SERVICE ONE®

ANNUAL REPORT 2022–23

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

Post COVID energy was still evident at the start of the year, then the war in Ukraine gave us a reason to be a little less certain about world stability, and forecasts for the economy began to falter. Quickly cost of living pressures became top of mind for most Australians. Inflation climbed to around 6% and wage growth remained flat. Over the period – May 22 and June 23 – the Reserve Bank issued 12 rate rises pushing borrowing costs to the highest level seen since 2012.

This has translated into a slowing of the housing market with capital cities falling by more than 5 per cent in 2022. Off the back of this we have seen a very competitive rate environment, particularly within new home lending and refinancing.

While remaining focused on our Members the entire organisation worked towards the transition to becoming part of the Bendigo Community Bank franchise. This process impacted every aspect of our operations requiring significant upskilling and process implementation. Every effort was made to keep Members informed however, given the breadth of change some Members found the process challenging. Now that the transition is behind us, we are pleased to report positive feedback from Members who are now enjoying the inherent benefits associated with becoming part of the Bendigo Community Bank franchise.

As part of our growth strategy, we entered into an agreement with NOVA Mutual Limited to acquire its assets and revenue right, under the Alliance Bank franchise agreement. This acquisition extends our footprint to the Hunter region.

SERVICE ONE Mutual Limited setup a new subsidiary, SERVICE ONE Financial Services Pty Limited (SOFS) to operate the Bendigo Community Bank franchise. The afore-mentioned acquisition along with all SERVICE ONE Mutual Limited's banking operations have been transferred to the new subsidiary. The acquisition of Molongolo Financial Services Limited's two Community Bank Branches in Calwell and Curtin in Q1 2023-24, will also sit within SOFS. This will make us one of the largest Bendigo Community Bank networks in Australia with $1.3B in total loans and deposits.

Against this backdrop of change, in early March SERVICE ONE detected unauthorised access to a small number of Member accounts. A full forensic investigation commenced and given the veracity of the breach, banking services were immediately taken off-line to protect all Members.

In the light of increased cyber threats nationally, we introduced a number of new security measures to better protect members. The first was CAPTCHA, a system designed to protect users from spam and password decryption. The second was One Time Password (OTP), an authentication process that validates users. Given the sophistication of automated cybercrime passwords the final security element was the introduction of Complex Passwords.

FINANCIAL PERFORMANCE

We began this financial year with a cash rate of 1.35% in July following two quick rate rises in May and June. Successive rises of 0.50% saw the rate increase another basis point by September. Monthly increases slowed to 0.25% until the RBA paused in April, the cash rate sitting at 3.60%. Two more rises of 0.25% in May and June saw the rates finish at 4.10% at the end of the financial year. The result being an increasingly competitive environment for financial institutions and mortgage holders seeking out the best deals as they came off low fixed rates offered during COVID.

As indicated last year, the increasing interest rate environment has provided a rise in revenue this year mainly from deposits, with revenue from contracts with customers increasing by 79% equating to $3.8M. This was bolstered by our purchase of NOVA Mutual Limited in November 2022. The end of financial year result saw us return to an operating profit after tax of $1.85M, an improvement to the previous year's loss of $960K.

That said, our operating costs increased by 16% or $1.1M over the year because of the aforementioned purchase and our transition to the Community Bank model.

Due to the disruption caused by the cyber event in March 2023, the transition to the Community Bank franchise and changes in Member circumstances off the back of COVID, life stage downsizing and cost of living pressures, we saw a shift to repaying investment loans and funds transferred to more effective retirement strategies. This resulted in deposits decreasing by 8% and loan balances in the last quarter of the financial year down by 3.5%.

This has been a very tumultuous time for Members and a challenging period for staff given the Member support needed during the Cyber incident and, only a matter of weeks later, the transition to Community Bank. The team has responded admirably, and we couldn't be prouder of their empathy, ability to step up and capacity to learn new processes and systems.

WOMEN IN THE WORKPLACE

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

OUR PURPOSE

The Board and Executive are focused on developing our new social impact strategy that will frame our purpose into the future. There are several new opportunities that will be realised through our growth strategy which will provide the momentum to add greater value to Members, foster and grow the social impact sector in the ACT and regions and provide even more support at a local level.

It is our intention to continue to support our local communities and to be a force for positive change both within our Community Bank operations and through SERVICE ONE's investments and philanthropic work.

