SERVICE ONE®

ANNUAL REPORT 2021–22

SERVICE ONE Mutual Limited

Who we are and what we do

We are a customer-owned social enterprise that provides financial and community services to Members. We impact invest to bring about positive social change.

Values

These are our values and how we wish to be seen as an organisation:

- we are respectful and courteous
- we are tolerant and supportive
- we are honest and open
- we are dependable and accountable
- we are prudent and ethical, and
- we are community and Member-connected.

Contents

Message from the Chair and Chief Executive

GOOD TO GREAT

National challenges continued in 2021-22. We experienced extraordinary weather events on the Eastern seaboard and COVID remained part of the national psyche, causing significant disruption for households and many businesses. In addition, global instability has had far reaching impact. This is being played out here in the form of rising inflation and cost of living pressures.

The growth in use of eCommerce and digital engagement is accompanied by an unprecedented increase in sophisticated online and digital scams. In March an important upgrade was implemented to provide greater protection and reduce fraudulent activity for our cardholders. Moving forward we are well placed to continue to manage this growing threat and will remain vigilant.

While market conditions were volatile we have stayed focused on business revitalisation and investing in our team to ensure we have the capability to exceed market and Member expectations. While the sector's evolution is continuous and change is constant, we remain completely focused on ensuring we build our capability to deliver the best possible banking experience for Members.

To attain this goal the Board, after careful consideration, has decided to endorse a new franchise agreement with Bendigo and Adelaide Bank. This agreement which we expect to be executed towards the end of the year, will see us join the Community Bank network so we can offer Members greater access to a broader suite of products, services, technologies and cyber protection. We will remain 100% Member owned so important things like branch access, the team and our community commitment won't change. The things that do will guarantee your banking experience goes from good to great.

FINANCIAL PERFORMANCE

In May and June 2022 we saw the Reserve Bank increase the official cash rate to 0.85% up from the historical low of 0.10%. There had not been an increase in Australia's cash rate since Nov 2010! This has meant that margins have remained low and this condition continued to place significant pressure on our business for the majority of the year.

Pleasingly revenue from contracts with members grew 3% ($139K) from last year and strict cost control saw total expenses before tax decrease by 1% ($104K). With the change in the interest rate environment we are looking forward to an increase in revenue from our significant deposit base.

Despite the pressure on margins, the FY 21/22 saw significant growth in deposits that grew 11.7% and lending grew by 13.4%. I'm pleased to report that this financial year also proved to be our best year for loan drawdowns in our organisations history funding $117M – doubling what we were able to achieve in FY 19/20.

The broader banking trends identified over the last few years are clearly continuing with further decreases in the number of our members visiting a physical branch location with more and more members using our electronic banking facilities and Telephone Response Centre to fulfil their banking needs. I'm pleased to report that our focus on staff training and capability has seen an excellent increase in our Net Promotor Score with clear evidence that members continue to value the ability to speak with staff when a complex matter arises.

The Board continues to focus on the financial health of the organisation and expects to return to profit in the next financial year.

WOMEN IN THE WORKPLACE

Board representation is 50% female and at management level 68%.

THE TEAM

We have continued to focus on improving the capability and skills within the team. The objective is to ensure we are creating positive, memorable experiences for Members. Part of this involves how we communicate, the language we use and our listening skills. A range of sales and service techniques have been integrated into this engagement model to ensure we deliver excellent member service.

This is aligned with the Team's Service Mission and that is to ensure Members feel understood, confident in our capability and valued. As part of this, the team is now reaching out to Members acknowledging key milestones in our relationship with them and introducing relevant products that complement their life stage and personal needs.

We have also introduced a dedicated Lending Capability Program to deliver personalised coaching and a development pathway for each of our lenders. The program focuses on improving the internal loans process for Members and enhancing our own knowledge and capability.

Given the challenges associated with COVID, our physical community engagement has been restricted, however we have continued to support charitable associations and community need where possible and strengthened our support of the social enterprise sector.

From a community perspective staff have used their Social Enterprise leave to participate in:

- The Bloody Long Walk to raise money for mitochondrial disease.
- The Lifeline Book Fair
- National Breast Cancer Foundation's Mother Day Classic
- Primary Ethics Teaching

SOCIAL ENTERPRISE

We have broadened our relationship with CARE in Canberra. In addition to our support of their Assistance Beyond Crisis Program we are also partnering with their Community Loans Program. Our support for CARE underpins SERVICE ONE's belief that everyone should have the opportunity to be better informed about their rights, financial literacy and have accessible support to make this a reality.

Our relationship with The Mill House Ventures remains strong. Our commitment to supporting and promoting social entrepreneurs to create a stronger and more equitable society is unwavering. We are now seeing a strong pipeline of successful, viable social enterprises growing in the region. The ongoing mentoring, network access and practical support provided by the Mill House is the difference between a great idea on paper and a successful business.

The nature of the enterprises that complete the various programs The Mill House Ventures offer vary greatly, however they all have one thing in common - to create positive societal change. Some are investing their profits to support charitable causes others are developing products that support people with disability or disadvantage, others are providing opportunities to marginalised cohorts.

Here are some examples:

Café Stepping Stone is located in the historic homestead gallery at the Strathnairn Arts Centre, on the outskirts of Canberra. Serving more than delicious food, they offer migrant women with no formal job experience and poor English skills meaningful employment, in a safe and caring environment. The experience provides the women with the confidence and skills to explore other employment opportunities.

The Horse Rug Whisperer sells high quality equine products. The profit from the business supports their program, Thrive, which takes in teens who struggle to find their way. The kids are put to work, paid and taught business and life skills in an environment that is supportive and enables them to develop their potential and create pathways to realise successful futures for themselves.

The Easy Read Toolbox is an online communication resource that provides information, templates and accessibility services for disability service providers.

Six8 Roasters are passionate about the prevention of human trafficking and sexual slavery. So, they donate $1 for every kg of coffee sold to support Destiny Rescue, a charity that rescues young women from sexual slavery and supports them on their journey to reintegrate into society.

The desire to remove barriers to support others in a sustainable way continues to grow and we are very proud to be part of this growing shift towards doing good.

We have a dedicated page on SERVICE ONE's website to promote The Mill House Ventures graduates and regularly share social posts to raise their community profile and leverage our support of this vital sector.

BOARD

Ivan Slavich remains Chair of SERVICE ONE Mutual Ltd following 12 years as a Board member. He is eminently qualified having held a number of CEO roles over a career spanning 25 years. Alongside his corporate achievements Ivan is also very active in the charitable sector.

Both Ayesha Razzaq and Roslyn Hughes were re-elected to the Board at last year's Annual General Meeting. Both women have considerable commercial experience, financial acumen and strategic skills.

There have been no changes to the composition of the Board.

Ivan Slavich
Chair

Matthew Smith
Chief Executive

The year that was

As life slowly returned to normal, well the new normal, the team at SERVICE ONE was running on high octane energy! Funding records were broken month after month with our team rising to the challenge across multiple fronts. We continued to invest in their development to ensure they have the skills to deliver while reinforcing our commitment to our communities and the social enterprsie sector through our partnership with Mill House Ventures. This is the year that was...

JUL

Staff training continues to pay off with very happy Members.

AUG

Wealth Conceirge training underway.

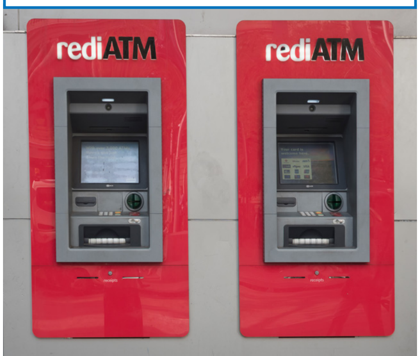
Matt undertakes a roadshow to keep staff informed of performance and our Member service misson.

SEP

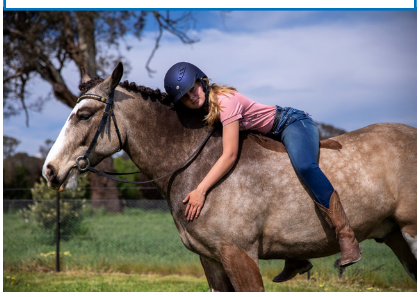
Three Industry Awards WINS!
Info Choice 2021 Banking Awards declared us: 2021 Personal Loan Lender of the Year / Winner 2021 Personal Loan – Secured Fixed Rate / Winner 2021 Personal Loan – Secured Variable Rate.

