



Harbord Financial Services Limited

Community Bank  
Freshwater

**B Bendigo Bank**



Freshwater Beach curtesy K Kaye

# Annual report 2022

Harbord Financial Services Limited

ABN 25 097 282 525

Community Bank Freshwater Bendigo Bank

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## Chairman's Report

For the year ended 30 June 2022

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

Every year seems to have its challenges. This March our new Branch was flooded by a burst water pipe under the foundation concrete slab. Unfortunately, the Branch closed for five weeks, suffered extensive water damage and is still unfortunately an insurance and compensation issue and we anticipate a closure of the Branch for the repairs and refit at a later date. Thank you Simmone, Kasey and David particularly for their support and patience.

Despite this our after-tax result of \$92,347 for the year ended 30 June 2022 was up significantly on the prior year. With the increase in interest rates, our margins for both loans and deposits improve and if the trend continues, we can expect a positive growth trend ahead.

### **Dividend results / Community**

Accordingly, the Board has decided to pay a 6 cent per share dividend fully franked for the year ended 30 June 2022.

The Board has still been able to generously contribute a total of \$49,317 made up of \$20,227 in Community Partnership, \$27,500 Community Grants and \$1,590 in donations and I refer you to the list for details of the groups we support.

### **Scholarship / Tertiary funding**

Our 10th year of the Tertiary Scholarship Scheme has continued to be very well accepted and appreciated.

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

### **2021 Individual recipients:**

- |                   |                               |
|-------------------|-------------------------------|
| • Carlos Ramirez  | NBSC Balgowlah Boys Campus    |
| • Georgia Gamble  | NBSC Freshwater Senior Campus |
| • Milla Papallo   | NBSC Mackellar Girls Campus   |
| • Eliza Lo Russo  | NBSC Manly Campus             |
| • Josh Seward     | St Augustine's College        |
| • Maddison Smart  | St Luke's Grammar School      |
| • Josephine Kelly | Stella Maris College          |

### **Directors and Ambassadors**

What a year! Drought (low interest rates) and Flooding rains (Branch flooding). I thank the Board and Ambassadors for your incredible commitment which has enabled us to achieve our many goals for our company and our great community. It is an absolute pleasure and privilege to work with you all.

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

These Directors will be retiring by rotation, and I ask you to support Trevor Sargeant, Martin Brook, Denise Goldstein, and Peter Harley for re-election as a Director to the Board.

### **Staff**

Led by Kasey our Branch Operations Manager, Sandy our Community and Business Relationship Manager and, Su-Ellen, Kerry, Simone and Claudia (now on maternity leave after having a little baby girl) and we have been joined by the bubbly Roberta, our staff will continue to give that special point of difference, service, and support that makes us truly unique.

Sandy after 17 years has decided to retire from the Banking industry. Ken Ward, when Sandy first started at this Branch said, "Trevor we have someone very special here" and indeed Sandy has proved this over her long career with us. Sandy, you have embraced with passion, commitment, and energy our community bank ethos and model. Freshwater and surrounding areas, all our affiliated groups truly appreciate and thank you for this part of your life and love you have given us all. It is going to be very difficult to replace you because you have been an employee who absolutely "gets it" when we talk Community. All the best for your future and again thank you for your invaluable contribution to our community and our Bank. The Board, staff and community will appreciate you forever. Sandy thank you to someone very special.

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

We wish to acknowledge our Lead Auditor Joshua Griffin, Accountants James, Lachie, and Stacey who manage the share registry and our partners Bendigo and Adelaide Bank group.

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

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

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



Trevor Sargeant - Chairman 2022

## Branch Operations Manager

I have the privilege as Branch Operations Manager of Community Bank Freshwater to report on the great success we have achieved over the last 12 months and contribute to what is our 21<sup>st</sup> Annual Report.

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

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

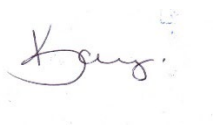
Our results are a team effort and can be attributed to our passionate, customer connected staff of Sandy (Community and Business Relationship Manager) Simmone, Su-Ellen, Kerryn. During the year we said goodbye to Kathy, Chantelle and Claudia who is on maternity leave; we also welcomed Roberta to the team.

Our community contributions were again substantial with \$49,317 being returned to our local community through donations, community grants and sponsorships which makes a significant difference to numerous organisations. This is a very rewarding aspect to my role and something we are very proud of.

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

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

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



Kasey Kaye

Branch Operations Manager

Community Bank Report 2022  
BEN Message

July 2022

Community continues to be core to who we are at Bendigo and Adelaide Bank.

With your support, we are enabling community infrastructure to be built, strengthening the arts and culturally diverse communities, improving educational outcomes, and growing healthy places for Australians to live and work. On behalf of the Bank, thank you for continuing to play a vital role in supporting your community.

As we emerge from the pandemic and navigate a shifting economic landscape, the investments our Community Banks make in the future of the communities in which they operate has never been more important.

We are proud that more Australians are choosing to do their banking with Bendigo and Adelaide Bank – and importantly trust us with their financial needs. We are Australia’s most trusted bank (Roy Morgan, May 2022), an outcome that you have all contributed to and should feel proud of.

Our purpose has never been more important; we remain committed to continuing to feed into the prosperity of our customers and communities, and not off them.

Your ongoing support as a shareholder is essential to the success of your local community. Together, we will continue to grow sustainably and make a positive impact for generations to come.

Warmest regards,

A handwritten signature in dark ink, appearing to read 'Justine Minne', followed by a period.

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

# Harbord Financial Services Limited

ABN 25 097 282 525

Financial Report - 30 June 2022

# Harbord Financial Services Limited

## Directors' report

### 30 June 2022

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2022.