THE TEAM

The team was focused on transition and upskilling as they embraced the transitioned to the Bendigo Community Bank franchise. This required a significant investment in time given all operational systems and processes are new. The entire team has been engaged with online learning, masterclasses and practical sessions with banking specialists to ensure we maintain our level of service excellence.

It should be noted that the team have managed day-to-day operations, new training requirements and the introduction of new security measures while working with Members to support their banking needs. It has been an extraordinary effort.

Despite the significant time allocated to ensuring the transition was seamless for Members, the team found some time to support those causes close to their hearts, namely:

- The Lifeline Book Fair
- Barnardos
- The Fred Hollows Foundation
- Primary Ethics Teaching
- Cancer Council's Daffodil Day
- Hunter Breast Cancer Foundation
- University of Canberra

We have also distributed $63,000 in grants and sponsorship to a wide range of charities, social enterprises and schools.

SOCIAL ENTERPRISE

We have remained a strong advocate of Mill House Ventures, continuing to support graduates and the program. A number of new social enterprises are now operational:

Catalyst Living Skills is a social enterprise that uses Equine Assisted Learning to teach people life skills such as building confidence, empathy, how to regulate their emotions and to work effectively with others so they can navigate the world around them.

Decision Revolution aims to address the diversity gap in decision making by engaging all stakeholders in the process, including those that are ultimately affected by decisions and those that have responsibility to implement them. In addition, it instils more rigor around the process itself. The enterprise has a dual purpose; to create better outcomes for communities, and tackle discrimination by creating greater diversity in decision making.

Canberra Reworked aims to provide mums and caregivers that wish to return to work with flexible work arrangements. It recognises the commitment they have made, the skills they have learned while out of the workforce, and with upskilling opportunities and on the job training to help them return to meaningful, rewarding and flexible work.

We are looking forward to extending our support within the social enterprise sector as a driver of positive social change.

BOARD

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

Ivan Slavich	Matthew Smith
Chair	**Chief Executive**

The year that was

It was a busy year operationally with the team shifting focus from daily operations to upskilling and training to ensure a smooth transition to the Bendigo Community Bank network. The team has continued to shine and have enjoyed a number of high points and celebrations along the way.

Rewards 'n Recognition –
Jaime Newland and Kashif Cheema

HUNTER Breastcancer FOUNDATION INC

NOVA Funds $50,000 in community grants

We supported the Special Children's Christmas Party

Introduction of CAPTCHA security

JUL

AUG

SEP

OCT

NOV

DEC

Crowd-funding sponsorship for Mill House graduate Edwina Robinson and The Climate Factory

Krupa Vora was among the team that supported the Cancer Council's Daffodil Day

Fred Hollows Foundation –
Socco Pena takes on Fred's Big Run

GRIST Graduates - Canberra Reworked, Catalyst Living Skills, Decision Revolution, Endless, Lolendo Collections

THE MILL HOUSE
SOCIAL ENTERPRISE ACCELERATOR

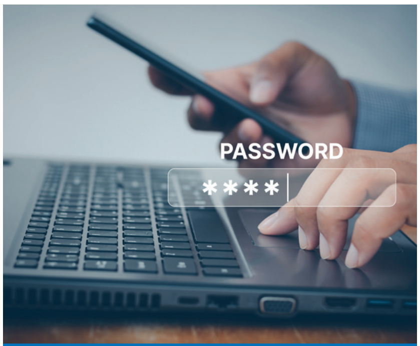
$5,000 cheque to support the University of Canberra Christmas Hamper Giveaway

Bemboka Public School Academic Achievement Award - Henrick Allen with Nicole Wakeling

Welcome team Nova

NOVA Alliance Bank®

Chung-Sing Chua joined the team at the Lifeline Bookfair



New password and security protocols introduced

Bendigo Bank

Transition to Bendigo Community Bank completed

JAN FEB MAR APR MAY JUN

Barnardos Gifts for Kids Christmas Gift Drive delivered 50 toys to kids in need

Members share the love – Tatenda Danzvara

Secure uniform recycling using social enterprise Upparel

Staff learn new Bendigo systems and processes

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

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

Newcastle
3/71 King 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 (until 9 June 2023)

Mr Kashif Cheema – Chief Financial Officer

Ms Colleen McGrory – Community Company Manager

Ms Rebecca Metcalfe – Senior Manager – People and Culture (until 8 September 2022)

Ms Kaye Holder – Senior Manager Marketing

Ms Louise Parker – Special Projects Manager (from 31 January 2023)