OCT

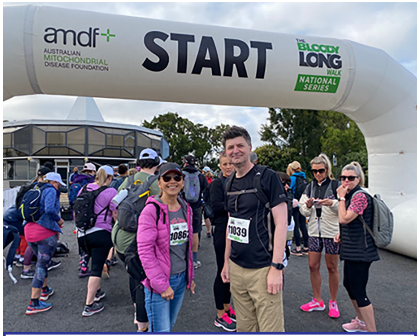
Withdrew from RediATM network.



GRIST Graduation - Six8 Coffee, Easy Read Tool Box, The Horse Rug Whisperer, Café Stepping Stone, Right To Work.



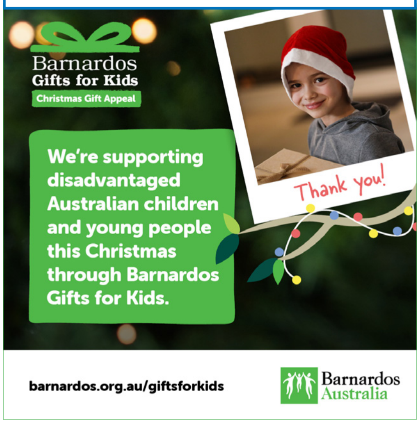
NOV



Adam Marshall and Jamie Newland took part in the 35km Long Bloody Walk to raise money for Mitochondrial Disease.

DEC

Barnardos Gifts for Kids Christmas Gift takes on a new form with all Christmas giving done online.



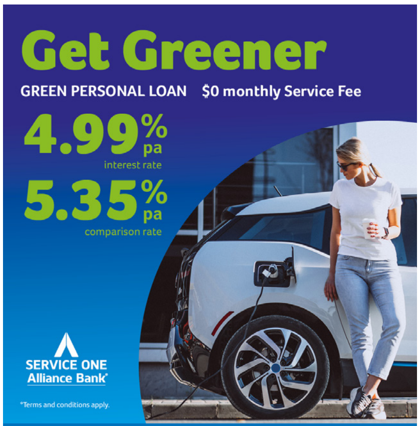
The team volunteers with Lifeline.

New sponsor partnership with Easts Junior Rugby Club.

JAN

FEB

We sponsored the Year 12 Excellence in Economics Award at Gungahlin College which was awarded to Tassin Islam.



Green Loans Campaign launch.

MAR

APR

New upgrade introduced to cardholders providing greater protection and reduce exposure to fraudulent activity.

Our partnership with CARE and the Assitance Beyond Crisis program has been extended to their Community Loans Program.

Care community loans

Best loan funding in SOAB history – doubling our loan financial result 19–20.

Our presence on social continued to gain momentum with strong enagement across all channels.

MAY

JUN

First Aid Equipment donated ACT Wildlife.

EOFY Equipment Campaign launched.

Corporate Directory

ADMINISTRATION CENTRE

SERVICE ONE Mutual Limited
ACN 095 848 598

75 Denison Street
DEAKIN ACT 2600

Locked Bag 1
DEAKIN ACT 2600

BSB 801 009

Telephone 1300 361 761
Fax (02) 6215 7171
For overseas callers
+ 61 2 6215 7100

INTERNET AND EMAIL

serviceone.com.au
support@serviceone.com.au

PHONE BANKING (AUSTRALIA)

1300 361 431

LOCATIONS

Batemans Bay
Shop 1, Citi Centre Arcade
10 Orient Street

Belconnen
Shop 4, Lakeview Square
21 Benjamin Way

Cooma
Shop 8, Centennial Plaza
114-128 Sharp Street

Deakin
75 Denison Street

Tuggeranong
Shop 23, Ground Level
South.Point Shopping Centre

Tumut
Shop 3, The Connection
87 Wynyard Street

DIRECTORS

Mr Ivan Slavich (Chair) BBus, Grad Dip AFI,
Grad Cert BA, MAGA, AFAIM, FAICD

Ms Christine Faulks BA, Grap Dip Educ and Bus Admin,
Hon Doc, GAICD

Ms Roslyn Hughes BA, FAICD

Mr Bruce Papps BBus CA GAICD

Ms Ayesha Razzaq BE (Hons) GAICD

Mr Archie Tsirimokos BEcon LLB

EXECUTIVE

Mr Matthew Smith – Chief Executive Officer

Mr Adam Marshall – General Manager Sales
and Transformation

Mr Kashif Cheema – Chief Financial Officer

Ms Colleen McGrory – Senior Manager - Retail Branches

Ms Rebecca Metcalfe – Senior Manager –
People and Culture

AUDIT, RISK AND FINANCE COMMITTEE

Mr Bruce Papps (Chair)

Ms Roslyn Hughes

Ms Christine Faulks

STRATEGIC INVESTMENT AND TRANSFORMATION COMMITTEE

Ms Ayesha Razzaq (Chair)

Mr Ivan Slavich

Mr Archie Tsirimokos

BANKERS

Bendigo and Adelaide Bank Limited

SOLICITORS

HWL Ebsworth Lawyers

EXTERNAL AUDITOR

Andrew Frewin Stewart

INSURERS

Specialist Underwriting Agencies Pty Ltd

QBE Insurance Australia

Directors

IVAN SLAVICH (CHAIR)

Ivan was elected to the SERVICE ONE Board in 2009. He is the Managing Director of Trident Corporate Services and an associate partner of Supply Clusters. Prior to this, Ivan was the CEO of Soldier On and a CEO of ASX listed, Energy Action. He has held many senior executive roles including with AGL and iiNet. With over 25 years of senior management and executive experience in the energy, telecommunications, consulting, military, banking and finance sectors, Ivan is a graduate of (UTS) and a post graduate of (Melbourne Business School, AICD and SIA) in Business Administration and Applied Finance. Ivan is also a Fellow and Graduate of the Australian Institute of Company Directors. He undertakes a considerable amount of charity work, in particular raising funds for Soldier On and Camp Quality.

CHRISTINE FAULKS

Christine (Chris) was appointed as a non-executive Director of SERVICE ONE in April 2020. She has extensive experience across both the private and public sectors and has held several high profile roles, including CEO of Canberra Business Council and transitional CEO of the merged Canberra Business Chamber; Senior Adviser to a number of Federal Government Ministers and Chief of Staff to the President of the Senate. Currently Chris is the Deputy Chancellor at the University of Canberra and sits as a non-executive Director on the boards of the University of Canberra, Canberra Symphony Orchestra and Southern NSW and ACT Rugby Union Limited. She has recently completed terms on the Boards of the National Capital Authority (Federal Government) and City Renewal Authority (ACT Government). Chris has a long history of community involvement including as the Chair of the ACT Australian of the Year selection panel; Member of the Salvation Army Red Shield Appeal Committee; ACT BLITS Champion; and Founding and Life Member of Calvary Hospital Auxiliary.

ROSLYN HUGHES

Roslyn is an experienced non-executive director, fund manager, investor, senior executive and entrepreneur. She is a Fellow of the Australian Institute of Company Directors. Roslyn's early career was in the technology arena where she founded, grew and sold a number of technology businesses. In more recent years she established a seed-stage technology venture fund which funded and supported many start-up companies in the Canberra region. Many of those companies are still operational and a number have become outstanding successes. As part of her commitment to the community, for many years, she chaired the Canberra Region and Employment Development Association which ran the Canberra Business Incubators.

BRUCE PAPPS

Bruce was appointed to the SERVICE ONE Board in February 2017. He is, and has been, a member of a number of Boards and Committees and is currently the Chief Operating Officer for the OzHelp Foundation after serving over 4 years as CEO of Northside Community Services in Canberra. Prior to that he was a partner of WalterTurnbull in Canberra before becoming a partner in PricewaterhouseCoopers and has over 30 years of experience in providing and leading professional assurance, financial management, consulting, governance and risk management services. He holds a Bachelor of Business, is a Graduate member of the Australian Institute of Company Directors and is a qualified Chartered Accountant.

AYESHA RAZZAQ

Ayesha was appointed to the SERVICE ONE Board in August 2018 and confirmed as Director at that year's AGM. Ayesha brings a wealth of commercial knowledge and expertise obtained through her 20 year career as a senior executive in the retail energy industry, leading businesses in a time of significant industry change. Through her pragmatic and strong customer centric approach, she has helped teams translate strategic intent into measurable results through a range of operational and transformational programs.

Ayesha is passionate about diversity and inclusion and has a history of serving and working with community organisations. She is a Non Executive Director on the Indigenous Marathon Foundation and Redback Technologies Board.