#### Directors

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

Name:	Trevor Leslie Sargeant
Title:	Non-executive director
Experience and expertise:	Holds a Bachelor of Dentistry Science from Sydney University.
Special responsibilities:	Chairman of Board, Governance & Audit Committee, Business Development & Marketing Committee, Chair Community Partnership Committee, Operations & Human Resource committee, Strategic Planning committee, Building committee.
Name:	Ian John Greentree
Title:	Non-executive director
Experience and expertise:	Ian is a Company Secretary. Ian has a Graduate Diploma in Legal Studies and Associate Diploma in Accounting. Is a retired Solicitor and Accountant who worked in Banking and Financial Services for over 20 years. He is still acting as Company Secretary to two other Community Bank Branch companies. Before retiring from his other roles Ian was involved as an events co-ordinator and Presenter for a Road Safety organisation and providing services to the equipment hire industry. Ian has also been involved in the retail, hospitality and agriculture enterprises.
Special responsibilities:	Company Secretary, Governance & Audit Committee, Strategic Planning committee, Building committee.
Name:	David James Irvine
Title:	Non-executive director
Experience and expertise:	David is retired. He holds a Bachelor of Financial Administration from University of New England, Chartered Accountant with 40 years' experience in financial management, business expertise and project management.
Special responsibilities:	Treasurer, Governance & Audit Committee, Business Development & Marketing Committee, Community Partnership Committee, Operations & Human Resource committee, Strategic Planning committee, Building committee.
Name:	Martin Edwin Brook
Title:	Non-executive director
Experience and expertise:	Holds a Bachelor of Pharmacy and has been a retail Pharmacist for 43 years. Proprietor of Brook's Pharmacy and Freshwater Pharmacy for 34 years.
Special responsibilities:	Operations & Human Resource committee, Strategic Planning committee.
Name:	Noela Rose Roberts
Title:	Non-executive director
Experience and expertise:	Noela is retired. She holds a Bachelor of Economics Sydney University. Worked as an accountant for 40 years and was also the accountant for a family electrician business for 25 years. Is a current member of South Curl Curl Surf Club and a committee member for Northside Enterprise Pty Ltd.
Special responsibilities:	Community Partnership Committee, Director Youth Observer program, Strategic Planning committee.



# Harbord Financial Services Limited

## Directors' report

### 30 June 2022

Name:	Denise Faith Goldstein
Title:	Non-executive director
Experience and expertise:	Denise is a Business Owner. She is the Owner and Director of SESI Group, a full service recruitment and search business. She also is the Owner and Director of GuideME, a service business focused on providing clients with Outplacement services. She has previously been a Sales and Marketing Director with Tier1 global organisations providing managed services, online information services, hardware and software services and telecommunication services. Denise is also the Co-founder and Treasurer of Friends of Freshwater, Inc.
Special responsibilities:	Business Development & Marketing Committee, Chair Operations & Human Resource committee, Strategic Planning committee.
Name:	Peter Eric Harley OAM
Title:	Non-executive director
Experience and expertise:	Peter is a retired Public Servant. Former Director of WorkCover Authority of NSW, Executive Director of Test safe Australia (2004-08). Public Sector Manager for thirty years. President of Friends of Freshwater Inc. Bachelor of Commerce UNSW. Post Graduate Diploma of Labour Relations and the Law at University of Sydney. Peter was a former Director of International House at University of NSW.
Special responsibilities:	Business Development & Marketing Committee, Community Partnership Committee, Director of Scholarship program, Strategic Planning committee.
Name:	Anthony Curtiss Bevan
Title:	Non-executive director
Experience and expertise:	Anthony is a Company Secretary and is a Bookkeeper/Semi Retired. He has 40 years banking experience as a Banker with Management, Consumer and Business Banking, his last role being a Relationship Manager.
Special responsibilities:	Business Development & Marketing Committee, Community Partnership Committee, Strategic Planning committee.
Name:	Julie Clare Rigoni
Title:	Non-executive director
Experience and expertise:	Julie is retired. She worked in the financial services sector for over 35 years and had run her own business for over 16 years that focuses on preparing and providing programs solely for the financial services sector in key area of education and a range of customised marketing, distribution and business strategy solutions of which she designed and conducted many education programs including investment updates and global research programs to many overseas countries and also advisors here in Australia.
Special responsibilities:	Chair Business Development & Marketing Committee, Community Partnership Committee, Operations & Human Resource committee, Strategic Planning committee.
Name:	Violet Grace Warner
Title:	Non-executive director
Experience and expertise:	Violet holds a Bachelor of Science (Advanced) and Masters of Teaching (Secondary) and is currently a high school mathematics and science teacher. She has been an ambassador for Community Bank Freshwater since 2017.
Special responsibilities:	Community Partnership Committee, Director Youth Observer program, Strategic Planning committee.
Name:	John Vaccaro
Title:	Non-executive director (resigned 18 November 2021)
Experience and expertise:	John is a Class 1 Licensed Real Estate Agent/Asset Manager. He has over 38 years' experience in operating, selling & leasing real estate. Past Licensee in Charge. Former director St Augustine's College.
Special responsibilities:	Vice Chairman of Board, Business Development & Marketing Committee, Community Partnership Committee, Strategic Planning committee, Building committee.

# Harbord Financial Services Limited

## Directors' report

### 30 June 2022

#### Company secretary

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

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

#### Principal activity

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

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

#### Review of operations

The profit for the company after providing for income tax amounted to \$92,347 (30 June 2021: \$28,478).

Operations have continued to perform in line with expectations.

#### Dividends

No dividends were declared or paid in the current financial year.

#### Significant changes in the state of affairs

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

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

Since 30 June 2022 there have been insurance claims made regarding the damage to the building as a result of the flooding which occurred in March 2022. The amounts for the insurance have not been finalised and therefore disclosed as a contingent asset.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

#### Likely developments

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

#### Environmental regulation

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

#### Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2022, and the number of meetings attended by each director were:

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

**Harbord Financial Services Limited**  
**Directors' report**  
**30 June 2022**

	Building Committee		Business Development & Marketing Committee		Strategic Planning Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Trevor Leslie Sargeant	11	7	12	11	1	1
Ian John Greentree	11	6	-	-	1	1
David James Irvine	11	6	12	9	1	1
Martin Edwin Brook	-	-	-	-	-	-
Noela Rose Roberts	-	-	-	-	-	-
Denise Faith Goldstein	-	-	12	11	-	-
Peter Eric Harley OAM	-	-	12	11	-	-
Anthony Curtiss Bevan	-	-	12	8	-	-
Julie Clare Rigoni	-	-	12	10	1	1
Violet Grace Warner	-	-	-	-	-	-
John Vaccaro	5	5	5	5	-	-

**Directors' benefits**

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

**Directors' interests**

The interest in company shareholdings for each director are:

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

**Indemnity and insurance of directors and officers**

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

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for an auditor of the company or a related body corporate.

**Proceedings on behalf of the company**

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

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

**Harbord Financial Services Limited**  
**Directors' report**  
**30 June 2022**

**Indemnity and insurance of auditor**

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

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

**Non-audit services**

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 27 to the accounts.

