

Harbord Financial Services Limited

ABN 25 097 282 525

Half-year Financial Report - 31 December 2022

Harbord Financial Services Limited
Directors' report
31 December 2022

The directors present their report, together with the financial statements, on the company for the half-year ended 31 December 2022.

Directors

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

Trevor Leslie Sargeant
Ian John Greentree
David James Irvine
Martin Edwin Brook
Noela Rose Roberts

Denise Faith Goldstein
Peter Eric Harley OAM
Anthony Curtiss Bevan
Julie Clare Rigoni
Violet Grace Warner

Principal activity

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

Review of operations

The profit for the company after providing for income tax amounted to \$400,376 (31 December 2021: \$46,148).

The company has seen a significant increase in its revenue during the period. This is a result of the Reserve Bank of Australia (RBA) increasing the cash rate by 2.25% during the period moving from 0.85% to 3.10% as at 31 December 2022. The increased cash rate has had a direct impact on the revenue received by the company, increasing the net interest margin income received under the revenue share arrangement.

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial half-year

Since the end of the half-year, the RBA has increased the cash rate by 0.25% moving from 3.10% at 31 December 2022 to 3.35% as at the date of signing these accounts.

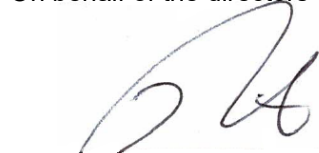
No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

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 306(3)(a) of the *Corporations Act 2001*.

On behalf of the directors



Trevor Leslie Sargeant
Chairman

24 February 2023



Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
ABN: 65 684 604 390
afs@afsbendigo.com.au
(03) 5443 0344

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

We declare that, to the best of our knowledge and belief, for the half-year ended 31 December 2022 there have been no contraventions of:

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

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart', is positioned above the printed name.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 24 February 2023

A handwritten signature in black ink, appearing to read 'Joshua Griffin', is positioned above the printed name.

Joshua Griffin
Lead Auditor

Harbord Financial Services Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2022

	Note	31-Dec-22 \$	31-Dec-21 \$
Revenue from contracts with customers	3	976,915	561,390
Other revenue		417	82
Total revenue		<u>977,332</u>	<u>561,472</u>
Employee benefits expense		(234,871)	(302,764)
Advertising and marketing costs		(11,742)	(3,575)
Occupancy and associated costs		(19,062)	(39,348)
Systems costs		(16,985)	(21,572)
Depreciation and amortisation expense		(34,523)	(37,114)
Finance costs		(35,513)	(21,062)
General administration expenses		(39,610)	(59,740)
Total expenses		<u>(392,306)</u>	<u>(485,175)</u>
Profit before community contributions and income tax expense		585,026	76,297
Charitable donations and sponsorships expense		<u>(49,630)</u>	<u>(14,670)</u>
Profit before income tax expense		535,396	61,627
Income tax expense		<u>(135,020)</u>	<u>(15,479)</u>
Profit after income tax expense for the half-year		400,376	46,148
Other comprehensive income for the half-year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the half-year		<u><u>400,376</u></u>	<u><u>46,148</u></u>
		Cents	Cents
Basic earnings per share		57.77	6.66
Diluted earnings per share		57.77	6.66

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 31 December 2022

	31-Dec-22	30-Jun-22
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	780,060	337,359
Trade and other receivables	203,013	140,207
Total current assets	<u>983,073</u>	<u>477,566</u>
Non-current assets		
Other financial assets	5,000	5,000
Property, plant and equipment	2,381,980	2,416,503
Deferred tax assets	-	8,085
Total non-current assets	<u>2,386,980</u>	<u>2,429,588</u>
Total assets	<u>3,370,053</u>	<u>2,907,154</u>
Liabilities		
Current liabilities		
Trade and other payables	100,890	48,698
Borrowings	188,705	158,398
Current tax liabilities	118,342	1,766
Employee benefits	77,425	98,852
Total current liabilities	<u>485,362</u>	<u>307,714</u>
Non-current liabilities		
Borrowings	1,173,558	1,257,571
Deferred tax liabilities	10,359	-
Employee benefits	379	266
Total non-current liabilities	<u>1,184,296</u>	<u>1,257,837</u>
Total liabilities	<u>1,669,658</u>	<u>1,565,551</u>
Net assets	<u>1,700,395</u>	<u>1,341,603</u>
Equity		
Issued capital	613,376	613,376
Retained earnings	1,087,019	728,227
Total equity	<u>1,700,395</u>	<u>1,341,603</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 half-year ended 31 December 2022