Ayesha holds a Bachelor of Engineering Degree with Honours and is an alumnus of Harvard Business School, where she completed the Advanced Management Program. Ayesha is also a graduate member of the Australian Institute of Company Directors, a member of the Chief Executive Women group and was the ACT recipient of the 2017 Corporate Telstra Business Woman Awards.

ARCHIE TSIRIMOKOS

Archie was appointed as a non-executive Director of SERVICE ONE in April 2020. He is recognised as one of Canberra's most experienced commercial and property lawyers with expertise in governance, commercial law, building and construction law and real estate law. Archie is a founding Partner of MV Law – Canberra's largest independent law firm. He was named the Property Council ACT's Property Professional of the Year in 2014 and in 2016 he was inducted into the Real Estate Institute of the ACT Hall of Fame. Archie was named the Institute's Solicitor of the Year three years running from 2013. He has extensive Board experience, having served on the Boards of The Hellenic Club of Canberra, Communities@ Work, Canberra Business Chamber, Lifeline Canberra, Kulture Break and is a Fellow of the Australian Property Institute (ACT Division).

Corporate Governance Statement

The Board of SERVICE ONE is committed to the achievement of best practice in corporate governance. As a public company the Board adheres to the requirements set out in the *Corporations Act 2001*.

The Board's approach to corporate governance has also been influenced by the relevant parts of the Corporate Governance Principles and Recommendations issued by the ASX Corporate Governance Council available at asx.com.au/regulation/corporate-governance-council.htm.

The Board recognises that achieving best practice is an ongoing process and will reflect changes in community thinking.

SERVICE ONE has developed a corporate governance section on its website. The various codes, policies and terms of reference referred to in this statement are published on the website and can be accessed by selecting the 'About Us' option.

BOARD OF DIRECTORS

The Board has adopted the following key responsibilities:

- act in the best interest of SERVICE ONE as a whole
- observe their duties as Directors in terms of corporations law, general law, SERVICE ONE's Constitution and other relevant legislation, and
- enhance Member value.

In order to meet these responsibilities, the key functions of the Board have been documented in a Board Charter which is contained in the Board Governance Policy. Details of the Board Governance Policy can be found in the 'Governance' section under 'About Us' on our website.

COMPOSITION OF THE BOARD

The Constitution of SERVICE ONE (the Constitution) stipulates that the Board consists of a minimum of five and no more than 10 Directors. At all times the Board must have no less than five elected Directors. The Constitution also allows the Board to appoint a Director for a 12-month term.

Directors' profiles appear on page 7 and 8.

Elected Directors serve a three year term and retire in rotation but may stand for re-election in accordance with the Constitution. Any Director appointed to fill a casual vacancy during the financial year must also have that appointment confirmed by a resolution of Members at that year's AGM.

The Constitution contains limits on the terms of office for Directors and persons who occupy the position of Chair to ensure both continuity as well as Board rotation and succession.

BOARD PROCESSES

The Board meets on a regular basis and can meet more often if required.

The agenda for Board meetings is prepared by the Chair of the Board in conjunction with the Chief Executive.

The Board is of the view that the Board shall only comprise non-executive Directors. The Board has adopted the principle that it should comprise a majority of independent Directors and that its Chair should be an independent Director.

BOARD AND DIRECTOR PERFORMANCE EVALUATION

The Board has a formal process for evaluating the performance and skills of the Board. A fuller description of this process can be found in the Board Governance Policy on our website.

Remuneration of Directors or the Chief Executive does not contain any component related to profit sharing or the issue of stock or options.

DIRECTOR INDEPENDENCE

The Board comprises only independent Directors. An independent Director being considered independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

However, the Constitution of SERVICE ONE stipulates that a Director has to be a Member of SERVICE ONE. This means, in most cases, a Director will hold, or obtain, a product or service that SERVICE ONE provides on behalf of a third party.

DIRECTOR ACCESS TO PROFESSIONAL ADVICE

To assist in the effective discharge of their duties, Directors may, in consultation with the Chair, seek independent legal advice on their duties and responsibilities at the expense of SERVICE ONE and, in due course, make all Board members aware of both instructions to advisors and the advice obtained.

DIRECTOR ACCESS TO EMPLOYEES

Members of the Executive and Senior Management regularly attend Board meetings and Directors have unfettered direct access to the Executive and Senior Management of SERVICE ONE.

BOARD COMMITTEES

The Board has two formally constituted standing committees to assist it in decision making, oversight and control:

- the Audit, Risk and Finance Committee, and
- the Strategic Investment and Transformation Committee.

The Corporate Governance Committee (which also acts as the Management Remuneration Committee) functions are addressed by the broader Board of Directors as a standing agenda item at these meetings.

In addition to the above standing committees the Board also establishes the following ad-hoc committees from time-to-time and as necessary:

- a Director Remuneration Committee
- a Director Nominations Committee, and
- a Constitutional Review Committee.

All committees have written Terms of Reference which are contained in the Board Committee Policy which can be found in the 'Governance' section of our website.

Other than the Director Nominations Committee, membership of the committees comprises Directors with representatives of management attending committee meetings as required. Membership of the Director Nominations Committee comprises two representatives as well as the Chair of the Board. In the years that the Chair is a candidate for election to the Board another Director is chosen by the Board as the third member of the committee.

The minutes of all Board Committee meetings are tabled, and any recommendations are considered at the next scheduled Board meeting. The memberships of Board Committees are detailed on page 6 and attendances at meetings are set out in the Directors' Report on page 14.

All Directors are entitled to attend all Board Committee meetings.

AUDIT, RISK AND FINANCE COMMITTEE

The Committee's role is to assist the Board by providing an objective review of the effectiveness of SERVICE ONE's risk framework, statutory and financial reporting processes, professional accounting requirements and oversight of internal and external audit functions.

The external auditor of SERVICE ONE is Andrew Frewin Stewart.

THE STRATEGIC INVESTMENT AND TRANSFORMATION COMMITTEE

The Committee's role is to review and make recommendations on the appropriate investment of Members' capital in accordance with the Capital Investment and Management Policy, the Social Enterprise Investment Policy and/or the Strategic Plan. In addition, the Committee reviews the Strategic Plan and provides advice on matters that form part of the transformation agenda the Board has agreed to as part of the plan.

Details of the each of the Committees' responsibilities are contained in the Board Committee Policy which can be found in the 'Governance' section of our website.

INTERNAL CONTROL FRAMEWORK

BUSINESS RISK IDENTIFICATION AND MANAGEMENT

The Board monitors the operational and financial performance of SERVICE ONE against budget and other key performance measures through a structure of regular management reports to the Board and its committees. The Board also receives and reviews reports and advice on areas of operational and financial risk.

SERVICE ONE has established controls at the Board, Executive and business unit levels that are designed to safeguard the interests of SERVICE ONE and ensure the integrity of reporting (including accounting, financial reporting, workplace health and safety, and other internal control policies and procedures). These controls are designed to ensure that SERVICE ONE complies with regulatory requirements and community standards.

The Chief Executive provides the Board with statements about SERVICE ONE's financial reports and compliance with the Corporations Act and the Accounting Standards. The statements reflect the declarations required to be made by Directors in the annual Financial Report.

The Chief Executive, Chief Financial Officer, General Manager Sales & Transformation, Senior Manager Retail and Senior Manager People & Culture have provided the Board with statements that the financial reporting, risk management and associated compliance controls have been assessed and found to be operating efficiently and effectively. The operational and other risk management compliance controls have also been assessed and found to be operating efficiently and effectively.

At least annually, formal performance appraisals are conducted for all employees.

SERVICE ONE has an active Workplace Health and Safety Committee. That Committee comprises both management and other employees.

ETHICAL STANDARDS

The core values of SERVICE ONE centre on improving the quality and efficiency of financial service delivery by providing products and services to help Members meet their financial goals.

To this end, SERVICE ONE is committed to maintaining the highest ethical standards in offering products and services to its Members.

SERVICE ONE acknowledges that personal financial information is sensitive and subject to privacy legislation. To this end, SERVICE ONE is committed to ethical and appropriate practices and compliance with relevant privacy legislation. It has in place processes to maintain the expectations of the community and Members for the security, privacy and integrity of personal financial information. Where appropriate, SERVICE ONE aims to conduct its operations without needing to rely on the collection of personal financial information.

The Board has adopted Codes of Conduct, which set out the expectations for Directors and staff in their business affairs and in dealings with Members. The Codes of Conduct require high standards of personal integrity and honesty in all dealings, a respect for the privacy of Members and others, and observance of the law.

New staff members are provided with a copy of the Staff Conduct and Monitoring Policy when they join SERVICE ONE and it is readily accessible online for existing staff members.