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


- all non-audit services have been reviewed by the Board to ensure they do not impact on the impartiality, integrity and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing risks and rewards.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

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

On behalf of the directors



Anthony Curtiss Bevan  
Chairman

9 September 2022



Andrew Frewin Stewart  
61 Bull Street Bendigo VIC 3550

afs@afsbendigo.com.au  
03 5443 0344

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

As lead auditor for the audit of Harbord Financial Services Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

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

**Andrew Frewin Stewart**  
61 Bull Street, Bendigo, Vic, 3550  
Dated: 9 September 2022

**Joshua Griffin**  
Lead Auditor

**Harbord Financial Services Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2022**

	<b>Note</b>	<b>2022 \$</b>	<b>2021 \$</b>
Revenue from contracts with customers	6	1,153,003	1,141,721
Other revenue	7	343	44,662
Finance revenue		-	2,989
Employee benefits expense	9	(565,253)	(562,282)
Advertising and marketing costs		(9,996)	(26,999)
Occupancy and associated costs		(59,598)	(57,333)
System costs		(41,461)	(46,187)
Depreciation and amortisation expense	9	(72,040)	(126,927)
Impairment of assets	9	(85,199)	-
Finance costs	9	(43,262)	(36,655)
General administration expenses		(103,588)	(116,898)
Loss on disposal of assets	8	-	(99,355)
<b>Profit before community contributions and income tax expense</b>		<b>172,949</b>	<b>116,736</b>
Charitable donations and sponsorships expense		(49,317)	(90,745)
<b>Profit before income tax (expense)/benefit</b>		<b>123,632</b>	<b>25,991</b>
Income tax (expense)/benefit	10	(31,285)	2,487
<b>Profit after income tax (expense)/benefit for the year</b>	21	<b>92,347</b>	<b>28,478</b>
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year</b>		<b>92,347</b>	<b>28,478</b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	29	13.32	4.11
Diluted earnings per share	29	13.32	4.11

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

**Harbord Financial Services Limited**  
**Statement of financial position**  
**As at 30 June 2022**

	<b>Note</b>	<b>2022</b> <b>\$</b>	<b>2021</b> <b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	11	337,359	468,414
Trade and other receivables	12	140,207	87,183
Current tax assets	10	-	85,331
Total current assets		<u>477,566</u>	<u>640,928</u>
<b>Non-current assets</b>			
Financial assets	14	5,000	5,000
Property, plant and equipment	13	2,416,503	2,510,369
Intangibles	15	-	10,302
Deferred tax assets	10	8,085	-
Total non-current assets		<u>2,429,588</u>	<u>2,525,671</u>
<b>Total assets</b>		<u>2,907,154</u>	<u>3,166,599</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	16	48,698	415,724
Borrowings	17	158,398	114,906
Lease liabilities	18	-	48,288
Current tax liabilities	10	1,766	-
Employee benefits	19	98,852	102,473
Total current liabilities		<u>307,714</u>	<u>681,391</u>
<b>Non-current liabilities</b>			
Borrowings	17	1,257,571	1,228,456
Deferred tax liabilities	10	-	5,845
Employee benefits	19	266	1,651
Total non-current liabilities		<u>1,257,837</u>	<u>1,235,952</u>
<b>Total liabilities</b>		<u>1,565,551</u>	<u>1,917,343</u>
<b>Net assets</b>		<u>1,341,603</u>	<u>1,249,256</u>
<b>Equity</b>			
Issued capital	20	613,376	613,376
Retained earnings	21	<u>728,227</u>	<u>635,880</u>
<b>Total equity</b>		<u>1,341,603</u>	<u>1,249,256</u>

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

**Harbord Financial Services Limited**  
**Statement of changes in equity**  
**For the year ended 30 June 2022**

	<b>Note</b>	<b>Issued capital \$</b>	<b>Retained earnings \$</b>	<b>Total equity \$</b>
<b>Balance at 1 July 2020</b>		613,376	676,708	1,290,084
Profit after income tax expense		-	28,478	28,478
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for	23	-	(69,306)	(69,306)
<b>Balance at 30 June 2021</b>		<u>613,376</u>	<u>635,880</u>	<u>1,249,256</u>
 <b>Balance at 1 July 2021</b>		 613,376	 635,880	 1,249,256
Profit after income tax expense		-	92,347	92,347
<b>Balance at 30 June 2022</b>		<u>613,376</u>	<u>728,227</u>	<u>1,341,603</u>

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



**Harbord Financial Services Limited**  
**Statement of cash flows**  
**For the year ended 30 June 2022**

	<b>Note</b>	<b>2022</b> <b>\$</b>	<b>2021</b> <b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		1,207,981	1,307,683
Payments to suppliers and employees (inclusive of GST)		(925,347)	(1,022,354)
		282,634	285,329
Interest received		-	7,367
Interest and other finance costs paid		(42,917)	(29,279)
Income taxes refunded/(paid)		41,882	(74,559)
Net cash provided by operating activities	28	281,599	188,858
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(436,628)	(1,900,868)
Payments for intangibles		-	(11,192)
Net cash used in investing activities		(436,628)	(1,912,060)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		173,048	1,410,138
Repayment of lease liabilities		(48,633)	(95,311)
Dividends paid	23	-	(69,306)
Repayment of borrowings	18	(100,441)	(66,776)
Net cash provided by financing activities		23,974	1,178,745
Net decrease in cash and cash equivalents		(131,055)	(544,457)
Cash and cash equivalents at the beginning of the financial year		468,414	1,012,871
Cash and cash equivalents at the end of the financial year	11	<u>337,359</u>	<u>468,414</u>

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

# **Harbord Financial Services Limited**

## **Notes to the financial statements**

### **30 June 2022**

#### **Note 1. Reporting entity**

The financial statements cover Harbord Financial Services Limited (the company) as an individual entity. The financial statements are presented in Australian dollars, which is company's functional and presentation currency.

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 20 Albert Street, Freshwater NSW 2096.

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 9 September 2022. The directors have the power to amend and reissue the financial statements.

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

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

#### **Note 3. Significant accounting policies**

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

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

There are a number of amendments to accounting standards issued by the AASB that became mandatorily effective for accounting periods beginning on or after 1 July 2021, and are therefore relevant for the current financial year. The amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

##### **Current and non-current classification**

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

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

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

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

##### **Impairment**

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

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

**Harbord Financial Services Limited**  
**Notes to the financial statements**  
**30 June 2022**

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

The company's trade receivables are limited to the monthly profit share distribution from Bendigo Bank, which is received 10 business days post month end. Due to the reliance on Bendigo Bank the company has reviewed credit ratings provided by Standard & Poors, Moody's and Fitch Ratings to determine the level of credit exposure to the company. The company also performed a historical assessment of receivables from Bendigo Bank and found no instances of default. As a result no ECL has been made in relation to trade receivables as at 30 June 2022.