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 and is now the Chair. He is the CEO of Capital Football who look after the 35,000 registered players and competitions in the ACT. He is also the CEO of the Canberra United A League women's team. Ivan also works with Football Australia and is leading the National Futsal strategy. He is also a director of Trident Corporate Services and an associate partner of Supply Clusters. Prior to this, Ivan was the CEO of Soldier On and CEO of ASX listed, Energy Action. He has held many senior executive roles including with AGL and iiNet. Ivan has over 30 years of senior management and executive experience in the energy, telecommunications, consulting, not for profit, banking and finance sectors. Ivan is a graduate of (UTS) and a post graduate of (Mt Eliza 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 (FAICD). He undertakes a considerable amount of charitable work, in particular raising funds for Camp Quality and for charitable objectives for the Football community (eg Powerchair football).

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 the ACT and Southern NSW 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; a Member of the Salvation Army Red Shield Appeal Committee; an ACT BLITS Champion; as a founding member of the Calvary Hospital Auxiliary and a member of the Calvary Ethics Committee; and as a member of the Children's Medical Research Institute Committee and the Canberra Cancerians Committee.

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 2023

Your directors submit their report for SERVICE ONE Mutual Limited (SERVICE ONE) and controlled entities for the year ended 30 June 2023.

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

COMPANY SECRETARIES

MR MATTHEW SMITH

Mr Smith has been a Company Secretary of SERVICE ONE Mutual Limited for 19 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 20 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 19 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 (2022: $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 profit/(loss) of the group for the financial year ended 30 June 2023 after provision for income tax was:

YEAR ENDED 30 JUNE 2023 $	YEAR ENDED 30 JUNE 2022 $
1,854,676	(960,770)

After recognising the unrealised net gain/(loss) on financial assets measured at fair value through other comprehensive income, SERVICE ONE recorded total comprehensive income of $2,319,590 for the year ended 30 June 2023 (2022: total comprehensive loss of $609,195).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the year ended 30 June 2023 SERVICE ONE established a new subsidiary company SERVICE ONE Financial Services Pty Limited. SERVICE ONE Financial Services Pty Limited is 100% owned by SERVICE ONE Mutual Limited and financial information has been consolidated within these financial statements.

On 16 June 2023, the Alliance Bank Agreement was cancelled and SERVICE ONE Financial Services Pty Limited entered into a franchise agreement with Bendigo Bank to join the Bendigo Community Bank network.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Subsequent to 30 June 2023 SERVICE ONE Financial Services Pty Limited has acquired Molonglo Financial Services Pty Limited's revenue rights domiciled to its banking business. The total cost of the acquisition was $2,750,000 and is expected to provide future revenue for the group.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Other than the acquisition of Molonglo Financial Services Pty Limited's revenue rights, 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

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.

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.

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	8	8	-	-	5	5
CHRISTINE FAULKS	8	8	4	3	-	-
ROSLYN HUGHES	8	7	4	3	-	-
BRUCE PAPPS	8	8	4	4	-	-
AYESHA RAZZAQ	8	8	-	-	5	5
ARCHIE TSIRIMOKOS	8	6	-	-	5	5

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 lead auditor's independence declaration for the year ended 30 June 2023 has been received and can be found on page 4 of the financial reports.

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

Christine Faulks
Director
29 August 2023

Mr Bruce Papps
Director
29 August 2023

Andrew Frewin Stewart
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 and Controlled Entities

As lead auditor for the audit of SERVICE ONE Mutual Limited and Controlled Entitied for the year ended 30 June 2023, 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 29th day of August 2023

Adrian Downing
Lead Auditor

Financial Report

General purpose (Simplified Disclosures) financial report for the year ended 30 June 2023

SERVICE ONE Mutual Limited and Controlled Entities
Consolidated Statement Of Profit Or Loss And Other Comprehensive Income
For the year ended 30 June 2023

	Note	Consolidated 2023 $	Consolidated 2022 $
Revenue			
Revenue from contracts with customers	4	8,598,024	4,800,490
Other revenue	5	531,071	474,378
Finance income	6	110,491	74,175
Expenses			
Employee benefits expense		(5,052,142)	(4,108,520)
Occupancy and associated costs		(368,224)	(284,800)
Computer system costs		(213,074)	(177,268)
Depreciation and amortisation expense	7	(584,510)	(582,346)
Impact investing costs		(147,727)	(145,251)
General administration expense	7	(1,591,215)	(1,568,974)
Finance costs	7	(22,208)	(21,815)
Profit/(loss) before income tax benefit		1,260,486	(1,539,931)
Income tax benefit	8	594,190	579,161
Profit/(loss) after income tax benefit for the year		1,854,676	(960,770)
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		464,914	(488,362)
Gain on revaluation of land and buildings		-	839,937
Other comprehensive income for the year, net of tax		464,914	351,575
Total comprehensive income/(loss) for the year		2,319,590	(609,195)