The Board regularly reviews all its policies to ensure their continued relevance and effectiveness. Where necessary, at a Board meeting Directors report on any interest that could potentially conflict with those of SERVICE ONE and report on any Director related transactions in the Notes to the annual Financial Report.

COMMUNICATION WITH MEMBERS

The Board aims to ensure that Members are informed of all major developments affecting the state of affairs of SERVICE ONE. Information is communicated to Members as follows:

- the Annual Report is distributed to all Members who request it and includes relevant information about the operations of SERVICE ONE during the year, changes in the state of affairs of SERVICE ONE and details of future developments, in addition to other disclosures required by the *Corporations Act 2001*
- when SERVICE ONE becomes aware of information which, in the view of the Board, requires Members to be notified a letter is sent to Members
- SERVICE ONE conducts surveys to determine the perceptions and feedback of Members
- SERVICE ONE may, in some instances, communicate with Members via email should their details be available, and
- the SERVICE ONE website contains information to keep Members informed of current events and SERVICE ONE's social media platforms are utilised to share relevant information on an as-needs basis.

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2022

Your directors submit their report for SERVICE ONE Mutual Limited (SERVICE ONE) for the year ended 30 June 2022.

DIRECTORS

The names of SERVICE ONE's Directors in office during the financial year and until the date of this report are set out below. Directors were in office for this entire period, unless otherwise stated.

Mr Ivan Slavich
Ms Christine Faulks
Ms Roslyn Hughes
Mr Bruce Papps
Ms Ayesha Razzaq
Mr Archie Tsirimokos

Details of each Director's qualifications, experience and special responsibilities are detailed on pages 7 and 8.

COMPANY SECRETARIES

MR MATTHEW SMITH

Mr Smith has been a Company Secretary of SERVICE ONE Mutual Limited for 18 years and CEO from July 2016. Prior to holding this position, he was Chief Operating Officer for 15 years. Mr Smith has been a CPA for over 19 years.

MR KASHIF CHEEMA

Mr Cheema was appointed Company Secretary on 1 March 2019. Mr Cheema has been an employee of SERVICE ONE Mutual Limited for 18 years and has occupied various senior positions and is now Chief Financial Officer.

DIVIDENDS

No dividends have been paid or declared since the end of the previous financial year, nor do the Directors recommend the declaration of a dividend (2021: $nil).

PRINCIPAL ACTIVITY

The principal activity of SERVICE ONE is the sale of loans and deposits as an agent for Bendigo and Adelaide Bank Limited.

OPERATING RESULT

The net loss of the company for the financial year ended 30 June 2022 after provision for income tax was:

YEAR ENDED 30 JUNE 2022 $	YEAR ENDED 30 JUNE 2021 $
(960,770)	(2,008,635)

After recognising the unrealised net gain/(loss) on financial assets measured at fair value through other comprehensive income and a gain on revaluation of land and buildings, SERVICE ONE recorded a total comprehensive loss of $609,195 for the year ended 30 June 2022 (2021 total comprehensive loss of $898,744).

NEW AND AMENDED STANDARDS AND INTERPRETATIONS

SERVICE ONE has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any impact on the financial performance or position of the company. Refer to Note 2 for further information.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the year ended 30 June 2022 SERVICE ONE recorded a voluntary change in accounting policy, after electing to change the subsequent measurement of land and buildings from historical cost to fair value.

The change in accounting policy increased SERVICE ONE's total comprehensive income and net asset position by $839,937 net of tax. The initial application of a policy to revalue property, plant and equipment is required to be accounted for as a revaluation and accordingly comparative figures have not been restated.

There have been no other significant changes in the state of affairs of SERVICE ONE during the year.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

No 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 AND EXPECTED RESULTS

Other than the normal course of business, no other significant developments are expected in SERVICE ONE's operations in the future financial year.

SERVICE ONE is not required to disclose likely developments and expected results if such disclosure would result in unreasonable prejudice to the company.

ENVIRONMENTAL REGULATION AND PERFORMANCE

SERVICE ONE is not subject to any particular or significant environmental regulation under laws of the Commonwealth or of a State or Territory.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

No indemnities have been given or insurance premiums paid during, or since the end of the financial year for any person who is, or has been an officer of SERVICE ONE.

INDEMNIFICATION OF AUDITOR

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for Andrew Frewin Stewart, being the auditor of SERVICE ONE.

DIRECTORS' MEETINGS

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director were as follows:

MEETINGS OF COMMITTEES	BOARD OF DIRECTORS		AUDIT, RISK AND FINANCE		STRATEGIC INVESTMENT AND TRANSFORMATION	
DIRECTOR	**ELIGIBLE TO ATTEND**	**ATTENDED**	**ELIGIBLE TO ATTEND**	**ATTENDED**	**ELIGIBLE TO ATTEND**	**ATTENDED**
IVAN SLAVICH	9	9	-	-	3	3
CHRISTINE FAULKS	9	9	6	6	-	-
ROSLYN HUGHES	9	8	6	6	-	-
BRUCE PAPPS	9	8	6	6	-	-
AYESHA RAZZAQ	9	8	-	-	3	3
ARCHIE TSIRIMOKOS	9	8	-	-	3	2

Eligible to attend: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

AUDITOR'S INDEPENDENCE DECLARATION

The declaration can be found on page 15.

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

Mr Ivan Slavich
Chair
18 August 2022

Mr Bruce Papps
Director
16 August 2022

61 Bull Street
Bendigo VIC 3550
afs@afsbendigo.com.au
03 5443 0344

Lead auditor's independence declaration under *section 307C of the Corporations Act 2001* to the directors of SERVICE ONE Mutual Limited

As lead auditor for the audit of SERVICE ONE Mutual 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 this 16th day of August 2022

Adrian Downing
Lead Auditor

Financial Report

General purpose (RDR) financial report for the year ended 30 June 2022

SERVICE ONE Mutual Limited
Statement Of Profit Or Loss And Other Comprehensive Income
For the year ended 30 June 2022

	Note	2022 $	2021 $
Revenue from contracts with customers	4	4,800,490	4,661,252
Other income	4	474,378	578,968
Finance income	4	74,175	93,647
Expenses			
Employee benefits expense		(4,108,520)	(4,023,136)
Occupancy and associated costs		(284,800)	(404,329)
Computer system costs		(177,268)	(188,679)
Depreciation and amortisation expense	5	(582,346)	(753,933)
Impact investing costs		(145,251)	(127,820)
General administration expense	5	(1,568,974)	(1,473,430)
Finance costs	5	(21,815)	(22,074)
Loss before income tax (expense)/benefit		(1,539,931)	(1,659,534)
Income tax (expense)/benefit	6	579,161	(349,101)
Loss after income tax (expense)/benefit for the year		(960,770)	(2,008,635)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Unrealised net gain/(loss) on financial assets at fair value through OCI		(488,362)	1,109,891
Gain on revaluation of land and buildings		839,937	-
Other comprehensive income for the year, net of tax		351,575	1,109,891
Total comprehensive income/(loss) for the year		(609,195)	(898,744)

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

SERVICE ONE Mutual Limited
Statement Of Financial Position
As at 30 June 2022

	Note	2022 $	2021 $
Assets			
Current assets			
Cash and short-term deposits	7	164,070	432,737
Interest receivable		50,608	52,516
Other assets	8	570,560	511,790
Loans and advances	9	11,940	11,940
Investments	10	414,498	464,498
Total current assets		1,211,676	1,473,481
Non-current assets			
Deferred tax	6	1,881,765	1,415,029
Loans and advances	9	123,099	82,646
Investments	10	7,020,272	8,825,598
Property, plant and equipment	11	5,895,509	5,003,874
Right-of-use assets	12	534,032	847,650
Intangibles	13	161	5,140
Total non-current assets		15,454,838	16,179,937
Total assets		16,666,514	17,653,418
Liabilities			
Current liabilities			
Trade and other payables	14	731,527	762,631
Member withdrawable shares		171,038	171,876
Employee benefits	15	264,275	203,330
Lease liabilities	16	188,539	329,574
Total current liabilities		1,355,379	1,467,411
Non-current liabilities			
Employee benefits	15	11,945	41,319
Lease liabilities	16	353,785	533,484
Provisions	17	110,878	167,482
Total non-current liabilities		476,608	742,285
Total liabilities		1,831,987	2,209,696
Net assets		14,834,527	15,443,722
Equity			
Reserves		14,834,527	15,443,722
Total equity		14,834,527	15,443,722

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

SERVICE ONE Mutual Limited
Statement Of Changes In Equity
For the year ended 30 June 2022

