

HARBORD FINANCIAL SERVICES LIMITED ACN: 097 282 525  
20 Albert Street Harbord NSW 2096. Phone (02) 9939 6744

Harbord



Bendigo Bank

**Community Bank** Branch **Bendigo Bank**

2004

**HARBORD FINANCIAL SERVICES LIMITED**

**A.B.N. 25 097 282 525**

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## Chairperson's Report

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### For Year Ending 30<sup>th</sup> June 2004

These annual reports just keep getting easier to write! Profitable months in August and then in September!! It is a credit to an efficient, friendly and well trained staff who provide a superb banking service which is unique to the Harbord Community Bank. Good on you Ken, Angie, Mollie, Becci and Clair.

Also to a Board of Directors who willingly give their time and expertise to organisational, motivational and marketing committees. Thank you Lisa Bousfield, Martin Brook, Ian Joynson (Mr Fix It), Howard Lipman, Howard Wong See and Andrew Speers. A special thankyou to Garry Chadwick, your Treasurer and Brian Dunphy, your Company Secretary, for their support and dedication to the community bank ideals. Most of all, credit goes to you the shareholders who funded and founded this community bank in Harbord.

All our work is just starting. New accounts are still growing with over \$42 million under management for 3,200 customers. This gives our Community Bank a great opportunity to consolidate our operating profit and expand exponentially in the next year.

Your Board of Directors is constantly assessing its performance and always looking for different qualities and expertise that is required to run and expand your Community Bank. So as shareholders, if you can help, contact us.

In our community we help Harbord School, St John the Baptist School, Harbord Harlequins, Freshwater SLSC, Freshwater ASC, South Curl Curl SLSC, Stewart House, 28 school libraries, Warringah Community Radio, The NSW Cancer Council and we would like to assist many more.

The profitability of our Community Bank looks very positive so lets get out there and expand the Bank business and benefit this unique area of ours. On behalf of the Board of Directors, I thank you for the privilege of serving the Harbord community.

  
**Trevor Sargeant**  
Chairman

**HARBORD FINANCIAL SERVICES LIMITED**

**A.B.N. 25 097 282 525**

**DIRECTORS' REPORT**

Your directors present their report on the company for the financial year ended 30 June 2004. The names of the directors in office at any time during or since the end of the year are:

**Trevor Leslie Sargeant**

Appointed director on 24 September 2001. Trevor is a dentist and is the Chairman of the Board.

**Brian Patrick Dunphy**

Appointed director on 26 June 2001. Brian is a licensed strata manager and is the Company Secretary.

**Ian Charles Joynson**

Appointed director on 26 June 2001. Ian is a retiree.

**Martin Edwin Brook**

Appointed director on 24 September 2001. Martin is a pharmacist. By rotation, Martin is to retire as a director at the AGM and offers himself for re-election.

**Howard Lipman**

Appointed director on 24 September 2001. Howard is a pharmacist. By rotation, Howard is to retire as a director at the AGM and offers himself for re-election.

**Howard Wong-See**

Appointed director on 24 September 2001. Howard is a doctor. By rotation, Howard is to retire as a director at the AGM and offers himself for re-election.

**Lisá Bousfield**

Appointed 29 October 2002. Lisa is a personnel consultant.

**Garry Chadwick**

Appointed 29 October 2002. Garry is an accountant and the Company's Treasurer.

**Andrew Speers**

Appointed a director on 29 October 2002. Andrew is an environmental consultant. Andrew was granted leave of absence to the end of September 2004 whilst he fulfilled the terms of an employment contract requiring him to be based in London.

The number of directors' meetings attended by each of the current directors of the company during the year were:

<b>Number of Meetings Held:</b>		<b>12</b>
	<b>Held</b>	<b>Attended</b>
Trevor Leslie Sargeant	12	10
Brian Patrick Dunphy	12	12
Ian Charles Joynson	12	11
Martin Edwin Brook	12	9
Howard Lipman	12	4
Howard Wong-See	12	10
Lisa Bousfield	12	7
Garry Chadwick	12	11
Andrew Speers		

No directors have material interests in contracts or proposed contracts with the company.

**Principle Activities**

The principle activities of the company during the course of the financial period were in providing community banking services under management rights to operate a franchised branch of Bendigo Bank Ltd.

**Results**

The net loss of the company for the financial year was \$100,295.

**Dividends**

The directors recommend that no dividend be paid for the current year.

**Significant Changes in the State of Affairs**

In the opinion of the directors there were no significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report or the financial report.