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

SERVICE ONE Mutual Limited and Controlled Entities
Consolidated Statement Of Financial Position
As at 30 June 2023

	Note	Consolidated 2023 $	Consolidated 2022 $
Assets			
Current assets			
Cash and short-term deposits	9	2,220,695	164,070
Interest receivable		28,820	50,608
Other assets	10	784,532	570,560
Loans and advances	11	10,910	11,940
Investments	12	14,498	414,498
Total current assets		3,059,455	1,211,676
Non-current assets			
Deferred tax	8	2,475,954	1,881,765
Loans and advances	11	134,869	123,099
Investments	12	3,426,125	7,020,272
Property, plant and equipment	13	6,415,284	5,895,509
Right-of-use assets	14	603,526	534,032
Intangibles	15	3,427,083	161
Total non-current assets		16,482,841	15,454,838
Total assets		19,542,296	16,666,514
Liabilities			
Current liabilities			
Trade and other payables	16	1,136,628	731,527
Member withdrawable shares		164,040	171,038
Employee benefits	17	278,946	264,275
Lease liabilities	18	191,085	188,539
Provisions	19	73,821	-
Total current liabilities		1,844,520	1,355,379
Non-current liabilities			
Employee benefits	17	14,018	11,945
Lease liabilities	18	416,381	353,785
Provisions	19	113,260	110,878
Total non-current liabilities		543,659	476,608
Total liabilities		2,388,179	1,831,987
Net assets		17,154,117	14,834,527
Equity			
Reserves		17,154,117	14,834,527
Total equity		17,154,117	14,834,527

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

SERVICE ONE Mutual Limited and Controlled Entities
Consolidated Statement Of Changes In Equity
For the year ended 30 June 2023

Consolidated	Capital redemption reserve $	Fair value reserve of non-financial assets $	General reserve $	Fair value reserve of financial assets at FVOCI $	Accumulated profit $	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

Consolidated	Capital redemption reserve $	Fair value reserve of non-financial assets $	General reserve $	Fair value reserve of financial assets at FVOCI $	Accumulated profit $	Total equity $
Balance at 1 July 2022	605,362	839,937	13,021,586	367,642	-	14,834,527
Profit after income tax benefit for the year	-	-	-	-	1,854,676	1,854,676
Other comprehensive income for the year, net of tax	-	-	-	464,914	-	464,914
Total comprehensive income for the year	-	-	-	464,914	1,854,676	2,319,590
Transfer (from)/to capital redemption reserve	7,236	-	(7,236)	-	-	-
Transfer (from)/to general reserve	-	-	2,374,624	(519,948)	(1,854,676)	-
Balance at 30 June 2023	612,598	839,937	15,388,974	312,608	-	17,154,117

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

SERVICE ONE Mutual Limited and Controlled Entities
Consolidated Statement Of Cash Flows
For the year ended 30 June 2023

	Note	Consolidated 2023 $	Consolidated 2022 $
Cash flows from operating activities			
Receipts from shared margin revenue		8,378,003	4,739,287
Payments to suppliers and employees		(6,861,700)	(6,338,517)
Receipts from fees and commission revenue		243,069	157,385
Dividends received		135,715	203,394
Interest received		135,281	77,409
Finance costs		(22,208)	(21,815)
Net cash from/(used in) operating activities	20	2,008,160	(1,182,857)
Cash flows from investing activities			
Payments for property, plant and equipment		(839,338)	(35,468)
Payments for intangibles	15	(3,500,000)	-
Purchases of financial assets at amortised cost		(97,044)	(1,583,907)
Purchase of financial assets at FVOCI		(10,868)	(254,287)
Proceeds from sale of investments at FVOCI		3,535,785	819,739
Proceeds from sale of investments at amortised cost		1,180,473	2,330,138
Net cash from investing activities		269,008	1,276,215
Cash flows from financing activities			
Proceeds from social enterprise loan		22,545	43,041
Payment for social enterprise loan		(33,285)	(83,494)
Payment of principal elements of lease payments		(202,805)	(320,734)
Proceeds from member withdrawable shares		238	674
Payments of member withdrawable shares		(7,236)	(1,512)
Net cash used in financing activities		(220,543)	(362,025)
Net increase/(decrease) in cash and cash equivalents		2,056,625	(268,667)
Cash and cash equivalents at the beginning of the financial year		164,070	432,737
Cash and cash equivalents at the end of the financial year	9	2,220,695	164,070

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

Note 1. Corporate information

The financial statements cover SERVICE ONE as a consolidated entity consisting of SERVICE ONE Mutual Limited and SERVICE ONE Financial Services Pty Ltd for the year ended 30 June 2023.The financial statements of SERVICE ONE for the year ended 30 June 2023 were authorised for issue in accordance with a resolution of the directors on 29 August 2023.

