SERVICE ONE®

2020-21

ANNUAL REPORT

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.

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Message from the Chair and Chief Executive

ADAPTING TO CHANGE

2020 was a challenging year for the nation. We dug in and faced the aftermath of the 'Black Summer' bushfires and then a global health pandemic that has had far-reaching consequences. While COVID-19 has not impacted Canberra in the same way as many parts of the country, the societal change has been profound and is reflected in changing consumer behaviours and expectations. As such Service One has invested significant energy and resource to adapt to these changes, to revitalise the business in line with emerging consumer needs and position the organisation for a prosperous future.

COVID restrictions have accelerated the desire for members to make greater use of online and electronic financial services resulting in less use of our branch network. We have adapted to this changing environment, improved the way we provide financial services and have grown our involvement with the community through the provision of other non-financial services.

Branch traffic has been falling for a number of years as members and the broader community shift to digital platforms such as eCommerce, mobile banking, Visa payWave, and Facetime contact and email with our team.

The fall in traffic has been about 8 percent a year, or around 1,000 less members each year. In the current financial year this fall has accelerated to about 30 percent or 3,400 less members using our branches. While some of the decrease is due to the closure of four branches, the majority (90 percent) of members who previously used branches continue to do business with us using other branches or digital channels.

In response to our members' preference for online engagement we are transitioning branches from transaction processing to advice centres. This re-positioning reflects consumer desire for online transactional convenience and face-to face consultation for more complex matters. To underpin this online behaviour, we have stepped up member education by helping them become familiar with our online services.

The above trends have translated into a 40 percent increase in our social media engagement and the implementation of a network of mobile bankers which has seen us fund a record amount in the 2020-21 financial year.

FINANCIAL PERFORMANCE

In November 2020 the Reserve Bank decreased the cash rate to 0.10 per cent, describing it as an emergency level. While our margin is partly based on the cash rate, it is more susceptible to changes in the market yield curve that has continued to fall over the year as the market factors in a protracted period in that it expects interest rates to remain low.

The decrease in market rates has seen the margin on loans and deposits fall by 0.13 percent over the year which equates to just over $1 million in lower income.

Deposits grew by 7.8 percent during the year and loans by 2.2 percent resulting in a combined growth of 5.4 percent.

The early part of the year saw us employ two mobile bankers and implement new sales and contact programs. The results of those efforts were seen in the second half of the year when we achieved our best ever and second-best monthly loan funding. This resulted in our most successful loan funding year with loan drawings of $78 million.

A competitive housing market means we also experienced a high level of loan payouts, especially in the investment loan category. Given the year's unique circumstances members appear to have been consolidating their finances, selling investment properties and reducing their debt levels.

The low interest rate environment has ensured a continued focus on our cost base. To that end we have reduced operating costs by $1.440 million (17 percent), or $1 million excluding one-off restructuring costs in financial year 2019-20.

Total revenue was down 15 percent ($935k) from last year. Revenue from members was down 17 percent ($947k) from last year, finance income was down 45 percent ($77k) and other revenue was up 18 percent ($89k).

The board continues to focus on growth to return to profit over the medium term, as such we are forecasting further but lower losses over the next two years.

SOCIAL ENTERPRISE

Service One continues its close involvement with The Mill House Ventures that continues to go from strength to strength. Supporting the social enterprise sector within our local community is part of our organisation's mission to deliver positive societal impact. Our support for this sector is also underpinned by our social enterprise loan scheme.

Towards the end of last year Service One provided seed funding for The Mill House's Social Venture Catalyst program. Approved projects use a crowdfunding platform to reach their fundraising targets. Pleasingly, the majority of the projects achieved this. These included The Climate Factory , a project that created a pilot micro-forest in suburban Canberra tackling increasing urban temperatures; Accessibility, an organisation that hosted the Asia-Pacific Accessible Tourism Conference and Expo to increase awareness of the sizeable accessible tourism market; and the establishment of a café in a multicultural centre that provides training, practical work experience and social engagement opportunities for migrants.

