

# **Harbord**

**Financial Services Limited**

**Financial Statements**

**for the half-year ended**

**31 December 2012**

**Harbord Financial Services Limited**  
**ABN 25 097 282 525**  
**Directors' Report**

Your directors submit the financial report of the company for the half-year ended 31 December 2012.

**Directors**

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

Garry Stanley Chadwick

Ian John Greentree

Trevor Leslie Sargeant

Martin Edwin Brook

Noela Rose Roberts

John Vaccaro

Denise Faith Goldstein (*Appointed 17 July 2012*)

Peter Eric Harley (*Appointed 21 August 2012*)

Kevin Duncan Abrahamson (*Appointed 20 November 2012*)

**Principal Activities**

The principal activity of the company during the course of the financial period was in facilitating **Community Bank®** services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

**Review and Results of Operations**

Operations have continued to perform in line with expectations. The net profit of the company for the financial period after the provision of income tax was: \$7,537 (2011: \$27,320).

**Matters Subsequent to the End of the Reporting Period**

Bendigo and Adelaide Bank Limited announced on 22 February 2013 that it has decided to reduce the trailer commission that it pays to the company on fixed rate home loans and term deposits greater than 90 days by 1/3 effective 1 April 2013. This will reduce the company's income stream and have a yet undetermined impact on profit and community donations.

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

**Auditors' Independence Declaration**

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

Signed in accordance with a resolution of the directors at Freshwater, New South Wales on 26 February 2013.

  
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Garry Stanley Chadwick, Chairman

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

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2012 there have been no contraventions of:

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



**David Hutchings**  
**Andrew Frewin Stewart**  
61 Bull Street, Bendigo Vic 3550

Dated: 26 February 2013

**Harbord Financial Services Limited**  
**ABN 25 097 282 525**  
**Statement of Comprehensive Income**  
**for the half-year ended 31 December 2012**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Revenue from ordinary activities	719,654	756,566
Employee benefits expense	(334,741)	(274,225)
Charitable donations, sponsorship, advertising and promotion	(192,010)	(299,058)
Occupancy and associated costs	(62,989)	(57,018)
Systems costs	(11,405)	(11,570)
Depreciation and amortisation expense	(16,366)	(15,673)
General administration expenses	(94,792)	(76,266)
	<hr/>	<hr/>
<b>Profit before income tax credit</b>	7,351	22,756
Income tax credit	186	4,564
	<hr/>	<hr/>
<b>Profit after income tax credit</b>	7,537	27,320
	<hr/>	<hr/>
<b>Total comprehensive income for the year attributable to members</b>	<b>7,537</b>	<b>27,320</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Earnings per Share</b>	<u>¢</u>	<u>¢</u>
Basic from profit for the period:	1.09	3.94

*The accompanying notes form part of these financial statements.*

**Harbord Financial Services Limited**  
**ABN 25 097 282 525**  
**Balance Sheet**  
**as at 31 December 2012**

	<b>31-Dec 2012</b>	<b>30-Jun 2012</b>
	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash assets	460,626	392,456
Trade and other receivables	134,768	123,741
Current tax asset	22,737	21,005
<b>Total Current Assets</b>	<b><u>618,131</u></b>	<b><u>537,202</u></b>
<b>Non-Current Assets</b>		
Property, plant and equipment	198,708	207,497
Financial assets	5,000	5,000
Intangible assets	51,991	57,768
Deferred tax asset	13,173	10,650
<b>Total Non-Current Assets</b>	<b><u>268,872</u></b>	<b><u>280,915</u></b>
<b>Total Assets</b>	<b><u>887,003</u></b>	<b><u>818,117</u></b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and other payables	70,750	31,519
Provisions	113,921	28,453
<b>Total Current Liabilities</b>	<b><u>184,671</u></b>	<b><u>59,972</u></b>
<b>Non-Current Liabilities</b>		
Provisions	16,784	10,828
<b>Total Non-Current Liabilities</b>	<b><u>16,784</u></b>	<b><u>10,828</u></b>
<b>Total Liabilities</b>	<b><u>201,455</u></b>	<b><u>70,800</u></b>
<b>Net Assets</b>	<b><u>685,548</u></b>	<b><u>747,317</u></b>
<b>Equity</b>		
Issued capital	613,376	613,376
Retained earnings	72,172	133,941
<b>Total Equity</b>	<b><u>685,548</u></b>	<b><u>747,317</u></b>

*The accompanying notes form part of these financial statements.*

**Harbord Financial Services Limited**  
**ABN 25 097 282 525**  
**Statement of Changes in Equity**  
**for the half-year ended 31 December 2012**