	Capital redemption reserve $	Fair value reserve of non-financial assets $	General reserve $	Fair value reserve of financial assets at FVOCI $	Accumulated losses $	Total equity $
Balance at 1 July 2020	592,246	-	15,886,700	(136,480)	-	16,342,466
Loss after income tax expense for the year	-	-	-	-	(2,008,635)	(2,008,635)
Other comprehensive income for the year, net of tax	-	-	-	1,109,891	-	1,109,891
Total comprehensive income/(loss) for the year	-	-	-	1,109,891	(2,008,635)	(898,744)
Transfer (from)/to capital redemption reserve	11,604	-	(11,604)	-	-	-
Transfer (from)/to general reserve	-	-	(1,913,472)	(95,163)	2,008,635	-
Balance at 30 June 2021	603,850	-	13,961,624	878,248	-	15,443,722

	Capital redemption reserve $	Fair value reserve of non-financial assets $	General reserve $	Fair value reserve of financial assets at FVOCI $	Accumulated losses $	Total equity $
Balance at 1 July 2021	603,850	-	13,961,624	878,248	-	15,443,722
Loss after income tax benefit for the year	-	-	-	-	(960,770)	(960,770)
Other comprehensive income/(loss) for the year, net of tax	-	839,937	-	(488,362)	-	351,575
Total comprehensive income/(loss) for the year	-	839,937	-	(488,362)	(960,770)	(609,195)
Transfer (from)/to capital redemption reserve	1,512	-	(1,512)	-	-	-
Transfer (from)/to general reserve	-	-	(938,526)	(22,244)	960,770	-
Balance at 30 June 2022	605,362	839,937	13,021,586	367,642	-	14,834,527

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

SERVICE ONE Mutual Limited
Statement Of Cash Flows
For the year ended 30 June 2022

	Note	2022 $	2021 $
Cash flows from operating activities			
Receipts from shared margin revenue		4,739,287	4,667,603
Payments to suppliers and employees		(6,338,517)	(6,475,972)
Receipts from fees and commission revenue		157,385	224,930
Dividends received		203,394	110,681
Interest received		77,409	122,063
Finance costs		(21,815)	(22,487)
Net cash used in operating activities		(1,182,857)	(1,373,182)
Cash flows from investing activities			
Payments for property, plant and equipment		(35,468)	(341,406)
Purchases of financial assets at amortised cost		(1,583,907)	(903,693)
Purchase of financial assets at FVOCI		(254,287)	(709,220)
Proceeds from sale of investments at FVOCI		819,739	1,081,065
Proceeds from sale of investments at amortised cost		2,330,138	2,450,000
Net cash from investing activities		1,276,215	1,576,746
Cash flows from financing activities			
Proceeds from social enterprise loan		43,041	8,955
Payment for social enterprise loan		(83,494)	(50,000)
Payment of principal elements of lease payments		(320,734)	(544,800)
Proceeds from member withdrawable shares		674	544
Payments of member withdrawable shares		(1,512)	(11,604)
Net cash used in financing activities		(362,025)	(596,905)
Net decrease in cash and cash equivalents		(268,667)	(393,341)
Cash and cash equivalents at the beginning of the financial year		432,737	826,078
Cash and cash equivalents at the end of the financial year	7	164,070	432,737

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

Note 1. Corporate information

The financial statements of SERVICE ONE Mutual Limited ("SERVICE ONE") for the year ended 30 June 2022 were authorised for issue in accordance with a resolution of the directors on 17 August 2022.

SERVICE ONE Mutual Limited is a for-profit company incorporated and domiciled in Australia. The members are the owners of SERVICE ONE.

The registered office and principal place of business of SERVICE ONE is 75 Denison Street, Deakin, ACT, 2600.

Further information on the nature of the operations and principal activity of SERVICE ONE is provided in the directors' report. Information on SERVICE ONE's related party relationships is provided in Note 20.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
SERVICE ONE has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The following Accounting Standards and Interpretations are most relevant to the company:

AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities
SERVICE ONE has adopted AASB 1060 from 1 July 2021. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. As a result, there are additional minimum disclosure requirements for key management personnel, related parties, tax and financial instruments.

Adoption did not have a material impact on SERVICE ONE's financial performance or position.

Accounting standards issued but not yet effective
An assessment of accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to SERVICE ONE and their potential impact when adopted in future periods is outlined below:

AASB 2020-1: *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current* (applicable for reporting periods commencing on or after 1 January 2023). Adoption of this standard is not expected to have a material impact.

AASB 2020-3: *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments* (applicable for reporting periods commencing on or after 1 January 2022). Adoption of this standard is not expected to have a material impact.

AASB 17: *Insurance Contracts* (applicable for reporting periods commencing on or after 1 January 2023). Adoption of this standard is not expected to have a material impact.

AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (applicable for reporting periods beginning commencing on or after 1 January 2025). Adoption of this standard is not expected to have a material impact.

AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* (applicable for reporting periods beginning on or after 1 January 2023). Adoption of this standard is not expected to have a material impact.

Basis of preparation
These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities.

Note 2. Significant accounting policies (continued)

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets at fair value through other comprehensive income and certain classes of property, plant and equipment.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying SERVICE ONE's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Statement of compliance
SERVICE ONE does not have 'public accountability' as defined in AASB 1053 Application of Tiers of Australian Accounting Standards and is therefore eligible to apply the 'Tier 2' reporting framework under Australian Accounting Standards.

The financial statements comply with the recognition and measurement requirements of Australian Accounting Standards, the presentation requirements in those Standards as modified by AASB 1060 *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (AASB 1060) and the disclosure requirements in AASB 1060. Accordingly, the financial statements comply with Australian Accounting Standards – Simplified Disclosures.

Going concern
The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

Foreign currency translation
The financial statements are presented in Australian dollars, which is SERVICE ONE's functional and presentation currency. The amounts have been rounded to the nearest dollar.

Goods and services tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST, except:

- When the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable
- When receivables and payables are stated with the amount of GST included.

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 is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

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 either 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.

SERVICE ONE Mutual Limited
Notes To The Financial Statements
30 June 2022

Note 2. Significant accounting policies (continued)

Impairment of non-financial assets
SERVICE ONE assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, SERVICE ONE estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in the profit or loss as an expense.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, SERVICE ONE estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss.

Borrowing costs
Borrowing costs are expensed in the period in which they occur.

Nature and purpose of members' funds
Capital redemption reserve
Under the Corporations Act 2001 redeemable preference shares (member shares) may only be redeemed out of profits or from a new share issue for the purposes of redemption. During the reporting period, SERVICE ONE established the number of members that resigned during the reporting period and transferred the equivalent monetary amount to the capital redemption reserve from the general reserve. The capital redemption reserve represents the shares redeemed by members. Member shares for existing and new members of SERVICE ONE are disclosed as a current liability.

General reserve
Any unappropriated profit/loss from SERVICE ONE's operations is transferred to/from the general reserve. The general reserve contains amounts of retained profits that have been set aside by the directors for the purpose of funding future operations of SERVICE ONE.

Fair value reserve of financial assets at FVOCI
Changes in the fair value arising on translation of investments that are classified as financial assets at fair value through OCI are recognised in other comprehensive income and accumulated in the fair value reserve of financial assets at FVOCI within equity. Amounts are reclassified to profit or loss when the associated assets are sold or impaired, unless the amount relates to an equity instrument which SERVICE ONE has irrevocably classified at fair value through OCI.

Asset revaluation reserve
Changes in the fair value of land and buildings that are subsequently measured at fair value are recognised through other comprehensive income and accumulated in the asset revaluation reserve within equity.

	Land ($)	**Buildings ($)**	**Total ($)**
Balance at 1 July 2021	-	-	-
Revaluation increment	22,500	817,437	839,937
Balance at 30 June 2022	22,500	817,437	839,937

Note 2. Significant accounting policies (continued)

Fair value measurement

SERVICE ONE measures investments, land and buildings at fair value at each reporting date. Refer to Note 10 for details of investments measured at fair value and Note 11 for details of land and buildings measured at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by SERVICE ONE.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

SERVICE ONE uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of SERVICE ONE's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying SERVICE ONE's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Classification of and valuation of investments
SERVICE ONE has decided to classify investments in listed and unlisted securities as fair value through OCI investments and movements in fair value are recognised directly in equity.