*Non-financial assets*

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

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

**Goods and Services Tax (GST)**

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

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

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

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

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

*Coronavirus (COVID-19) pandemic*

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. There does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

*Estimation of useful lives of assets*

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

**Harbord Financial Services Limited**  
**Notes to the financial statements**  
**30 June 2022**

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

*Impairment of non-financial assets other than goodwill and other indefinite life intangible assets*

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

*Recovery of deferred tax assets*

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

*Lease term*

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

*Incremental borrowing rate*

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

*Employee benefits provision*

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

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

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

*Lease make good provision*

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

**Note 5. Economic dependency**

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

**Harbord Financial Services Limited**  
**Notes to the financial statements**  
**30 June 2022**

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

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

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

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

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

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

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

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

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Margin income	1,017,635	998,837
Fee income	64,358	81,457
Commission income	71,010	61,427
	<hr/>	<hr/>
Revenue from contracts with customers	<u>1,153,003</u>	<u>1,141,721</u>

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

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

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

# Harbord Financial Services Limited

## Notes to the financial statements

### 30 June 2022

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

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

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

#### *Revenue calculation*

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

#### *Margin*

Margin is arrived at through the following calculation:

	Interest paid by customers on loans less interest paid to customers on deposits
<b>plus:</b>	any deposit returns i.e. interest return applied by Bendigo Bank for a deposit
<b>minus:</b>	any costs of funds i.e. interest applied by Bendigo Bank to fund a loan.

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

#### *Commission*

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

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

#### *Fee income*

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

#### *Core banking products*

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

#### *Ability to change financial return*

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

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

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

**Harbord Financial Services Limited**  
**Notes to the financial statements**  
**30 June 2022**

**Note 7. Other revenue**

	2022 \$	2021 \$
Cash flow boost	-	37,500
Other income	343	7,162
Other revenue	<u>343</u>	<u>44,662</u>

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

<u>Revenue stream</u>	<u>Revenue recognition policy</u>
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

All revenue is stated net of the amount of GST.

***Cash flow boost***

In response to the COVID-19 outbreak, *Boosting Cash Flow for Employers (Coronavirus Economic Response Package) Act 2020* (CFB Act) was enacted. The purpose was to provide temporary cash flow to small and medium sized businesses that employ staff and have been affected by the economic downturn associated with COVID-19.

The amounts received are in relation to amounts withheld as withholding tax reported in the activity statement. This essentially subsidises the company's obligation to remit withholding tax to the Australian Taxation Office. For reporting purposes, the amounts subsidised are recognised as revenue.

The amounts are not assessable for tax purposes and there is no obligation to repay the amounts.

**Note 8. Loss on disposal of assets**

	2022 \$	2021 \$
Loss on disposal of property, plant and equipment	-	88,956
Loss on disposal of right-of-use asset	-	10,399
	<u>-</u>	<u>99,355</u>

During the prior year the company moved branch. The expenses in the prior year relates to the carrying amount of the previous branch's leasehold improvement and plant and equipment at the time they were disposed of.

During the prior year the company moved from their leased branch premises. At the time the company exited the old branch the right-of-use asset was disposed of. The difference between the right-of-use asset and lease liability balance at the remeasurement/disposal date resulted in a loss on disposal.

**Harbord Financial Services Limited**  
**Notes to the financial statements**  
**30 June 2022**

**Note 9. Expenses**

**Depreciation and amortisation expense**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Depreciation of non-current assets</i>		
Buildings	48,195	27,163
Leasehold improvements	-	3,146
Plant and equipment	13,543	3,910
Motor vehicles	-	1,332
	<u>61,738</u>	<u>35,551</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	-	79,822
<i>Amortisation of intangible assets</i>		
Franchise fee	2,059	2,311
Franchise renewal process fee	8,243	9,243
	<u>10,302</u>	<u>11,554</u>
	<u><u>72,040</u></u>	<u><u>126,927</u></u>

**Impairment losses**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Buildings	<u>85,199</u>	<u>-</u>

The branch incurred flooding during the period which resulted in damage to some of the leasehold improvements held by the company. As such the company has recalculated the value of the assets affected and determined them to be partially impaired as at 30 June 2022. As such, an impairment loss of \$85,199 has been recognised in the accounts.

**Finance costs**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Bank loan interest paid or accrued	42,917	29,279
Lease interest expense	345	6,171
Unwinding of make-good provision	-	1,205
	<u>43,262</u>	<u>36,655</u>

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

**Employee benefits expense**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Wages and salaries	483,584	470,535
Non-cash benefits	4,667	4,669
Superannuation contributions	59,704	58,069
Expenses related to long service leave	(2,756)	6,847
Other expenses	20,054	22,162
	<u>565,253</u>	<u>562,282</u>



**Harbord Financial Services Limited**  
**Notes to the financial statements**  
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**Note 9. Expenses (continued)**

**Leases recognition exemption**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Expenses relating to low-value leases	<u>18,866</u>	<u>25,906</u>

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

**Note 10. Income tax**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Income tax expense/(benefit)</i>		
Current tax	45,215	2,391
Movement in deferred tax	(13,930)	37,889
Reduction in company tax rate	-	(234)
Recoupment of prior year tax losses	<u>-</u>	<u>(42,533)</u>
Aggregate income tax expense/(benefit)	<u>31,285</u>	<u>(2,487)</u>
<i>Prima facie income tax reconciliation</i>		
Profit before income tax (expense)/benefit	<u>123,632</u>	<u>25,991</u>
Tax at the statutory tax rate of 25% (2021: 26%)	30,908	6,758
Tax effect of:		
Non-deductible expenses	377	740
Reduction in company tax rate	-	(234)
Other assessable income	<u>-</u>	<u>(9,751)</u>
Income tax expense/(benefit)	<u>31,285</u>	<u>(2,487)</u>
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Deferred tax attributable to:</i>		
expense accruals	800	-
employee provisions	24,780	26,031
lease liabilities	-	12,072
property, plant and equipment	<u>(17,495)</u>	<u>(43,948)</u>
Deferred tax asset/(liability)	<u>8,085</u>	<u>(5,845)</u>
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Income tax refund due	<u>-</u>	<u>85,331</u>
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Provision for income tax	<u>1,766</u>	<u>-</u>

**Harbord Financial Services Limited**  
**Notes to the financial statements**  
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**Note 10. Income tax (continued)**

*Accounting policy for income tax*

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

*Accounting policy for current tax*

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

*Accounting policy for deferred tax*

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

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

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

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

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

**Note 11. Cash and cash equivalents**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Cash on hand	344	344
Cash at bank and on hand	337,015	468,070
	<u>337,359</u>	<u>468,414</u>

*Accounting policy for cash and cash equivalents*

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

**Harbord Financial Services Limited**  
**Notes to the financial statements**  
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**Note 12. Trade and other receivables**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	127,199	76,575
Prepayments	13,008	10,608
	<u>140,207</u>	<u>87,183</u>