The Mill House Ventures also continued its 'Introduction to social enterprise' workshops across our region (more recent ones taking place online). These remain vital in identifying aspiring social entrepreneurs and to educate them regarding available support, mentoring and opportunities.

For more details about The Mill House and the businesses it supports see accompanying box.

We also partner with CARE Financial in Canberra. They manage the Assistance Beyond Crisis program. We provide funding through an interest-free community loan scheme that supports people who have experienced and left domestic and family violence.

WOMEN IN THE WORKPLACE

Female Board representation this year is at 50 percent and Service One management is 44 percent female. Female representation among staff is 77 percent.

STAFF

Service One responded to COVID-19 with a range of initiatives to ensure our staff felt supported and safe. Among them are supportive flexible arrangements that enable staff to work remotely now and into the future.

Significant efforts have also gone into improving our organisation's capabilities, with staff training programs across both sales and service. For lending staff, Service One has developed dedicated lending learning pathways. This year we changed our member satisfaction measure to NPS (Net Promotor Score) in line with a number of other financial institutions. As a result of our 'Amazing Member Service' training, supportive culture and the calibre of the team we have eclipsed our NPS target of +50.

The team also participated in a six-month program to strengthen their skills in effectively leading and managing teams.

They have also supported our casual jeans day raising considerable money for a variety of charities including:

- Physical Activity Foundation
- Camp Quality
- Pegasus Riding for the Disabled
- Barnardos
- PAIN Australia
- Beryl Women Inc
- Rise Above Capital Regional Cancer Relief.

BOARD

After Service One's Annual General Meeting in October 2020 Erik Adriaanse stepped down as a Director and as Board Chair. Erik has been on the board for 16 years, the past three as Chair. We acknowledge his significant contribution.

Ivan Slavich was appointed the new Chair. Ivan has been a member of Service One's Board since 2009. He is the CEO of Soldier On and the Managing Director of Trident Corporate Services. Prior to this, Ivan was the CEO of ASX listed Energy Action and held senior executive roles including with AGL and iiNet.

There have been no other changes in the composition of the Board.

The Mill House Ventures

Service One is a member of Mill House: Service One supports Mill House Ventures operations.

Millhouse provides an operating environment for social enterprises that want to grow.

Enterprises operate as businesses but with a strong social and community focus, with profits mostly going to community organisations. When Mill House started most clients came from the not-for-profit and charity sectors. Nowadays typical Mill House clients are more likely to run a 'traditional' for-profit business. However they focus not just on revenue – but also on making a social impact through inclusive employment practices, sustainable product manufacturing processes and values-driven service delivery and pricing. Examples of these are:

The Climate Factory is a landscape architecture practice that creates climate-cooling outdoor spaces. It was founded by Edwina Robinson who graduated from Mill House's Accelerator program in 2019. The Climate Factory partnered with Downer Micro-Forest, a community initiated and funded, pilot revegetation project to cool the local landscape, create habitat and provide hope for the future. Together they developed a crowd-funding program that raised $23,635 to fund the pilot project.

Six8 Coffee Roasters is a Social Enterprise roasting ethically sourced, specialist coffee beans and operating a café in Yass, NSW. Founded by Toni and Daniel Neuhaus, Six8 donates $1 from every kilo of coffee purchased by their customers to their impact partners. So far, they have created 6 new jobs in regional communities and distributed $7,500 AUD in profit redistribution to their impact partners in Cambodia, Destiny Rescue, which rescues, prevents and restores children from sexual slavery. All with a simple cup of delicious coffee.

Ivan Slavich
Chair

Matthew Smith
Chief Executive

The year that was

It has been an extraordinary year. Communities and business have had to adapt to change and unprecedented challenges. Depite this the team at SERVICE ONE have worked tirelessly to deliver across multiple fronts. We have gone from strength to strength focusing on growth drivers, our members' needs and those of our communities. This is a snapshot of the year that was...

