	(2,235)
Net increase/(decrease) in cash held	(14,371)	198,096
Cash and cash equivalents at the beginning of the financial year	941,336	850,104
Cash and cash equivalents at the end of the half-year	926,965	1,048,200

Harbord Financial Services Limited

Notes to the Financial Statements

For the half-year ended 31 December 2018

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 2018 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 or interpretations effective for the current reporting period relevant to the company, not disclosed in the annual financial report for the year ended 30 June 2018.

Note 2. Events subsequent to reporting date

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

Note 3. Contingent assets and liabilities

The company have agreed to purchase a property at Shop 2/9-15 Lawrence Street Freshwater, New South Wales, 2096 for \$1,500,000, the contract date of the building was signed 11 December 2018. A refundable deposit of \$150,000 was paid with a contingent liability of \$1,350,000 remaining subject to completion of the building due December 2020.

There were no other 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 Freshwater, 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 2018 annual financial report.

Note 6. Issued capital	2018		2017	
	Cents	\$	Cents	\$
Dividend declared in the period and recognised as a liability:	10.00	69,306	10.00	69,306
100% fully franked (2017: 100%)				

The tax rate at which dividends have been franked is 27.5% (2017: 27.5%).

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 2018 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

20th

day of

February

2019.

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 2018, 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 2018 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*.

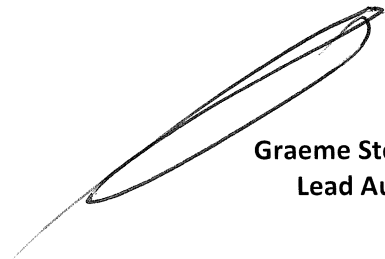
Auditor's opinion

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 2018 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: 20 February 2019



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