*Accounting policy for trade and other receivables*

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

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

**Note 13. Property, plant and equipment**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Land - at cost	755,911	755,911
Buildings - at cost	1,663,621	1,663,621
Less: Accumulated depreciation	(75,358)	(27,163)
Less: Impairment	(85,199)	-
	<u>1,503,064</u>	<u>1,636,458</u>
Plant and equipment - at cost	94,743	93,604
Less: Accumulated depreciation	(35,606)	(22,063)
	<u>59,137</u>	<u>71,541</u>
Motor vehicles - at cost	31,561	31,561
Less: Accumulated depreciation	(31,561)	(31,561)
	<u>-</u>	<u>-</u>
Capital works in progress - at cost	98,391	46,459
	<u>2,416,503</u>	<u>2,510,369</u>

**Harbord Financial Services Limited**  
**Notes to the financial statements**  
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**Note 13. Property, plant and equipment (continued)**

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

	Land \$	Buildings \$	Leasehold improvements \$	Plant and equipment \$	Capital works in progress \$	Motor vehicles \$	Total \$
Balance at 1 July 2020	755,911	251,010	87,344	10,395	-	1,332	1,105,992
Additions	-	1,412,611	-	69,814	46,459	-	1,528,884
Disposals	-	-	(84,198)	(4,758)	-	-	(88,956)
Depreciation	-	(27,163)	(3,146)	(3,910)	-	(1,332)	(35,551)
Balance at 30 June 2021	755,911	1,636,458	-	71,541	46,459	-	2,510,369
Additions	-	-	-	1,139	51,932	-	53,071
Impairment	-	(85,199)	-	-	-	-	(85,199)
Depreciation	-	(48,195)	-	(13,543)	-	-	(61,738)
Balance at 30 June 2022	<u>755,911</u>	<u>1,503,064</u>	<u>-</u>	<u>59,137</u>	<u>98,391</u>	<u>-</u>	<u>2,416,503</u>

*Impairment*

The branch incurred flooding during the period which resulted in damage to some of the leasehold improvements held by the company. As such the company has recalculated the value of the assets affected and determined them to be partially impaired as at 30 June 2022. As such, an impairment loss of \$85,199 has been recognised in the accounts.

*Additions*

During the previous financial year the company purchased two properties and a car park at 1 Moore Road and 9 Lawrence Street Freshwater. These properties included the new branch and office buildings. A new fit out was complete at the newly purchased branch building. A renovation is currently underway at the newly purchased office building, however it is yet to be completed. As such the costs so far have been recorded in 'capital works in progress' and no depreciation has been applied. Once renovations are complete the costs will be recognised in land and buildings and depreciation applied from date of use.

*Accounting policy for property, plant and equipment*

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

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

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

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

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

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

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

**Harbord Financial Services Limited**  
**Notes to the financial statements**  
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**Note 13. Property, plant and equipment (continued)**

*Changes in estimates*

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

**Note 14. Financial assets**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Warringah Financial Services Limited	<u>5,000</u>	<u>5,000</u>

*Accounting policy for financial assets*

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

**Note 15. Intangibles**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Franchise fee	122,746	122,746
Less: Accumulated amortisation	<u>(122,746)</u>	<u>(120,687)</u>
	<u>-</u>	<u>2,059</u>
Franchise renewal fee	90,983	90,983
Less: Accumulated amortisation	<u>(90,983)</u>	<u>(82,740)</u>
	<u>-</u>	<u>8,243</u>
	<u>-</u>	<u>10,302</u>

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

	Franchise fee	Franchise renewal fee	Total
	\$	\$	\$
Balance at 1 July 2020	4,370	17,486	21,856
Amortisation expense	<u>(2,311)</u>	<u>(9,243)</u>	<u>(11,554)</u>
Balance at 30 June 2021	2,059	8,243	10,302
Amortisation expense	<u>(2,059)</u>	<u>(8,243)</u>	<u>(10,302)</u>
Balance at 30 June 2022	<u>-</u>	<u>-</u>	<u>-</u>

*Accounting policy for intangible assets*

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

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

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

**Harbord Financial Services Limited**  
**Notes to the financial statements**  
**30 June 2022**

**Note 15. Intangibles (continued)**

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

<u>Asset class</u>	<u>Method</u>	<u>Useful life</u>	<u>Expiry/renewal date</u>
Franchise fee	Straight-line	Over the franchise term (5 years)	September 2022
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	September 2022

A new franchise renewal was being arranged at the time of this report as such BABL extended the expiry date of the current agreement to 30 September 2022.

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

*Change in estimates*

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

**Note 16. Trade and other payables**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Trade payables	6,246	43,465
Other payables and accruals	42,452	372,259
	<u>48,698</u>	<u>415,724</u>

*Accounting policy for trade and other payables*

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

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

**Note 17. Borrowings**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Bank loans	<u>158,398</u>	<u>114,906</u>
<i>Non-current liabilities</i>		
Bank loans	<u>1,257,571</u>	<u>1,228,456</u>

*Bank loans*

Bank loans are repayable monthly. Interest is recognised at rate of 2.99% (2021: 2.84%). The loans are secured by a fixed and floating charge over the company's assets.

*Accounting policy for borrowings*

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

**Harbord Financial Services Limited**  
**Notes to the financial statements**  
**30 June 2022**

**Note 18. Lease liabilities**

	2022 \$	2021 \$
<i>Current liabilities</i>		
Land and buildings lease liabilities	-	48,633
Unexpired interest	-	(345)
	<u>-</u>	<u>48,288</u>
<i>Reconciliation of lease liabilities</i>		
	2022 \$	2021 \$
Opening balance	48,288	213,585
Remeasurement adjustments	-	(76,157)
Lease interest expense	345	6,171
Lease payments - total cash outflow	<u>(48,633)</u>	<u>(95,311)</u>
	<u>-</u>	<u>48,288</u>
<i>Maturity analysis</i>		
	2022 \$	2021 \$
Not later than 12 months	<u>-</u>	<u>48,633</u>

*Accounting policy for lease liabilities*

Lease liabilities were measured at amounts equal to the present value of enforceable future payments of the term reasonably expected to be exercised, discounted at the appropriate incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed or variable lease payments that depend on an index or rate and lease payments in a renewal option if the company is reasonably certain to exercise that option. For leases of property the company has elected to separate lease and non-lease components when calculating the lease liability.

The company has applied judgement in estimating the remaining lease term including the effects of any extension options reasonably expected to be exercised, applying hindsight where appropriate.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if the company changes its assessment of whether it will exercise an extension option or if there is a revised in-substance fixed lease payment.