Impairment of non-financial assets
SERVICE ONE assesses impairment of all assets at each reporting date by evaluating conditions specific to SERVICE ONE and to the particular asset that may lead to impairment. These include product performance, technology, economic and political environments and future product expectations. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves value in use calculations, which incorporate a number of key estimates and assumptions.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. SERVICE ONE based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of SERVICE ONE. Such changes are reflected in the assumptions when they occur.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences and tax losses to the extent that management considers that it is probable that future taxable profits will be available to utilise those temporary differences and tax losses. In completing this assessment, management have considered board approved budgets and short to medium term forecasts up to a maximum period of six years from balance date. This is because there is an increased level of uncertainty as to SERVICE ONE's ability to accurately and reliably forecast future taxable profits beyond this period. Management also consider initiatives planned to return to profitability, prevailing market conditions, and the period over which recognised tax losses are expected to be utilised.

At 30 June 2022, $975,469 (2021: $1,167,893) in deferred tax assets relating to carried forward losses of $3,901,874 (2021: $4,671,570) had not been recognised on the statement of financial position. Deferred tax assets are assessed at-least annually and are recognised to the extent it becomes probable future taxable profits will be available. Deferred tax assets are derecognised where it is not probable future taxable profits will be generated within the next six years from balance date, comprising a 12 month budget and five-year forecast, assumptions of which are approved by the board.

Long service leave provision
Liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at reporting date. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

Estimation of useful lives of assets
The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment) and lease terms (for right-of-use assets). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Management believes the estimates used in preparing the financial report are reasonable. Actual results in the future may differ from those reported.

Lease term and option to extend under AASB 16
The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and also periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The options that are reasonably going to be exercised is a key management judgement that SERVICE ONE will make.

SERVICE ONE determines the likelihood to exercise the options on a lease-by-lease basis, looking at various factors such as which assets are strategic and which are key to future strategy of SERVICE ONE, in addition to the following:

- If there are significant penalties to terminate (or not to extend), SERVICE ONE is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, SERVICE ONE is typically reasonably certain to extend (or not terminate).
- Otherwise, SERVICE ONE considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

At 30 June 2022, there were no potential cash outflows excluded from the lease liability relating to extension options. This is because SERVICE ONE is reasonably certain to exercise all extension options. The lease term is reassessed if an option is actually exercised (or not exercised) or if SERVICE ONE becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Borrowing rate under AASB 16
The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for SERVICE ONE's leases, SERVICE ONE's incremental borrowing rate is used, being the rate that SERVICE ONE would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, SERVICE ONE:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- makes adjustments specific to the lease, eg term, country, currency and security.

Lease make good provision
A provision has been made for the present value of anticipated costs of future restoration of leased branch premises. The provision includes future cost estimates associated with dismantling furniture and fittings. The calculation of this provision requires assumptions which may result in future actual expenditure differing from the amounts currently provided. The provision recognised for each branch is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for branches are recognised in the statement of financial position by adjusting both the expense or asset (if applicable) and provision.

Note 4. Revenue from contracts with customers

	2022 $	**2021 $**
Shared margin income	4,800,490	4,661,252

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

	2022 $	**2021 $**
Timing of revenue recognition		
Services transferred over time	4,800,490	4,661,252

Other income

	2022 $	**2021 $**
Dividend income	203,394	110,681
Foreign exchange gain/(loss)	113,599	(57,811)
Net gain on sale of investments	(6,888)	3,572
Forgiveness of lease liability	-	243,357
Other revenue	164,273	279,169
Total other income	474,378	578,968

Note 4. Revenue from contracts with customers (continued)

SERVICE ONE closed four branches between June and September 2020 following a restructure. Lease agreements for each branch were successfully terminated prior to the end of their respective terms with each landlord. This resulted in total debt forgiveness of $243,357 being recognised as other income in the comparative period.

Finance income

	2022	2021
Interest on banking investment	6,309	11,641
Interest on convertible notes	65,369	78,465
Interest on loans to members	2,497	3,541
Total finance income	74,175	93,647

Accounting policy for revenue recognition
The company recognises revenue as follows:

Revenue from contracts with customers
Revenue from contracts with customers is recognised when control of the services are transferred to the customer at an amount that reflects the consideration to which SERVICE ONE expects to be entitled in exchange for those services.

Shared margin revenue
The relationship agreement held by SERVICE ONE with Bendigo and Adelaide Bank Ltd provides for a share of interest, fee and commission revenue earned by SERVICE ONE. Interest margin share is based on a funds transfer methodology which recognises that income is derived from deposits held, and that loans granted incur a funding cost. Fees are based on SERVICE ONE Alliance Banks current fee schedule and commission are based on the agreements in place. All margin revenue is recorded as non-interest income when SERVICE ONE’s right to receive the payment is established.

Interest income
For all financial instruments measured at amortised cost, interest income or expense is recorded in the statement of profit or loss and other comprehensive income at the EIR (effective interest rate), which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability.

Dividend income
Dividend income is recorded in non-interest income when SERVICE ONE's right to receive the payment is established.

Note 5. Expenses

Depreciation and amortisation expense

	2022 $	2021 $
Property, plant and equipment		
Plant and machinery	94,827	87,533
Leasehold improvements	139,846	154,989
Building	29,076	100,547
	263,749	343,069
Right-of-use assets		
Leased branch premises	313,618	402,456
	313,618	402,456
Intangible assets		
Computer software	4,979	8,408
	4,979	8,408
Total depreciation and amortisation expense	582,346	753,933

General administration expense

	2022 $	2021 $
Marketing and advertising	226,301	230,405
Consultant and professional fees	385,857	373,959
Other expenses	956,816	869,066
Total general administration expense	1,568,974	1,473,430

Finance costs

	2022 $	2021 $
Lease liabilities	21,815	22,487
Make-good on lease premises (unwinding of present value discount)	-	(413)
Total finance costs	21,815	22,074

Accounting policy for expenses

Depreciation of property, plant and equipment
The depreciable amount of all fixed assets, but excluding freehold land, is depreciated on a straight line basis over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The useful lives used for each class of depreciable assets are as follows, which are consistent with the previous reporting period:

Buildings	40 years
Leasehold improvements	Over the term of the lease
Plant and equipment	3 to 7 years

Note 5. Expenses (continued)

Depreciation of right-of-use assets
Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where SERVICE ONE expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life.

Amortisation of intangible assets
Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss and other comprehensive income in the expense category that is consistent with the function of the intangible assets.

General administration expenses
General administration expenses represent the day to day running costs incurred in normal operations of SERVICE ONE's activities. Such expenditure is recognised as it is incurred.

Note 6. Income tax

	2022 $	2021 $
Income tax expense/(benefit)		
Current tax	-	591
Relating to origination and reversal of temporary differences	(579,161)	149,725
Restatement of deferred tax for change in company tax rate	-	198,785
Aggregate income tax expense/(benefit)	(579,161)	349,101
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Loss before income tax (expense)/benefit	(1,539,931)	(1,659,534)
Tax at the statutory tax rate of 25% (2021: 26%)	(384,983)	(431,479)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Adjustments in respect of current income tax of previous years	-	591
Recognition of temporary differences and derecognition of tax losses	(194,178)	581,204
Restatement of deferred tax for change in company tax rate	-	198,785
Income tax expense/(benefit)	(579,161)	349,101

SERVICE ONE has tax losses arising in Australia at 30 June 2022 of $12,179,930 (2021: $10,275,274) that are available for offset against future taxable profits of the company in which the losses arose. Tax losses are only included in the measurement of the deferred tax asset to the extent that it is probable SERVICE ONE will generate sufficient taxable profits to utilise such deferred tax assets. Deferred tax assets are remeasured to the extent it is considered probable future taxable profits will be generated within the next six years from balance date. This gave rise to income tax credit for the year ended 30 June 2022 following an increase in the net deferred tax asset.

Note 6. Income tax (continued)

Deferred tax:

	2022 $	2021 $
Statement of Financial Position		
Employee provisions	183,377	166,384
Provision for make good	27,719	41,871
Fixed assets	153,449	152,712
Other provisions	8,226	10,973
Investments	(252,141)	(372,290)
Land and buildings	(279,979)	-
Unrealised foreign exchange	(28,400)	14,453
Tax losses	2,069,514	1,400,926
	1,881,765	1,415,029
Statement of Profit or Loss and Other Comprehensive Income		
Employee provisions	16,993	(35,141)
Provision for make good	(14,152)	(34,333)
Fixed assets	737	(113,798)
Other provisions	(2,747)	(6,442)
Investments	120,149	(203,467)
Land and buildings	(279,979)	-
Unrealised foreign exchange	(42,853)	14,453
Tax losses	668,588	(224,055)
Deferred tax benefit	466,736	(602,783)
Reconciliation of deferred tax assets, net of tax:		
As at 1 July	1,415,029	2,017,812
Tax income/(expense) during the period recognised in profit or loss	579,161	(349,101)
Tax income/(expense) during the period recognised in OCI	(112,425)	(253,682)
As at 30 June	1,881,765	1,415,029

At 30 June 2022, $975,469 (2021: $1,167,893) in deferred tax assets relating to carried forward losses of $3,901,874 (2021: $4,671,570) had not been recognised on the Statement of Financial Position. Deferred tax assets are assessed at-least annually and are recognised to the extent it is probable future taxable profits will be available. Deferred tax assets are derecognised where it is not probable future taxable profits will be generated within the next six years from balance date.