THE MILL HOUSE VENTURES

Mill House kicks off the 2020 season of the Social Enterprise Accelerator Progam GRIST with ten social entreprenuers who will work to develop commercially viable businesses that can sustain long-term social impact.

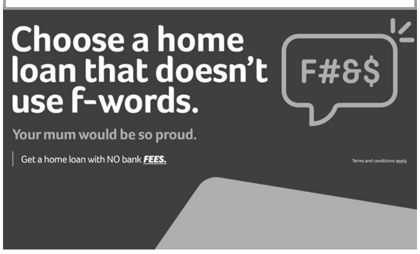
Branches become Advice Hubs to better reflect the broad range of services available to members.

JUL

AUG

PIN change functionality goes live on PC and Mobile.

No F-words home loan campaign launches.



Service One support Camp Quality to realise $80K at fundraiser.

Net Promoter Score introduced to measure member brand adovcacy.

SEP

OCT

Service One team walk over 1,200kms in the Big Walk for Little Kids raising over $3,000 for Camp Quality.

Service One has 19 nominations in the Alliance Bank Do Good Awards.

Barnardos Gifts for Kids Christmas Gift drive kicks off.

New Members receive custom-made hampers filled with local social entprise produce.

Online ID launched.

NOV

DEC

Service One supports local academic excellence at Bemboka Public School and Gungahlin College.

Shauna Stolzenhein, from Batemans Bay named Service One employee of the year.

Complete Home loan Package launched.

Bushfire Recovery Grant program opens.

JAN

Local Lender campaign launched highlighting lender profiles in locations that no longer have a physical branch.

FEB

Alliance Bank Do Good Award winners announced with local organisation, Technology for Ageing and Disability (ACT) winning the Do Good Social Purpose Business Award.

MAR

Record loan funding culminated in the highest monthly funding achievement since becoming an Aliance Bank in 2015.

'Amazing Member Service' training begins.

Cooma & District Advice Hub move to Centennial Plaza.

APR

Alliance Bank 2020 Do Good Annual released detailing over $8,500,000 committed to community and social good by the Alliance Bank network .

MAY

Community investment of more than $122,500 across the following charities: ABC, Lifeline Canberra, Capital Football, UC Student Empowerment Fund, Barnardos, Camp Quality, Jeans Day, Children's World Festival, Circus Quikus, Special Kids Christmas, Mill House, Yerra and more.

JUN

Mill House published its Impact Report highlighting 78 graduates, 40 of which are running successful ventures, 26 hires have been made by GRIST graduates, 67 spaces and events have been held, 400 community contributions to social enterprsie made through crowd funding activity, $200,000+ has been raised by GRIST graduates to scale their enterprises.

MILESTONE – Lent more money than ever before in the history of the organisation. Year-to-date funding passed our previous best year which was in 16/17.

Corporate Directory

Administration Centre

SERVICE ONE Mutual Limited
ACN 095 848 598

75 Denison Street
DEAKIN ACT 2600

Locked Bag 1
DEAKIN ACT 2600

BSB 801 009

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

Internet and Email

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

Phone Banking (Australia)

1300 361 431

Locations

Batemans Bay
Shop 1, Citi Centre Arcade
10 Orient Street

Belconnen
Shop 4, Lakeview Square
21 Benjamin Way

Cooma
Shop 8, Centennial Plaza
114-128 Sharp Street

Deakin
75 Denison Street

Gungahlin
Hibberson Street, The Marketplace

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

Mr Erik Adriaanse (Chair) BA (Acc), FCPA, FPS (until 14th October, 2020)

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 BComm, CPA

Mr Adam Marshall – General Manager, Sales and Transformation

Audit, Risk and Finance Committee

Mr Bruce Papps (Chair)

Mr Erik Adriaanse (until October 2020)

Ms Roslyn Hughes

Ms Christine Faulks

Strategic Investment and Transformation Committee

Ms Ayesha Razzaq (Chair)

Ms Christine Faulks

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 from 14 October 2020)

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

ERIK ADRIAANSE (CHAIR until 14 October 2020)