**Matters Subsequent to the End of Financial Year**

In the opinion of the directors there were no matters of significance subsequent to the end of financial year.

**Likely Developments**

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

**Director's Benefits**

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

**Directors' and Auditor's Indemnification**

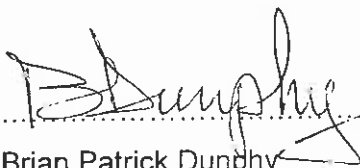
The company has indemnified all directors and the manager in respect of liabilities to other persons (other than the company or a related body corporate) that may arise from their position as a director or manager of the company except where the liability arises out of conduct involving the lack of good faith. The premium paid in respect to this policy is \$5,500.

Signed in accordance with a resolution of the Board of Directors.

Chairman

  
.....  
Trevor Leslie Sargeant

Company Secretary

  
.....  
Brian Patrick Dunphy

Dated this 20<sup>th</sup> day of October 2004

**HARBORD FINANCIAL SERVICES LIMITED**

**A.B.N. 25 097 282 525**

**STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE 2004**

		2003	
	Note	\$	\$
Revenues from Ordinary Activities	2	355,047	160,274
Employee Benefits Expense		(227,488)	(202,072)
Depreciation/Amortisation Expense	3	(33738)	(33,046)
Borrowing Costs Expense	3	(3,821)	(15)
Other Expenses from Ordinary Activities		<u>(190,295)</u>	<u>(182,856)</u>
<b>Profit from Ordinary Activities Before Income Tax Expense</b>	<b>3</b>	<b>(100,295)</b>	<b>(257,715)</b>
Income Tax Expense Relating to Ordinary Activities		<u>-</u>	<u>-</u>
<b>Net Profit from Ordinary Activities after Income Tax Expense Attributable to Members of the Company</b>	<b>13</b>	<b><u>(100,295)</u></b>	<b><u>(257,715)</u></b>
<b>Total Changes in Equity Other than those Resulting from Transactions with Owners as Owners</b>		<b><u>(100,295)</u></b>	<b><u>(257,715)</u></b>



The accompanying notes form part of the financial statements

**HARBORD FINANCIAL SERVICES LIMITED**

**A.B.N. 25 097 282 525**

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2004**

	Note	\$	2003 \$
<b>CURRENT ASSETS</b>			
Cash	4	200	10,855
Receivables	5	28,888	-
Other	7	<u>7,406</u>	<u>2,858</u>
<b>TOTAL CURRENT ASSETS</b>		<u>36,494</u>	<u>13,713</u>
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	6	25,283	26,238
Intangible Assets	8	<u>280,299</u>	<u>311,243</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>305,582</u>	<u>337,481</u>
<b>TOTAL ASSETS</b>		<u>342,076</u>	<u>351,194</u>
<b>CURRENT LIABILITIES</b>			
Payables	9	10,264	22,464
Interest Bearing Liabilities	10	104,067	-
Provisions	11	<u>7,277</u>	<u>8,328</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>121,968</u>	<u>30,792</u>
<b>TOTAL LIABILITIES</b>		<u>121,968</u>	<u>30,792</u>
<b>NET ASSETS</b>		<u>220,108</u>	<u>320,402</u>
<b>EQUITY</b>			
Issued Capital	12	691,058	691,058
Accumulated Losses	13	<u>(470,950)</u>	<u>(370,656)</u>
<b>TOTAL EQUITY</b>		<u>220,108</u>	<u>320,402</u>

These statements are to be read in conjunction with

the attached compilation report

**HARBORD FINANCIAL SERVICES LIMITED**

**A.B.N. 25 097 282 525**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2004**

		2003
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>\$</b>	<b>\$</b>
<b>Receipts from Customers</b>		
Commissions	17,644	1,557
Fees Received	136,082	-
Interest received	715	1,951
Market Development Fund	<u>5,833</u>	<u>-</u>
	160,274	3,508
Payments to suppliers and employees	(399,961)	(104,679)
Borrowing costs paid	(15)	(44)
Payments of GST yet to be paid/(refunded)	<u>20,473</u>	<u>(22,278)</u>
Net cash provided by (used in) operating activities	(219,229)	(123,493)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Proceeds</b>		
Less Prov'n for Amortisation & Depreciation	33,046	-
Payment for property, plant & equipment	(26,571)	(1,767)
Payment for leasehold improvements	<u>(212,297)</u>	<u>(129,892)</u>
Net cash provided by (used in) investing activities	(205,822)	(131,659)
<b>Net increase / (decrease) in cash held</b>	<b>(425,051)</b>	<b>255,152</b>
<b>Cash at beginning of year</b>	<b>435,906</b>	<b>NIL</b>
<b>Cash at end of year</b>	<b>10,855</b>	<b>435,906</b>