Note 6. Income tax (continued)

Accounting policy for income tax
Current income tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where SERVICE ONE operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss and other comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

SERVICE ONE offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Note 7. Cash and short-term deposits

	2022 $	2021 $
Current assets		
Cash at bank and deposits on hand	90,789	78,611
Deposits at call	73,281	354,126
	164,070	432,737

Accounting policy for cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investment with original maturities of three months or less.

Note 8. Other assets

	2022 $	2021 $
Current assets		
Prepayments	72,994	75,427
Accrued shared margin revenue	497,566	436,363
	570,560	511,790

Accounting policy for other assets
Accrued shared margin revenue includes amounts due from customers for services performed in the ordinary course of business. Prepaid expenses include expense items paid for in advance for which SERVICE ONE will receive a benefit in the following reporting period.

Other assets expected to be collected or utilised within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accrued shared margin revenue are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for expected credit losses. The carrying amount of prepaid expenses approximate their fair values at balance date. Refer to Note 18 for further discussion on the determination of expected credit losses.

Note 9. Loans and advances

	2022 $	2021 $
Current assets		
Social enterprise loan	11,940	11,940
Non-current assets		
Social enterprise loan	123,099	82,646
	135,039	94,586

Accounting policy for loans and advances
Loans and advances comprise social enterprise loans, which include loans and advances issued to social enterprises (which may be in the form of an entrepreneur, venture or business) which are designed to:

- have a definable, measurable and attributable to efforts positive impact
- make a positive social, environmental, economic and/or cultural impact, and
- have a clear commercial capability to make money and self-sustain (and hopefully grow).

Note 9. Loans and advances (continued)

Social enterprise loans are financed on more favourable terms than the borrower could obtain in the market place.

When a loan is issued, SERVICE ONE recognises a provision for expected credit losses from default events that are possible within the next 12 months. If there is a significant increase in credit risk following the initial assessment, SERVICE ONE recognise a provision equal to the lifetime expected credit losses for each relevant loan and advance. For the year ended 30 June 2022 the board did not identify any significant increases in credit risk. Accordingly, at balance date, the provision for expected credit losses was not considered material to the financial statements.

Note 10. Investments

	2022 $	**2021 $**
Current		
Financial assets at amortised cost		
Term deposits	414,498	464,498
	414,498	464,498
Non-current		
Financial assets at fair value through OCI		
Listed equity shares	4,964,281	5,959,114
Convertible notes	553,929	666,865
Financial assets at amortised cost		
Floating rates notes	1,502,062	2,199,619
Total non-current financial assets	7,020,272	8,825,598
Total investments	7,434,770	9,290,096

Accounting policy for investments
The directors recognise term deposits and floating rate notes at amortised cost, and its listed equity shares and convertible notes at fair value through other comprehensive income. Where applicable, fair values are assigned to such investments based on quoted prices using Level 1 of the fair value hierarchy. Refer to Note 18 for further information about SERVICE ONE's accounting policies for financial assets.

Note 11. Property, plant and equipment

	2022 $	2021 $
Non-current assets		
Land - at fair vale	845,000	815,000
Buildings - at fair value	4,665,000	4,019,140
Accumulated depreciation	(29,076)	(444,056)
	4,635,924	3,575,084
Leasehold improvements - at cost	1,546,292	1,939,741
Accumulated depreciation	(1,287,989)	(1,541,592)
	258,303	398,149
Plant and machinery - at cost	885,136	905,677
Accumulated depreciation	(728,854)	(690,036)
	156,282	215,641
	5,895,509	5,003,874

Movements in carrying amounts
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Land $	Buildings $	Leasehold improvements $	Plant and machinery $	Total $
Balance at 1 July 2021	815,000	3,575,084	398,149	215,641	5,003,874
Additions	-	-	-	35,468	35,468
Revaluation increment/gain	30,000	1,089,916	-	-	1,119,916
Depreciation expense	-	(29,076)	(139,846)	(94,827)	(263,749)
Balance at 30 June 2022	845,000	4,635,924	258,303	156,282	5,895,509

Change in accounting policy
During the year ended 30 June 2022 SERVICE ONE recorded a voluntary change in accounting policy, after electing to change the subsequent measurement of land and buildings from historical cost to fair value. The initial application of a policy to revalue property, plant and equipment is required to be accounted for as a revaluation and accordingly, comparative figures, which are presented at historical cost, have not been restated.

Valuations of land and buildings
As noted above, the basis of the valuation of land and buildings at 30 June 2022 is fair value. The land and buildings were last revalued on 7 April 2022 based on an independent assessment by Egan National Valuers, whom has recent experience in the location and category of land and buildings being valued. The directors do not believe there has been a material movement in fair value since the revaluation date. Valuations are based on current prices for similar properties in the same location and condition.

Accounting policy for property, plant and equipment
Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses. SERVICE ONE's property, plant and equipment are tangible items that are held for the use in the supply of services, for rental to others and for administrative purposes which SERVICE ONE expects to use during more than one period.

Note 11. Property, plant and equipment (continued)

Property - applicable to the current reporting period
Land and buildings are measured at their fair value based on periodic valuations by external independent valuers, which are conducted at least every three to five years, less subsequent depreciation for buildings. The valuations are undertaken more frequently if it is expected that there has been a material change in the fair value relative to the carrying amount.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the statement of profit or loss. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Property - applicable to the previous reporting period
Land and buildings were measured at cost, less accumulated depreciation and impairment losses, if any.

Plant and equipment:
Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event that the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. Refer to Note 2 for further information.

Note 12. Right-of-use assets

AASB 16 related amounts recognised in the statement of financial position

	2022 $	2021 $
Non-current assets		
Leased branch premises	1,365,750	1,650,210
Accumulated depreciation	(831,718)	(802,560)
	534,032	847,650

AASB 16 related amounts recognised in the statement of profit or loss and other comprehensive income

	2022 $	2021 $
Depreciation charge related to right-of-use assets	313,618	402,456
Finance costs	21,815	22,487
Forgiveness of lease liability	-	(243,357)
	335,433	181,586

Note 12. Right-of-use assets (continued)

Movements in carrying amounts
Movements in carrying amounts for each class of right-of-use asset between the beginning and the end of the current financial year.

	Leased branch premises $	Total $
Balance at 1 July 2021	847,650	847,650
Depreciation expense	(313,618)	(313,618)
Balance at 30 June 2022	534,032	534,032

SERVICE ONE's lease portfolio consists of branch premises, which have lease terms ranging from three to ten years.

Options to extend
The options to extend are contained in a number of SERVICE ONE's lease agreements. The extension options which were probable to be exercised have been included in the calculation of the right-of-use asset.

Make good provision
All lease agreements contain a provision for make good requiring SERVICE ONE to return the branch into its original condition prior to the commencement of the lease. All make good provisions have been estimated and have been separately disclosed from the lease liability.

Accounting policy for right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets (new assets where the underlying asset value is $10,000 or less). Lease payments on these assets are expensed to profit or loss as incurred.

Note 13. Intangibles

	2022 $	2021 $
Non-current assets		
Computer software - at cost	39,588	39,588
Accumulated amortisation	(39,427)	(34,448)
	161	5,140
Rebranding costs - at cost	264,247	264,247
Accumulated amortisation	(264,247)	(264,247)
	-	-
	161	5,140

Note 13. Intangibles (continued)

Movements in carrying amounts
Movements in carrying amounts for each class of intangible asset between the beginning and the end of the current financial year.

	Computer software $	Rebranding costs $	Total $
Balance at 1 July 2021	5,140	-	5,140
Amortisation expense	(4,979)	-	(4,979)
Balance at 30 June 2022	161	-	161

Accounting policy for intangible assets
Intangible assets acquired separately are measured on initial recognition at cost.

The useful lives of intangible assets are assessed as either finite or indefinite.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the intangible asset (calculated as the difference between the net disposal proceeds and the carrying amount of the intangible asset) is included in the statement of profit or loss and other comprehensive income.