SERVICE ONE 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 23.

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.

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 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.

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.

Note 2. Significant accounting policies (continued)

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.

Parent entity information
In accordance with the *Corporations Act 2001*, these financial statements present information of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 27.

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.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of SERVICE ONE Mutual Limited ('company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. SERVICE ONE Mutual Limited and its subsidiaries together are referred to in these financial statements as SERVICE ONE.

Subsidiaries are all those entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Where the group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Note 2. Significant accounting policies (continued)

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

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

Impairment 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 other comprehensive income (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.

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 12 for details of investments measured at fair value and Note 13 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.

In accordance with the *Corporations Act 2001*, these financial statements present the results of the group only. Supplementary information about the parent entity is disclosed in Note 27.

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.

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

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.

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.

At 30 June 2023, $975,469 in deferred tax assets relating to carried forward losses previously written off had been reversed following the significant profit generated for the year and the forecast future profits over the following 6 years. The deferred tax asset is considered probable to be utilised by future taxable profits.

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 2023, 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

	Consolidated	
	2023	**2022**
	$	**$**
Shared margin income	8,598,024	4,800,490

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

	Consolidated	
	2023	**2022**
	$	**$**
Timing of revenue recognition		
Services transferred over time	8,598,024	4,800,490

Accounting policy for revenue recognition
The group 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.

Note 5. Other revenue

	Consolidated 2023 $	Consolidated 2022 $
Dividend income	135,715	203,394
Foreign exchange gain/(loss)	152,287	113,599
Net gain/(loss) on sale of investments	-	(6,888)
Other revenue	243,069	164,273
Other revenue	531,071	474,378

Accounting policy for revenue recognition

Other revenue
Other revenue is recorded when SERVICE ONE's right to receive the payment is established.

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

Note 6. Finance income

	Consolidated 2023 $	Consolidated 2022 $
Interest on banking investment	34,772	6,309
Interest on convertible notes	72,934	65,369
Interest on loans to members	2,785	2,497
	110,491	74,175

Accounting policy for revenue recognition

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.

Note 7. Expenses

Depreciation and amortisation expense

	Consolidated 2023 $	Consolidated 2022 $
Property, plant and equipment		
Plant and machinery	81,860	94,827
Leasehold improvements	103,898	139,846
Building	127,221	29,076
	312,979	263,749
Right-of-use assets		
Leased branch premises	198,453	313,618
	198,453	313,618
Intangible assets		
Computer software	161	4,979
Revenue rights	72,917	-
	73,078	4,979
Total depreciation and amortisation expense	584,510	582,346

General administration expense

	Consolidated 2023 $	Consolidated 2022 $
Marketing and advertising	248,257	226,301
Consultant and professional fees	305,641	282,625
Account fees	331,924	332,722
Legal expenses	178,789	103,232
Insurance costs	120,422	106,571
Loan administration costs	117,842	218,868
Other expenses	288,340	298,655
Total general administration expense	1,591,215	1,568,974

Finance costs

	Consolidated 2023 $	Consolidated 2022 $
Lease liabilities	22,208	21,815

Note 7. Expenses (continued)

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
Revenue rights	6 years

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 8. Income tax

	Consolidated	
	2023 **$**	**2022** **$**
Income tax benefit		
Relating to origination and reversal of temporary differences	(594,190)	(579,161)
Aggregate income tax benefit	(594,190)	(579,161)
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Profit/(loss) before income tax benefit	1,260,486	(1,539,931)
Tax at the statutory tax rate of 25%	315,122	(384,983)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Recognition of temporary differences and derecognition of tax losses	(909,312)	(194,178)
Income tax benefit	(594,190)	(579,161)

Note 8. Income tax (continued)

Deferred tax:

	2023 $	2022 $
Statement of Financial Position		
Employee provisions	204,720	183,377
Provision for make good	28,315	27,719
Fixed assets	156,820	153,449
Other provisions	11,733	8,226
Investments	(193,515)	(252,141)
Land and buildings	(279,979)	(279,979)
Unrealised foreign exchange	(38,072)	(28,400)
Tax losses	2,585,932	2,069,514
	2,475,954	1,881,765
Statement of Profit or Loss and Other Comprehensive Income		
Employee provisions	21,343	16,993
Provision for make good	596	(14,152)
Fixed assets	3,371	737
Other provisions	3,507	(2,747)
Investments	58,626	120,149
Land and buildings	-	(279,979)
Unrealised foreign exchange	(9,672)	(42,853)
Tax losses	516,419	668,588
Deferred tax benefit	594,190	466,736
Reconciliation of deferred tax assets, net of tax:		
As at 1 July	1,881,765	1,415,029
Tax income/(expense) during the period recognised in profit or loss	545,234	669,419
Tax income/(expense) during the period recognised in OCI	48,955	(202,683)
As at 30 June	2,475,954	1,881,765

At 30 June 2023, SERVICE ONE has reversed $975,469 in deferred tax assets which were previously written off. These deferred tax assets are considered probable to be utilised on the basis SERVICE ONE have forecast sufficient taxable profits within the next 6 years from balance date to fully utilise such deferred tax assets previously written off.

Note 8. 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 9. Cash and short-term deposits

	Consolidated	
	2023 $	2022 $
Current assets		
Cash at bank and deposits on hand	1,099,391	90,789
Deposits at call	1,121,304	73,281
	2,220,695	164,070

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 10. Other assets

	Consolidated	
	2023 $	2022 $
Current assets		
Prepayments	66,945	72,994
Accrued shared margin revenue	717,587	497,566
	784,532	570,560

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 21 for further discussion on the determination of expected credit losses.

Note 11. Loans and advances

	Consolidated	
	2023 $	2022 $
Current assets		
Social enterprise loan	10,910	11,940
Non-current assets		
Social enterprise loan	134,869	123,099
	145,779	135,039

Note 11. Loans and advances (continued)

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).

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 2023 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 12. Investments

	Consolidated	
	2023	**2022**
	$	**$**
Current		
Financial assets at amortised cost		
Term deposits	14,498	414,498
	14,498	414,498
Non-current		
Financial assets at fair value through OCI		
Listed equity shares	2,610,494	4,964,281
Convertible notes	-	553,929
Financial assets at amortised cost		
Floating rates notes	815,631	1,502,062
Total non-current financial assets	3,426,125	7,020,272
Total investments	3,440,623	7,434,770

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 21 for further information about SERVICE ONE's accounting policies for financial assets.

Note 13. Property, plant and equipment

	Consolidated	
	2023	2022
	$	$
Non-current assets		
Land - at fair vale	845,000	845,000
Buildings - at fair value	5,394,698	4,665,000
Accumulated depreciation	(156,297)	(29,076)
	5,238,401	4,635,924
Leasehold improvements - at cost	1,512,052	1,546,292
Accumulated depreciation	(1,317,647)	(1,287,989)
	194,405	258,303
Plant and machinery - at cost	470,797	885,136
Accumulated depreciation	(333,319)	(728,854)
	137,478	156,282
	6,415,284	5,895,509

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

Consolidated	Land $	Buildings $	Leasehold improve-ments $	Plant and machinery $	Total $
Balance at 1 July 2022	845,000	4,635,924	258,303	156,282	5,895,509
Additions	-	729,698	42,178	67,462	839,338
Disposals	-	-	(2,178)	(4,406)	(6,584)
Depreciation expense	-	(127,221)	(103,898)	(81,860)	(312,979)
Balance at 30 June 2023	845,000	5,238,401	194,405	137,478	6,415,284

Valuations of land and buildings
The basis of the valuation of land and buildings at 30 June 2023 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 13. Property, plant and equipment (continued)

Property
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.

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 14. Right-of-use assets

AASB 16 related amounts recognised in the statement of financial position

	Consolidated	
	2023	**2022**
	$	**$**
Non-current assets		
Leased branch premises	1,264,501	1,365,750
Accumulated depreciation	(660,975)	(831,718)
	603,526	534,032

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

	Consolidated	
	2023	**2022**
	$	**$**
Depreciation charge related to right-of-use assets	198,453	313,618
Finance costs	22,208	21,815
	220,661	335,433

Note 14. 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.