The company assesses at the lease commencement date whether it is reasonably certain to exercise extension options. The company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

Where the company is a lessee for the premises to conduct its business, extension options are included in the lease term except when the company is reasonably certain not to exercise the extension option. This is due to the significant disruption of relocating premises and the loss on disposal of leasehold improvements fitted out in the demised leased premises.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to nil.

The company's lease portfolio includes:

Freshwater branch                      The lease agreement was surrendered and terminated September 2021.

**Harbord Financial Services Limited**  
**Notes to the financial statements**  
**30 June 2022**

**Note 19. Employee benefits**

	2022 \$	2021 \$
<i>Current liabilities</i>		
Annual leave	30,753	33,003
Long service leave	68,099	69,470
	<u>98,852</u>	<u>102,473</u>
<i>Non-current liabilities</i>		
Long service leave	<u>266</u>	<u>1,651</u>

*Accounting policy for employee benefits*

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

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

*Superannuation contributions*

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

*Short-term employee benefits*

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

*Other long-term employee benefits*

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

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

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

**Note 20. Issued capital**

	2022 Shares	2021 Shares	2022 \$	2021 \$
Ordinary shares - fully paid	693,059	693,059	693,059	693,059
Less: Equity raising costs	-	-	(79,683)	(79,683)
	<u>693,059</u>	<u>693,059</u>	<u>613,376</u>	<u>613,376</u>



# Harbord Financial Services Limited

## Notes to the financial statements

### 30 June 2022

#### **Note 20. Issued capital (continued)**

##### *Accounting policy for issued capital*

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

##### ***Rights attached to issued capital***

###### *Ordinary shares*

###### Voting rights

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

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

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

###### Dividends

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

###### Transfer

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

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

##### ***Prohibited shareholding interest***

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

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

- They control or own 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 190. As at the date of this report, the company had 407 shareholders (2021: 408 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.

**Harbord Financial Services Limited**  
**Notes to the financial statements**  
**30 June 2022**

**Note 20. Issued capital (continued)**

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

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

**Note 21. Retained earnings**

	2022 \$	2021 \$
Retained earnings at the beginning of the financial year	635,880	676,708
Profit after income tax (expense)/benefit for the year	92,347	28,478
Dividends paid (note 23)	-	(69,306)
	<u>728,227</u>	<u>635,880</u>
Retained earnings at the end of the financial year		

**Note 22. Capital management**

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

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

The distribution limit is the greater of:

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

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

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

**Note 23. Dividends**

*Dividends provided for and paid during the period*

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

	2022 \$	2021 \$
Fully franked dividend of nil cents per share (2021: 10 cents)	<u>-</u>	<u>69,306</u>

**Harbord Financial Services Limited**  
**Notes to the financial statements**  
**30 June 2022**

**Note 23. Dividends (continued)**

**Franking credits**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Franking account balance at the beginning of the financial year	290,463	240,255
Franking credits (debits) arising from income taxes paid (refunded)	(41,882)	32,291
Franking debits from the payment of franked distributions	-	17,917
	<u>248,581</u>	<u>290,463</u>
<i>Franking transactions that will arise subsequent to the financial year end:</i>		
Balance at the end of the financial year	248,581	290,463
Franking credits (debits) that will arise from payment (refund) of income tax	1,766	(85,331)
Franking credits available for future reporting periods	<u>250,347</u>	<u>205,132</u>

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

*Accounting policy for dividends*

Dividends are recognised in the financial year they are declared.

**Note 24. Financial instruments**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Financial assets</b>		
Trade and other receivables	127,199	76,575
Cash and cash equivalents	337,359	468,414
Financial assets	5,000	5,000
	<u>469,558</u>	<u>549,989</u>
<b>Financial liabilities</b>		
Trade and other payables	48,698	415,724
Lease liabilities	-	48,288
Bank loans	1,415,969	1,343,362
	<u>1,464,667</u>	<u>1,807,374</u>

*Accounting policy for financial instruments*

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

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

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

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

**Harbord Financial Services Limited**  
**Notes to the financial statements**  
**30 June 2022**

**Note 24. Financial instruments (continued)**

**Financial risk management**

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

**Market risk**

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

**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.

**Cash flow and fair value interest rate risk**

Interest-bearing assets and liabilities are held with Bendigo Bank 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 held cash and cash equivalents of \$337,359 at 30 June 2022 (2021: \$468,414). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

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

	2022		2021	
	Nominal interest rate %	Balance \$	Nominal interest rate %	Balance \$
Bank loans	2.99%	1,415,969	2.84%	1,343,362
Net exposure to cash flow interest rate risk		<u>1,415,969</u>		<u>1,343,362</u>

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

**Credit risk**

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

The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank. The company monitors credit worthiness through review of credit ratings of the bank.

**Liquidity risk**

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

**Harbord Financial Services Limited**  
**Notes to the financial statements**  
**30 June 2022**

**Note 24. Financial instruments (continued)**

*Exposure to liquidity risk*

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

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>2022</b>				
<b>Non-derivatives</b>				
Bank loans	158,398	1,257,571	-	1,415,969
Trade and other payables	48,698	-	-	48,698
Total non-derivatives	207,096	1,257,571	-	1,464,667
	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>2021</b>				
<b>Non-derivatives</b>				
Bank loans	114,906	1,228,456	56,638	1,400,000
Trade and other payables	415,724	-	-	415,724
Lease liabilities	48,633	-	-	48,633
Total non-derivatives	579,263	1,228,456	56,638	1,864,357

**Note 25. Key management personnel disclosures**

The following persons were directors of Harbord Financial Services Limited during the financial year:

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

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

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

**Note 26. Related party transactions**

The following transactions occurred with related parties:

	2022 \$	2021 \$
John Vaccaro as an Asset Manager at Hardys Realty was engaged to find a new tenant for the previous branch building at 20 Albert Street, Freshwater.	15,706	-

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

**Harbord Financial Services Limited**  
**Notes to the financial statements**  
**30 June 2022**

**Note 27. Remuneration of auditors**

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

	2022 \$	2021 \$
<i>Audit services</i>		
Audit or review of the financial statements	5,200	5,000
<i>Other services</i>		
Taxation advice and tax compliance services	1,325	1,700
General advisory services	4,690	4,150
Share registry services	4,303	5,514
	10,318	11,364
	<u>15,518</u>	<u>16,364</u>