These statements are to be read in conjunction with  
the attached compilation report

**HARBORD FINANCIAL SERVICES LIMITED**

**A.B.N. 25 097 282 525**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2004**

**NOTE 1 – STATEMENT OF ACCOUNTING PRINCIPLES**

These financial statements are a special purpose financial report prepared in order to satisfy the accounts preparation requirements of the Corporations Act. The directors have determined that the company is not a reporting entity

The statements have been prepared in accordance with the requirements of the Corporations Act and the following applicable Accounting Standards and other mandatory professional reporting requirements. These specific accounting policies are consistent with the previous period unless otherwise stated:

- AASB 1002 Events Occurring After Balance Date
- AASB 1008 Accounting for Leases
- AASB 1018 Profit and Loss Accounts
- AASB 1019 Measurement and Presentation of Inventories in the Context of the Historical Cost System
- AASB 1020 Accounting for Income Tax (Tax Effect Accounting)
- AASB 1021 Depreciation of Non-Current Assets
- AASB 1025 Application of the Reporting Entity Concept and Other Amendments
- AASB 1031 Materiality
- AASB 1034 Information to be Disclosed in Financial Reports

No other applicable Accounting Standards or other mandatory professional reporting requirements have been applied.

The statements have been prepared on an accruals basis. They are based on historical costs and do not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

These statements are to be read in conjunction with  
the attached compilation report

## NOTE 2 – REVENUE

<b>Operating Activities</b>	<b>\$</b>	<b>\$</b>
Interest	46	715
Rendering of Service	285,463	136,082
Other	<u>69,538</u>	<u>23,477</u>
Total Revenue	<u>355,047</u>	<u>160,274</u>
<b>Interest from</b>		
Other Persons	<u>46</u>	<u>715</u>

## NOTE 3 – PROFIT FROM ORDINARY ACTIVITIES

Profit from ordinary activities before income tax expense has been determined after:

### Expenses

#### Borrowing Costs

Other Persons	<u>3,822</u>	<u>15</u>
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Depreciation of Non-Current Assets	503	354
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#### Amortisation of Non-Current Assets

Goodwill	10,000	10,000
Other	23,234	22,693

Bad Debts	1,472	-
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Remuneration of Auditor	1,800	1,400
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Rental Expense on Operating Leases	19,795	26,254
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## NOTE 4 – CASH

Cash at Bank	-	10,655
Cash on Hand	<u>200</u>	<u>200</u>
	<u>200</u>	<u>10,855</u>

## NOTE 5 – RECEIVABLES

### Current

Income Accrued	<u>28,888</u>	-
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These statements are to be read in conjunction with the attached compilation report

#### NOTE 6 – PROPERTY, PLANT & EQUIPMENT

Property, Plant & Equipment - at cost	29,631	28,337
Less Prov'n for Depreciation	<u>(4,348)</u>	<u>(2,099)</u>
	<u>25,283</u>	<u>26,238</u>

#### NOTE 7 – OTHER ASSETS

<b>Current</b>		
GST on Acquisitions	-	2,858
Prepayments	<u>7,406</u>	<u>-</u>

#### NOTE 8 – INTANGIBLE ASSETS

Set Up Costs	292,191	292,191
Less Written Off	(41,892)	(20,948)
Franchise Fee	50,000	50,000
Less Written Off	<u>(20,000)</u>	<u>(10,000)</u>
	<u>280,299</u>	<u>311,243</u>

#### NOTE 9 - PAYABLES

<b>Current</b>		
Accrued Expenses	4,647	21,410
GST on Supplies	<u>5,977</u>	<u>1,053</u>
	<u>10,624</u>	<u>22,463</u>

#### NOTE 10 – INTEREST BEARING LIABILITIES

<b>Current</b>		
Bank Overdraft	<u>104,067</u>	-

#### NOTE 11 - PROVISIONS

<b>Current</b>		
Provision for Holiday Pay	<u>7,277</u>	<u>8,328</u>
Aggregate Employee Entitlement Liability	<u>7,277</u>	<u>8,328</u>

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the attached compilation report