Consolidated	Leased branch premises $	Total $
Balance at 1 July 2022	534,032	534,032
Additions	267,947	267,947
Depreciation expense	(198,453)	(198,453)
Balance at 30 June 2023	603,526	603,526

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 15. Intangibles

	Consolidated 2023 $	Consolidated 2022 $
Non-current assets		
Revenue rights - at cost	3,500,000	-
Less: Accumulated amortisation	(72,917)	-
	3,427,083	-
Computer software - at cost	161	39,588
Accumulated amortisation	(161)	(39,427)
	-	161
Rebranding costs - at cost	-	264,247
Accumulated amortisation	-	(264,247)
	-	-
	3,427,083	161

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.

Consolidated	Computer software $	Revenue rights $	Total $
Balance at 1 July 2022	161	-	161
Additions	-	3,500,000	3,500,000
Amortisation expense	(161)	(72,917)	(73,078)
Balance at 30 June 2023	-	3,427,083	3,427,083

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
Revenue rights	6 years

Intangible assets are amortised on a straight-line basis.

Note 16. Trade and other payables

	Consolidated 2023 $	Consolidated 2022 $
Trade creditors	549,570	255,316
Annual leave entitlements	517,994	452,410
Other creditors	69,064	23,801
	1,136,628	731,527

	Consolidated 2023 $	Consolidated 2022 $
Financial liabilities at amortised cost classified as trade and other payables		
Total current	1,136,628	731,527
Amounts payable to the ATO	-	-
	1,136,628	731,527

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the group 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 17. Employee benefits

	Consolidated 2023 $	Consolidated 2022 $
Current liabilities		
Long service leave entitlements	278,946	264,275
Non-current liabilities		
Long service leave entitlements	14,018	11,945
	292,964	276,220

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 18. Lease liabilities

	Consolidated 2023 $	2022 $
Current liabilities		
Lease liability	191,085	188,539
Non-current liabilities		
Lease liability	416,381	353,785
	607,466	542,324
Future lease payments		
Future lease payments are due as follows:		
Within one year	191,085	188,539
One to five years	366,600	224,355
More than five years	49,781	129,430
	607,466	542,324

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 group'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 19. Provisions

	Consolidated 2023 $	2022 $
Current liabilities		
Provision for redundancy	73,821	-
Non-current liabilities		
Lease make good	113,260	110,878
	187,081	110,878

Note 19. Provisions (continued)

Movements in carrying amounts

	Make-good on lease premises	Provision for redundancy	Total
Balance at 1 July 2022	110,878	-	110,878
Arising during the year	-	73,821	73,821
Amounts used	-	-	-
Discount rate adjustments	2,382	-	2,382
Balance at 30 June 2023	113,260	73,821	187,081

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, SERVICE 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 group has a present (legal or constructive) obligation as a result of a past event, it is probable the group 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.

At 30 June 2023, a provision for redundancy had been recognised representing an amount communicated to staff to be paid subsequent to year end.

Note 20. Cash flow information

	Consolidated	
	2023 $	2022 $
Profit/(loss) after income tax benefit for the year	1,854,676	(960,770)
Adjustments for:		
Depreciation and amortisation	584,510	582,347
Net gain on disposal of property, plant and equipment	(18,850)	-
Foreign currency gains	(152,287)	(113,599)
Amortisation of bond fixed rate note premium	3,002	1,326
Change in operating assets and liabilities:		
Decrease in interest receivable	21,788	1,908
Increase in other assets	(188,538)	(60,246)
Increase in tax assets	(594,189)	(634,290)
Increase/(decrease) in trade and other payables	405,101	(31,104)
Increase in employee benefits	16,744	31,571
Increase in other provisions	76,203	-
Net cash from/(used in) operating activities	2,008,160	(1,182,857)

Note 21. 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.

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

	Note	Consolidated 2023 $	Consolidated 2022 $
Financial assets			
Cash and cash equivalents at amortised cost	9	2,220,695	164,070
Other assets at amortised cost	10	717,587	497,566
Loans and advances at amortised cost	11	145,779	135,039
Investments at amortised cost	12	830,129	1,916,560
Investments at fair value through other comprehensive income	12	2,610,494	5,518,210
Total financial assets		6,524,684	8,231,445
Financial instruments			
Trade and other payables at amortised cost	16	1,136,628	731,527
Lease liabilities at amortised cost	18	607,466	542,324
Total financial liabilities		1,744,094	1,273,851

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.

Note 21. Financial risk management and financial instruments (continued)

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).

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.

Note 21. Financial risk management and financial instruments (continued)

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.

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 22. 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 18.