A summary of the policies applied to SERVICE ONE's intangible assets is, as follows:

Computer software	3 to 7 years
Rebranding costs	5 years

Intangible assets are amortised on a straight-line basis.

Note 14. Trade and other payables

	2022 $	2021 $
Trade creditors	255,316	308,603
Annual leave entitlements	452,410	420,887
Other creditors	23,801	33,141
	731,527	762,631

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.

Liabilities for wages and salaries, including non-monetary benefits and annual 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.

Note 15. Employee benefits

	2022 $	2021 $
Current liabilities		
Long service leave entitlements	264,275	203,330
Non-current liabilities		
Long service leave entitlements	11,945	41,319
	276,220	244,649

Accounting policy for employee benefits
The liability for long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 16. Lease liabilities

	2022 $	2021 $
Current liabilities		
Lease liability	188,539	329,574
Non-current liabilities		
Lease liability	353,785	533,484
	542,324	863,058
Future lease payments		
Future lease payments are due as follows:		
Within one year	188,539	329,574
One to five years	224,355	373,070
More than five years	129,430	160,414
	542,324	863,058

The leases relate to branch premises with terms ranging from three to ten years. Payments are made monthly in advance. There are no purchase options contained in lease agreements.

Accounting policy for lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 17. Provisions

	2022 $	2021 $
Non-current liabilities		
Lease make good	110,878	167,482

Movements in carrying amounts

	Make-good on lease premises	Total ($)
Balance at 1 July 2021	167,482	167,482
Amounts used	(52,500)	(52,500)
Discount rate adjustments	(4,104)	(4,104)
Balance at 30 June 2022	110,878	110,878

Lease make good
SERVICE ONE is required to restore the leased branches to their original condition before the end of the lease term. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements.

In accordance with branch lease agreements, SERIVCE ONE must restore the leased premises to their original condition before the expiry or termination of the lease term.

Accounting policy for provisions
Provisions are recognised when the company has a present (legal or constructive) obligation as a result of a past event, it is probable the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Note 18. Financial risk management and financial instruments

SERVICE ONE is not exposed to any material market risk, credit risk or liquidity risk. SERVICE ONE's senior management oversees the management of these risk. The board of directors reviews and agrees policies for managing each of these risks.

SERVICE ONE's financial instruments consist mainly of deposits with banks, other assets, term deposits, listed equity shares, convertible notes, floating rate notes, trade and other payables and lease liabilities. SERVICE ONE does not have any derivatives.

Note 18. Financial risk management and financial instruments (continued)

The carrying amounts for each category of financial instruments are as follows:

	Note	2022 $	2021 $
Financial assets			
Cash and cash equivalents at amortised cost	7	164,070	432,737
Other assets at amortised cost	8	497,566	436,363
Loans and advances at amortised cost	9	135,039	94,586
Investments at amortised cost	10	1,916,560	2,664,117
Investments at fair value through other comprehensive income	10	5,518,210	6,625,979
Total financial assets		8,231,445	10,253,782
Financial instruments			
Trade and other payables at amortised cost	14	279,117	341,744
Lease liabilities at amortised cost	16	542,324	863,058
Total financial liabilities		821,441	1,204,802

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.

Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and SERVICE ONE's business model for managing them. SERVICE ONE initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value though profit or loss, transactions costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

SERVICE ONE's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that SERVICE ONE commits to purchase or sell the asset.

Subsequent measurement
For the purposes of subsequent measurement, financial assets of SERVICE ONE are classified into one of three categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).

Note 18. Financial risk management and financial instruments (continued)

Financial assets at amortised cost (debt instruments)
SERVICE ONE measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

SERVICE ONE's financial assets at amortised cost includes cash and short-term deposits and other assets (excluding prepayments).

Financial assets at fair value through OCI (debt instruments)
SERVICE ONE measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and other comprehensive income and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, SERVICE ONE can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss and other comprehensive income when the right of payment has been established, except when SERVICE ONE benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from SERVICE ONE's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- SERVICE ONE has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, and either (a) SERVICE ONE has transferred substantially all the risks and rewards of the asset, or (b) SERVICE ONE has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When SERVICE ONE has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, SERVICE ONE continues to recognise the transferred asset to the extent of its continuing involvement. In that case, SERVICE ONE also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that SERVICE ONE has retained.

Note 18. Financial risk management and financial instruments (continued)

Impairment of financial assets
SERVICE ONE recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that SERVICE ONE expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

SERVICE ONE's financial liabilities include trade and other payables and lease liabilities.

Subsequent measurement
Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost. Due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to SERVICE ONE prior to the end of the financial year that are unpaid and arise when SERVICE ONE becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

Note 19. Commitments

Lease commitments
SERVICE ONE recognises a lease liability and right-of-use asset on the statement of financial position for all leases (with the exception of short-term and low-value leases). SERVICE ONE has no material lease commitments which have not been recognised as lease liabilities per Note 16.

Capital commitments
SERVICE ONE has no material capital commitments contracted for at 30 June 2022 but not yet capitalised in the financial statements.

Note 20. Related party transactions

Details of key management personnel

The directors of SERVICE ONE during the year were:

- Mr Ivan Slavich
- Ms Christine Faulks
- Ms Roslyn Hughes
- Mr Bruce Papps
- Ms Ayesha Razzaq
- Mr Archie Tsirimokos

Note 20. Related party transactions (continued)

The executives of SERVICE ONE during the year were:

- Mr Matthew Smith - Chief Executive Officer
- Mr Adam Marshall - General Manager Sales and Transformation
- Mr Kashif Cheema - Chief Financial Officer
- Ms Colleen McGrory - Senior Manager - Retail Branches
- Ms Rebecca Metcalfe - Senior Manager - People and Culture

Compensation of key management personnel of the company:

	2022 $	2021 $
Directors	188,795	197,658
Executives	1,079,156	1,129,829
Total compensation paid to key management personnel	1,267,951	1,327,487

There have been no other transactions with related parties.

Note 21. Auditor remuneration

The following fees were paid or payable for services provided by Andrew Frewin Stewart, the auditor of SERVICE ONE:

	2022 $	2021 $
Audit and assurance services		
Audit of the financial report	28,870	26,255
Non-audit services		
Accounting services	12,790	1,625
Taxation services	2,625	2,500
Total non-audit services	15,415	4,125
Total remuneration of auditors	44,285	30,380

Note 22. Events after the reporting period

No 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.

SERVICE ONE Mutual Limited
Directors' Declaration
30 June 2022

In accordance with a resolution of the directors of SERVICE ONE Mutual Limited, the directors declare that:

The consolidated financial statements and notes, as set out on pages 5 to 31, are in accordance with the *Corporations Act 2001* and:

- comply with Australian Accounting Standards - Simplified Disclosure Requirements, and
- give a true and fair view of the company's financial position as at 30 June 2022 and of its performance for the year ended on that date.

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.

Chair
Ivan Slavich

Director
Bruce Papps

16 August 2022

61 Bull Street
Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

Independent Auditor's Report to the Directors of SERVICE ONE Mutual Limited

Our opinion

In our opinion, the financial report of SERVICE ONE Mutual Limited (SERVICE ONE) is in accordance with the *Corporations Act 2001*, including:

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

What we have audited

SERVICE ONE's financial report comprises the:

- statement of financial position as at 30 June 2022
- statement of profit or loss and other comprehensive income for the year then ended
- statement of changes in equity for the year then ended
- statement of cash flows for the year then ended
- notes comprising a summary of significant accounting policies and other explanatory notes
- the directors' declaration of the entity.

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

Other information

SERVICE ONE may prepare an annual report that may include the financial statements, director's report and declaration and our audit report (the financial report). The annual report may also include "other information" on SERVICE ONE's operations and financial results and financial position as set out in the financial report, typically in a Chairperson's report and reports covering governance and other matters.

The directors are responsible for the other information. An annual report has not been made available to us as of 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.

Partners in success
Chartered Accountants

61 Bull Street
Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

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.

Independence

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

Directors' responsibility for the financial report

The directors of SERVICE ONE are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Simplified Disclosures 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 SERVICE ONE'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 SERVICE ONE or cease operations, or have no realistic alternative but to do so.

Auditor's responsibility 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/home.aspx. This description forms part of our auditor's report.

Andrew Frewin Stewart
61 Bull Street, Bendigo, 3550
Dated this 16th day of August 2022

Adrian Downing
Lead Auditor

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Contact us

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Visit us

Advice Hubs and Support Centres throughout the
ACT and surrounding NSW.
Visit serviceone.com.au or phone 1300 361 761 for details.

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