**Note 28. Reconciliation of profit after income tax to net cash provided by operating activities**

	2022 \$	2021 \$
Profit after income tax (expense)/benefit for the year	92,347	28,478
Adjustments for:		
Depreciation and amortisation	72,040	126,927
Impairment	85,199	-
Net loss on disposal of non-current assets	-	108,766
Lease liabilities interest	345	6,171
Change in operating assets and liabilities:		
Decrease in trade and other receivables	330,533	22,763
Decrease in income tax refund due	85,331	-
Increase in deferred tax assets	(8,085)	-
Increase in other operating assets	-	(53,520)
Decrease in trade and other payables	(367,026)	(22,787)
Increase in provision for income tax	1,766	-
Decrease in deferred tax liabilities	(5,845)	(23,525)
Increase/(decrease) in employee benefits	(5,006)	4,228
Decrease in other provisions	-	(8,643)
Net cash provided by operating activities	<u>281,599</u>	<u>188,858</u>

**Note 29. Earnings per share**

	2022 \$	2021 \$
Profit after income tax	<u>92,347</u>	<u>28,478</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>693,059</u>	<u>693,059</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>693,059</u>	<u>693,059</u>

**Harbord Financial Services Limited**  
**Notes to the financial statements**  
**30 June 2022**

**Note 29. Earnings per share (continued)**

	Cents	Cents
Basic earnings per share	13.32	4.11
Diluted earnings per share	13.32	4.11

*Accounting policy for earnings per share*

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

**Note 30. Commitments**

	2022 \$	2021 \$
<i>Commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Rectification and replacement works and applicable outgoings	425,000	-

The Freshwater branch incurred flooding during the period, which resulted in damage to some leasehold improvements held by the company. Whilst there was no legal or constructive obligation for the company to complete rectification and replacement works, the company is committed to completing this work before 30 June 2023.

**Note 31. Contingencies**

	2022 \$	2021 \$
<i>Contingent assets/(liabilities) at reporting date</i>		
Contingent assets/(liabilities) not otherwise provided for or disclosed in the financial statements:	400,000	(59,000)

Contingent liabilities related predominantly to actual or potential claims on the company for which amounts are reasonably estimated but the liability is not probable and therefore the company has not provided for such amount in these financial statements. During the previous financial year the company surrendered the existing lease and a contingent liability arose from the Deed of Settlement. The prior year liability was contingent upon the new lessee meeting their lease obligation until June 2022. During the current financial year the amount was settled for \$49,500.

Contingent assets related to claims from the company to their insurer for flood damages to the Branch in the period, for which amounts are reasonably estimated based off the quote provided and claims lodged with the insurer. However the insurer has not confirmed if the claim is successful yet and if the repairs will be fully insured, therefore the asset is not virtually certain and the company has not provided for such amount in these financial statements.

**Note 32. Events after the reporting period**

Since 30 June 2022 there have been insurance claims made regarding the damage to the building as a result of the flooding which occurred in March 2022. The amounts for the insurance have not been finalised and therefore disclosed as a contingent asset.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

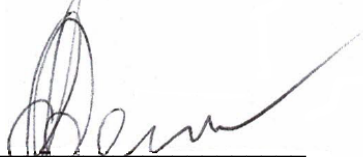
**Harbord Financial Services Limited**  
**Directors' declaration**  
**30 June 2022**

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

A handwritten signature in dark ink, appearing to read 'Bevan', is written over a horizontal line.

Anthony Curtiss Bevan  
Chairman

9 September 2022





Andrew Frewin Stewart  
61 Bull Street Bendigo VIC 3550

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03 5443 0344

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

## Report on the Audit of the Financial Report

### Opinion

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

- Statement of financial position as at 30 June 2022
- Statement of profit or loss and other comprehensive income
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements, including a summary of significant accounting policies
- The directors' declaration of the company.

In our opinion, the accompanying financial report of Harbord Financial Services Limited, is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the company's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

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

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



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03 5443 0344

## Other Information

The company usually prepares an annual report that will include the financial statements, directors' report and declaration and our independence declaration and audit report (the financial report). The annual report may also include "other information" on the entity's operations and financial results and financial position as set out in the financial report, typically in a Chairman's report and Manager's report, and reports covering governance and shareholder matters.

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

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

Our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If we identify that a material inconsistency appears to exist when we read the annual report (or become aware that the other information appears to be materially misstated), we will discuss the matter with the directors and where we believe that a material misstatement of the other information exists, we will request management to correct the other information.

## Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that it gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.



Andrew Frewin Stewart  
61 Bull Street Bendigo VIC 3550

afs@afsbendigo.com.au  
03 5443 0344

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

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

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

**Andrew Frewin Stewart**  
61 Bull Street, Bendigo, Vic, 3550  
Dated: 9 September 2022

**Joshua Griffin**  
Lead Auditor

## Shareholder information

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

### Shareholding

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

Number of shares held	Number of shareholders	Number of shares held
1 to 1,000	270	183,206
1,001 to 5,000	124	388,852
5,001 to 10,000	10	82,232
10,001 to 100,000	3	38,769
101,000 and over	-	-
Total shareholders	407	693,059

### Equity securities

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

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

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

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

There are no restricted securities on issue.

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

There are no unquoted equity securities.

### Registered office and Principal administrative office

The registered office of the company is located at:

Suite 1 / 1-3 Moore Road Freshwater NSW 2096 Phone (02) 9939 8990

The principal administrative office of the company is located at:

Suite 1 / 1-3 Moore Road Freshwater NSW 2096 Phone (02) 9939 8990

The principal place of business of the company is located at:

Community Bank Freshwater Bendigo Bank

Shop 1 / 9 Lawrence Street FRESHWATER NSW 2096 Ph (02) 9939 6744

### Security Register

The security register (share register) is kept at:

AFS & Associates Pty Ltd      61-65 Bull Street BENDIGO VIC 3550      Phone: (03) 5443 0344  
Postal address:      PO BOX 454      BENDIGO VIC 3552

## Company Secretary

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

## Corporate Governance

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

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

## 5 Year summary of performance

		2018	2019	2020	2021	2022
Gross revenue	\$	1,427,180	1,318,608	1,362,330	1,189,372	1,153,346
Net profit before tax	\$	274,534	152,019	276,360	25,991	123,632
Total assets	\$	1,268,105	1,302,708	1,735,556	3,166,599	2,907,154
Total liabilities	\$	164,349	158,241	445,472	1,917,343	1,565,551
Total equity	\$	1,103,756	1,144,467	1,290,084	1,249,256	1,341,603