Capital commitments
SERVICE ONE has no material capital commitments contracted for at 30 June 2023 but not yet capitalised in the financial statements.

Note 23. 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

The executives of SERVICE ONE during the year were:

- Mr Matthew Smith - Chief Executive Officer
- Mr Adam Marshall - General Manager Sales and Transformation (until 9 June 2023)
- Mr Kashif Cheema - Chief Financial Officer
- Ms Colleen McGrory - Community Company Manager
- Ms Rebecca Metcalfe - Senior Manager – People and Culture (until 8 September 2022)
- Ms Kaye Holder – Senior Manager Marketing
- Ms Louise Parker – Special Projects Manager (from 31 January 2023)

Subsidiaries
Interests in subsidiaries are set out in Note 24.

Compensation of key management personnel of the company:

	2023 $	2022 $
Directors	188,795	188,795
Executives	1,327,079	1,079,156
Total compensation paid to key management personnel	1,515,874	1,267,951

There have been no other transactions with related parties.

Note 24. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in Note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2023 %	Ownership interest 2022 %
SERVICE ONE Financial Services	Australia	100.00%	-

SERVICE ONE Financial Services was established during the year, therefore the opening balances of the assets and liabilities of the subsidiary were nil.

Note 25. Auditor remuneration

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

	Consolidated	
	2023 $	2022 $
Audit and assurance services		
Audit of the financial report	36,700	28,870
Non-audit services		
Accounting services	6,000	12,790
Taxation services	3,000	2,625
Total non-audit services	9,000	15,415
Total remuneration of auditors	45,700	44,285

Note 26. Events after the reporting period

Subsequent to 30 June 2023 SERVICE ONE Financial Services Pty Limited has acquired Molonglo Financial Services Pty Limited's revenue rights domiciled to its banking business. The total cost of the acquisition was $2,750,000 and is expected to provide future revenue for the group.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

Note 27. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2023 $	2022 $
Profit/(loss) after income tax	1,810,606	(960,770)
Total comprehensive income/(loss)	2,275,520	(609,195)

Statement of financial position

	Parent 2023 $	Parent 2022 $
Total current assets	1,753,997	1,211,676
Total assets	18,651,006	16,666,514
Total current liabilities	946,521	1,355,379
Total liabilities	1,376,920	1,831,987

Note 27. Parent entity information (continued)

Equity		
Financial assets at fair value through other comprehensive income reserve	1,152,545	1,207,579
General reserve	14,310,937	13,626,948
Total equity	15,463,482	14,834,527

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2023.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments as at 30 June 2023.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the group, as disclosed in Note 2.

Key management personnel
Disclosures relating to key management personnel are set out in Note 23.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the reporting date.

Transactions and balances with related parties
During the year ended 30 June 2023 SERVICE ONE Mutual Limited provided SERVICE ONE Financial Services two loans totaling an amount of $4,250,000.

The first loan was to provide start up capital for SERVICE ONE Financial Services for an amount of $1,500,000. Interest is charged on the loan annually based on the ATO benchmark rate being 4.77%. The loan term is 24 months with payments made monthly commencing 1 July 2023.

The second loan was to fund the acquisition of Molonglo Financial Services for an amount of $2,750,000. Interest is charged on the loan annually based on the ATO benchmark rate being 4.77%. The loan term is 36 months with payments made monthly commencing 1 July 2023.

SERVICE ONE Mutual Limited and Controlled Entities
Directors' Declaration
30 June 2023

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 34, 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 2023 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.

C. Faulks

Director
Christine Faulks

Director
Bruce Papps

29 August 2023

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

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03 5443 0344

Independent auditor's report to the Directors of SERVICE ONE Mutual Limited and Controlled Entities

Report on the audit of the financial statements

Opinion

We have audited the financial report of SERVICE ONE Mutual Limited and Controlled Entities's (the group), which comprises:

- Consolidated statement of financial position as at 30 June 2023
- Consolidated statement of profit or loss and other comprehensive income for the year then ended
- Consolidated statement of changes in equity for the year then ended
- Consolidated 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 group.

In our opinion, the financial report of the group is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the company's financial position as at 30 June 2023 and of its financial performance for the year ended on that date, and
ii. complying with Australian Accounting Standards - Simplified Disclosures and the Corporations Regulations 2001.

Basis for opinion

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

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

Independence

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

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

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Directors' responsibility for the financial report

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

Auditor's 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.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, 3550
Dated this 29th day of August 2023

Adrian Downing
Lead Auditor

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