	Note	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2021		613,376	635,880	1,249,256
Profit after income tax expense		-	46,148	46,148
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	46,148	46,148
Balance at 31 December 2021		<u>613,376</u>	<u>682,028</u>	<u>1,295,404</u>
Balance at 1 July 2022		613,376	728,227	1,341,603
Profit after income tax expense		-	400,376	400,376
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	400,376	400,376
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for	4	-	(41,584)	(41,584)
Balance at 31 December 2022		<u>613,376</u>	<u>1,087,019</u>	<u>1,700,395</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 half-year ended 31 December 2022

	31-Dec-22	31-Dec-21
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	1,001,432	599,830
Payments to suppliers and employees (inclusive of GST)	(469,512)	(524,130)
Interest and other finance costs paid	(35,513)	(20,717)
Income taxes paid	-	(29,546)
	<hr/>	<hr/>
Net cash from operating activities	496,407	25,437
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Cash flows from investing activities		
Payments for property, plant and equipment	-	(398,958)
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Net cash used in investing activities	-	(398,958)
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Cash flows from financing activities		
Proceeds from borrowings	-	173,048
Repayment of lease liabilities	-	(45,676)
Repayment of borrowings	(53,706)	(48,633)
	<hr/>	<hr/>
Net cash from/(used in) financing activities	(53,706)	78,739
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	442,701	(294,782)
Cash and cash equivalents at the beginning of the financial half-year	337,359	468,414
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Cash and cash equivalents at the end of the financial half-year	<u>780,060</u>	<u>173,632</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
31 December 2022

Note 1. Significant accounting policies

Statement of compliance

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

Accounting policies

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Note 2. Basis of preparation

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.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the company during the period.

Note 3. Revenue from contracts with customers

	31-Dec-22 \$	31-Dec-21 \$
Margin income	913,024	490,179
Fee income	28,758	36,049
Commission income	35,133	35,162
	<u>976,915</u>	<u>561,390</u>
Revenue from contracts with customers	<u>976,915</u>	<u>561,390</u>

Disaggregation of revenue

All revenue from contracts with customers has been recognised at a point in time during the half-year.

Note 4. Dividends

Dividends provided for during the half-year

The following dividends were provided for during the half-year as presented in the Statement of changes in equity.

	31-Dec-22 \$	31-Dec-21 \$
Fully franked dividend of 6 cents per share (31-Dec-21: nil cents)	<u>41,584</u>	<u>-</u>

The tax rate at which dividends have been franked is 25%.

Note 5. Contingent assets and liabilities

	31-Dec-22 \$	30-Jun-22 \$
Contingent assets not otherwise provided for or disclosed in the financial statements	<u>175,000</u>	<u>400,000</u>

Harbord Financial Services Limited
Notes to the financial statements
31 December 2022

Note 5. Contingent assets and liabilities (continued)

	31-Dec-22	30-Jun-22
	\$	\$
Contingent liabilities committed at the reporting date but not recognised as payable	<u>195,000</u>	<u>425,000</u>

During the previous period, the Freshwater branch incurred water egress which resulted in water damage to certain plant and equipment. The insurance companies covering the damaged plant and equipment have recently accepted the claims for the rectification and replacement works which are now scheduled to commence in due course.

Since the previous reporting date, the estimated cost of the rectification and replacement works has reduced as the scope of works has been refined and additional quotes have been received.

Contingent assets relate to the above claims from the company to the insurers, for which amounts are reasonably estimated based off the quotes provided and claims lodged with the insurers. However, given the final costings for the rectification and replacement works are yet to be determined, the asset is not virtually certain, and the company has not provided for such amount in these financial statements.

The contingent liability relates to the rectification and replacement works to the damaged property and applicable outgoings.

Note 6. Related party transactions

Arrangements with related parties continue to be in place. For details on these arrangements, refer to the 30 June 2022 annual financial report.

Note 7. Events after the reporting date

Since the end of the half-year, the RBA has increased the cash rate by 0.25% moving from 3.10% at 31 December 2022 to 3.35% as at the date of signing these accounts.

No other matter or circumstance has arisen since 31 December 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.

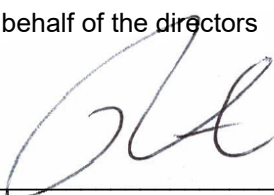
Harbord Financial Services Limited
Directors' declaration
31 December 2022

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard *AASB 134 'Interim Financial Reporting'*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 December 2022 and of its performance for the financial half-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 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



Trevor Leslie Sargeant
Chairman

24 February 2023



Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
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(03) 5443 0344

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

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Harbord Financial Services Limited (the company), which comprises the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- a. giving a true and fair view of the company's financial position at 31 December 2022 and of its performance for the half-year ended on that date
- b. complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

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

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



Andrew Frewin Stewart
61 Bull Street, Bendigo VIC 3550
Dated: 24 February 2023



Joshua Griffin
Lead Auditor