	<b>Issued Capital \$</b>	<b>Retained Earnings \$</b>	<b>Total Equity \$</b>
<b>Balance at 1 July 2011</b>	613,376	121,685	735,061
Total comprehensive income for the year	<u>-</u>	<u>27,320</u>	<u>27,320</u>
	<b>613,376</b>	<b>149,005</b>	<b>762,381</b>
<b>Transactions with owners in their capacity as owners:</b>			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	<u>-</u>	<u>-</u>	<u>-</u>
<b>Balance at 31 December 2011</b>	<b><u>613,376</u></b>	<b><u>149,005</u></b>	<b><u>762,381</u></b>
<b>Balance at 1 July 2012</b>	613,376	133,941	747,317
Total comprehensive income for the year	<u>-</u>	<u>7,537</u>	<u>7,537</u>
	<b>613,376</b>	<b>141,478</b>	<b>754,854</b>
<b>Transactions with owners in their capacity as owners:</b>			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	<u>-</u>	<u>(69,306)</u>	<u>(69,306)</u>
<b>Balance at 31 December 2012</b>	<b><u>613,376</u></b>	<b><u>72,172</u></b>	<b><u>685,548</u></b>

*The accompanying notes form part of these financial statements.*

**Harbord Financial Services Limited**  
**ABN 25 097 282 525**  
**Cash Flow Statement**  
**for the half-year ended 31 December 2012**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>Cash Flows From Operating Activities</b>		
Receipts from customers	769,547	807,140
Payments to suppliers and employees	(697,335)	(682,220)
Interest paid	(7)	(11)
Interest received	1,834	13,613
Income taxes paid	(4,069)	(27,799)
<b>Net cash provided by operating activities</b>	<b><u>69,970</u></b>	<b><u>110,723</u></b>
<b>Cash Flows From Investing Activities</b>		
Payments for property, plant and equipment	(1,800)	(2,995)
<b>Net cash used in investing activities</b>	<b><u>(1,800)</u></b>	<b><u>(2,995)</u></b>
<b>Net increase in cash held</b>	<b>68,170</b>	<b>107,728</b>
Cash at the beginning of the financial year	392,456	433,610
<b>Cash at the end of the half-year</b>	<b><u><u>460,626</u></u></b>	<b><u><u>541,338</u></u></b>

*The accompanying notes form part of these financial statements.*

**Harbord Financial Services Limited**  
**ABN 25 097 282 525**  
**Notes to the financial statements**  
**for the half-year ended 31 December 2012**

**Note 1. Summary of Significant Accounting Policies**

Statement of Compliance

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

Basis of Preparation

The half-year financial report is intended to provide users with an update on the latest annual financial statements and does not include all the notes of the type normally included in an annual financial report. Accordingly the report shall be read in conjunction with the annual financial report for the year ended 30 June 2012 and any public announcements made by the company during the period.

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

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

There are no new and revised Accounting Standards or amendments thereof and Interpretations effective for the current reporting period relevant to the company that were not disclosed in the annual financial report for the year ended 30 June 2012.

**Note 2. Events Subsequent to Reporting Date**

Bendigo and Adelaide Bank Limited announced on 22 February 2013 that it has decided to reduce the trailer commission that it pays to the company on fixed rate home loans and term deposits greater than 90 days by 1/3 effective 1 April 2013. This will reduce the company's income stream and have a yet undetermined impact on profit and community donations.

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

**Note 3. Contingent Assets and Liabilities**

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

**Note 4. Segment Reporting**

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



**Harbord Financial Services Limited**  
**ABN 25 097 282 525**  
**Notes to the financial statements**  
**for the half-year ended 31 December 2012**

<b>Note 5. Dividends Paid/Provided</b>	<b><u>2012</u></b> <b><u>Cents</u></b>	<b><u>2012</u></b> <b><u>\$</u></b>	<b><u>2011</u></b> <b><u>Cents</u></b>	<b><u>2011</u></b> <b><u>\$</u></b>
Dividend declared in the period and recognised as a liability:	10	69,306	10	69,306
100% fully franked (2011: 100%)				

**Harbord Financial Services Limited**  
**ABN 25 097 282 525**  
**Directors' Declaration**

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

- 1 The financial statements and notes thereto are in accordance with the *Corporations Act 2001* including:
  - (a) giving a true and fair view of the financial position of the entity as at 31 December 2012 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date;
  - (b) complying with Australian Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- 2 There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

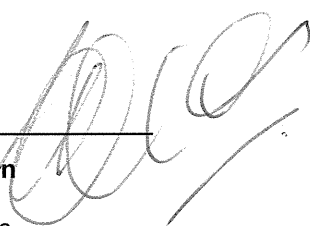
Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the board of directors.

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**Garry Stanley Chadwick, Chairman**

Dated this 26th day of February 2013.



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

### **Report on the half-year financial report**

We have reviewed the accompanying half-year financial report of Harbord Financial Services Limited, which comprises the balance sheet as at 31 December 2012, the statement of comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

### **Directors' responsibility for the half-year financial report**

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Harbord Financial Services Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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

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

## Independence

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

## Auditor's opinion

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

- giving a true and fair view of the company's financial position at 31 December 2012 and of its performance for the half-year ended on that date
- complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.



**David Hutchings**

**Andrew Frewin Stewart**

61 Bull Street Bendigo Vic 3550

Dated: 26 February 2013