**NOTE 12 – CONTRIBUTED EQUITY**

Shareholders Funds	<u>691,058</u>	<u>691,058</u>
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**NOTE 13 – RETAINED PROFITS**

Retained Profits (Accumulated Losses) at the beginning of the Financial Year	(370,656)	(112,941)
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Net Profit Attributable to Members of the Company	<u>(100,294)</u>	<u>(257,715)</u>
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<b>Retained Profits (Accumulated Losses) at the End of the Financial Year</b>	<u>(470,950)</u>	<u>(370,656)</u>
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These statements are to be read in conjunction with  
the attached compilation report

**HARBORD FINANCIAL SERVICES LIMITED**

**A.B.N. 25 097 282 525**

**DIRECTORS' DECLARATION**

The directors have determined that the company is not a reporting entity. The directors have determined that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 7 to 13;
  - a) comply with Accounting Standards as detailed in Note 1 to the financial statements and the Corporations Act 2001, and
  - b) present fairly the company's financial position as at 30 June 2004 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Chairman

  
.....  
Trevor Leslie Sargeant

Company Secretary

  
.....  
Brian Patrick Dunphy

Dated this 20<sup>th</sup> day of October 2004

**HARBORD FINANCIAL SERVICES LIMITED**

**A.B.N. 25 097 282 525**

**PROFIT AND LOSS STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2004**

<b>INCOME</b>	<b>\$</b>	<b>\$</b>
Commissions	44,955	17,644
Fees Received	201,414	80,151
Gross Fees	84,049	55,931
Interest Received	46	715
Market Development Fund	<u>24,583</u>	<u>5,833</u>
<b>TOTAL INCOME</b>	<u>355,047</u>	<u>160,274</u>
<b>EXPENSES</b>		
Accountancy	342	1,185
Advertising & Promotion	8,233	3,496
Amortisation – Intangibles	10,000	10,000
- Others	23,234	22,693
ATM Expenses	16,945	14,376
Auditors Remuneration - Fees	1,800	1,400
Bad Debts	1,472	-
Bank Charges	1,190	846
Cleaning	5,177	4,944
Computer Maintenance	5,606	4,351
Depreciation	503	354
Donations	841	-
Electricity	4,376	5,497
Freight & Cartage	14,960	6,348
Insurance	12,071	6,511
Interest	3,822	15
Leasing Charges	19,795	26,255
Legal Costs	142	2,141
Motor Vehicle Expenses	-	1,250
Office Expenses	1,878	2,648
Postage	2,261	2,156
Printing & Stationery	9,352	7,783
Rates	2,175	2,986
Rent	63,037	61,350
Repairs & Maintenance	2,166	2,041
Salaries	207,818	187,516
Secretarial & Filing Fees	786	3,063
Security	1,072	7,816
Staff Amenities	5,050	2,443
Superannuation	18,776	14,619
Telephone	6,339	6,403
Travelling Expenses	<u>4,123</u>	<u>5,503</u>
<b>TOTAL EXPENSES</b>	<u>455,342</u>	<u>417,989</u>
<b>OPERATING LOSS</b>	<b><u>(100,295)</u></b>	<b><u>(257,715)</u></b>



## SCOPE

I have audited the financial report of Harbord Financial Services Limited, being the Statements of Financial Position, Financial Performance and Cashflows and the Notes to the Financial Statements. The Company's directors are responsible for the financial report. I have conducted an independent audit of this financial report in order to express an opinion on them to the members of the Company.

In preparing my report I have considered and relied upon the independent Audit Report to the Company by Mulqueen Griffin Rogers Pty Ltd, Certified Practising Accountants, Bendigo in respect to the Profit Share Statement of the Harbord Community Bank Branch as prepared by the Board of management of the Bendigo Bank.

My audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the statements are free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statement and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether in all material aspects, the financial report is presented fairly in accordance with Australian Accounting Standards and other mandatory professional requirements so as to present a view which is consistent with my understanding of the Company's financial position and performance as represented by the results of their operations and their cashflows.

The audit opinion expressed in this report has been formed on the above basis.

## AUDIT OPINION

In my opinion the financial report of Harbord Financial Services Limited is in accordance with:

- (a) the Corporations Act, including;
  - (i) giving a true and fair view of the Company's financial position as at 30 June 2004 and of the Company's performance for the year ended on that date and
  - (ii) complying with Accounting Standards and the Corporations Act Regulations and
- (b) other mandatory professional reporting requirements.



RAYMOND J PATMORE F.C.A.  
HARBORD  
20 October 2004