YEAR	Cents per share	Total Distribution
2004 / 2005	2.25 cents	\$15,593.83
2005 / 2006	3.50 cents	\$24,257.06
2006 / 2007	10.0 cents	\$69,305.90
2007 / 2008	10.0 cents	\$69,305.90
2008 / 2009	8.0 cents	\$55,444.72
2009 / 2010	10.0 cents	\$69,305.90
2010 / 2011	10.0 cents	\$69,305.90
2011 / 2012	10.0 cents	\$69,305.90
2012 / 2013	4.50 cents	\$31,187.71
2013 / 2014	5.50 cents	\$38,118.30
2014 / 2015	6.50 cents	\$45,048.89
2015 / 2016	7.0 cents	\$48,514.13
2016 / 2017	10.0 cents	\$69,305.90
2017 / 2018	10.0 cents	\$69,305.90
2018 / 2019	6.0 cents	\$41,583.54
2019/2020	10.0 cents	\$69,305.90
2020/2021	0.0 cents	\$0.00
Total	123.25 cents	\$854,195.38

## Director History

### Steering Committee

Bernard O'Connor  
Robert Adams  
Brian Dunphy  
Greg Hazlett  
Jeremy Hodges  
Ian Joynson  
Roger Leys  
Peter Lowther  
Bryce Rea  
Deidre McAliden  
Peter Kemp  
Stephen Armstrong  
David McCauley

Chairman

Public Relations  
Solicitor  
Accountant  
Bendigo Bank

### Inaugural Directors

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

Chairman  
Vice Chairman  
Company Secretary

### Past Directors

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

now Ambassador

now Ambassador

## Community Support for the year ended 30 June 2022

<b>DONATIONS</b>		
<b>NAME OF RECIPIENT</b>	<b>DESCRIPTION</b>	<b>AMOUNT</b>
Soroptimist International Northern Beaches	Donation to provide items for Christmas hampers	\$90
Soroptimist International Northern Beaches	Donation for "Stronger Than You Think" presentation 25/05/2022 to cover speaker fee and venue costs	\$1,500
	<b>TOTAL</b>	<b>\$1,590</b>

<b>COMMUNITY GRANTS</b>		
<b>NAME OF RECIPIENT</b>	<b>DESCRIPTION</b>	<b>AMOUNT</b>
Samuel Bell – St Lukes Grammar School	2021 FCB Tertiary Scholarship	\$1,000
Joshua Smith - NBSC Balgowlah Boys Campus	2019 FCB Tertiary Scholarship + Ken Ward Memorial Scholarship	\$2,500
Jamaica Leech - NBSC Freshwater Senior Campus	2020 FCB Tertiary Scholarship	\$500
Benjamin Copping - St Augustine's College	2020 FCB Tertiary Scholarship	\$500
Riona Chapman – Stella Maris College	2020 FCB Tertiary Scholarship	\$1,000
Nicholas Taylor – St Pauls Catholic College	2021 FCB Tertiary Scholarship	\$1000
Holly Horswill - Stella Maris College	2021 FCB Tertiary Scholarship	\$1,000
Evelyn Choukhman - NBSC Cromer Campus	2020 FCB Tertiary Scholarship	\$500
Georgia Weston - NBSC Mackellar Girls Campus	2020 FCB Tertiary Scholarship	\$500
Sam Le Geyt - NBSC Balgowlah Campus	2020 FCB Tertiary Scholarship	\$500

Antonio Trapuzzano - St Paul's Catholic College	2018 FCB Tertiary Scholarship	\$500
Claudia Hayman - St Luke's Grammar School	2020 FCB Tertiary Scholarship + Ken Ward Memorial Scholarship	\$5,000
Piper Harrison - NBSC Mackellar Girls Campus	2021 FCB Tertiary Scholarship + Ken Ward Memorial Scholarship	\$5,000
Andrew Mizon - NBSC Freshwater Senior Campus	2021 FCB Tertiary Scholarship	\$1,000
Nikolas Pender – St Augustines College	2021 FCB Tertiary Scholarship	\$1,000
Archie Viesis - NBSC Balgowlah Campus	2021 FCB Tertiary Scholarship	\$1,000
Neve Morgan - NBSC Manly Campus	2020 FCB Tertiary Scholarship	\$500
Krishaa Tulsiani – NBSC Manly Campus	2021 FCB Tertiary Scholarship	\$1,000
Jayden Hurst - NBSC Cromer Campus	2021 FCB Tertiary Scholarship	\$500
Carlos Ramirez- NBSC Balgowlah Campus	2022 FCB Tertiary Scholarship	\$500
Milla Papallo - NBSC Mackellar Girls Campus	2022 FCB Tertiary Scholarship	\$500
Maddison Smart – St Lukes Grammar School	2022 FCB Tertiary Scholarship	\$500
Joshua Seward – St Augustines College	2022 FCB Tertiary Scholarship	\$500
Eliza Lo Russo – NBSC Manly Campus	2022 FCB Tertiary Scholarship	\$500
Georgia Gamble - NBSC Freshwater Senior Campus	2022 FCB Tertiary Scholarship	\$500
	<b>TOTAL</b>	<b>\$27,500</b>
* Balgowlah Boys; Cromer; Freshwater Senior; Mackellar Girls and Manly Campuses are all part of the Northern Beaches Secondary College.		



<b>SPONSORSHIP</b>		
<b>NAME OF RECIPIENT</b>	<b>DESCRIPTION</b>	<b>AMOUNT</b>
Kaya Punter	2021/567 MWNNA CBF Snr Club Person 2020	\$200
South Curl Curl SLSC	2021/22 Sponsorship	\$10,000
Northside Enterprise Incorporated	2021/22 sponsorship funding for Carrington Pde CC project	\$3,407
Holly Wickham	2021/364/CBF/Manly Bombers voucher	\$50
Vipers Run Club Inc.	2021/22 Rotary Club Manly nominee to receive their Community Grant funds	\$570
Manly Hospital Auxilliary	Manly Adolescent & Young Adult Hospice fundraiser event	\$1,000
The Burdekin Association Inc.	2021/2022 Sponsorship of EOFY Campaign - Education specialist	\$5,000
	<b>TOTAL</b>	<b>\$20,227</b>

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

Meet Kasey  
Your local  
Branch Manager



 **Bendigo Bank**

Community Bank  
Freshwater

Community Bank Freshwater Bendigo Bank

Shop 1 / 9-11 Lawrence Street NSW 2096

02 9939 6744 | Fax 02 9939 6844



Harbord Financial Services Limited

Franchisee: Harbord Financial Services Limited  
**Registered office & principal administrative office**

The registered office of the company is located at:  
Suite 1 / 1-3 Moore Road Freshwater NSW 2096  
02 9939 8990

The principal administrative office of the company is located at:  
Suite 1 / 1-3 Moore Road Freshwater NSW 2096  
02 9939 8990

 **Partners in success**  
Chartered Accountants

**Security Register**

The security register (share register) is kept at:  
AFS & Associates 61 – 65 Bull Street Bendigo VIC 3550  
03 5443 0344  
Postal Address: PO BOX 454 Bendigo VIC 3552