Erik was elected to the SERVICE ONE Board in 2004. He is a past ACT CPA Australia Divisional Councillor, and past ACT President. Following a 30 year career as an Accountant and Financial Planner, Erik became General Manager of Independent Property Group, Managing Director of Independent Strata Management and Laing + Simmons Strata Pty Ltd. He is a former Director of Parker Financial Services Pty Limited, former Director of Snowy Hydro SouthCare Helicopter Trust, formerly National President and ACT delegate of Strata Community Australia Inc. and former CEO and Director of SCA, formerly Treasurer and Board member of the Cultural Facilities Corporation, Australian Council of Professions, CIT Audit and Compliance Committee, the ANU Centre for Dialogue Steering Committee, Treasurer and Board member of The Legacy Club of Canberra Limited and REIACT. Erik is a Fellow of CPA Australia and a Fellow of the Australian Institute of Company Directors. He retired from the SERVICE ONE Board in October 2020.

CHRISTINE FAULKS

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

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 Canberra Grammar School 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 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 has been Managing Partner and Chair of Meyer Vandenberg Lawyers – 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 2021

Your directors submit their report for SERVICE ONE Mutual Limited (SERVICE ONE) for the year ended 30 June 2021.

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
Mr Erik Adriaanse (resigned: 14 October 2020)

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

COMPANY SECRETARIES

Mr Matthew Smith

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

Mr Kashif Cheema

Mr Cheema was appointed Company Secretary on 1 March 2019. Mr Cheema has been an employee of SERVICE ONE Mutual Limited for 15 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 (2020: $nil).

PRINCIPAL ACTIVITY

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

OPERATING RESULT

The net loss of the company for the financial year ended 30 June 2021 after provision for income tax was:

YEAR ENDED 30 JUNE 2021 $	YEAR ENDED 30 JUNE 2020 $
(2,008,635)	(2,174,688)

After recognising the unrealised net gain/(loss) on financial assets measured at fair value through other comprehensive income, SERVICE ONE recorded a total comprehensive loss of $898,744 for the year ended 30 June 2021 (2020: $2,636,812).

NEW AND AMENDED STANDARDS AND INTERPRETATIONS

There were no new or amended standards and interpretations adopted by SERVICE ONE during the year ended 30 June 2021. There are however new standards and interpretations issued by the Australian Accounting Standards Board that are mandatory to future reporting periods. Refer to Note 2.2(a) for further information.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Between July and September 2020, SERVICE ONE closed three branches located at Bemboka, City West and Queanbeyan. Such closures were announced in SERVICE ONE's 30 June 2020 annual report following a prior year review of the company's branch network. SERVICE ONE entered into negotiations with each landlord, successfully terminating such lease agreements prior to the end of each respective term.

Following the settlement of agreed termination penalties with each landlord, SERVICE ONE obtained debt forgiveness of $243,357 relating to each respective lease liability, which has been disclosed as other income in Note 4.2. The debt forgiveness partially offsets $383,823 in impairment of right-of-use assets recorded in the previous reporting period following the decision to close such branches.

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

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There have been no significant events occurring after the reporting period which may affect either SERVICE ONE's operations or results of those operations or SERVICE ONE's state of affairs.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

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

ENVIRONMENTAL REGULATION AND PERFORMANCE

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

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

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

INDEMNIFICATION OF AUDITOR

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

DIRECTORS' MEETINGS

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

MEETINGS OF COMMITTEES	BOARD OF DIRECTORS		AUDIT, RISK AND FINANCE		STRATEGIC INVESTMENT AND TRANSFORMATION	
DIRECTOR	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED
IVAN SLAVICH	7	6	-	-	3	3
CHRISTINE FAULKS	7	7	2	2	-	-
ROSLYN HUGHES	7	6	4	4	-	-
BRUCE PAPPS	7	6	4	4	-	-
AYESHA RAZZAQ	7	6	-	-	3	3
ARCHIE TSIRIMOKOS	7	7	-	-	3	2
ERIK ADRIAANSE	2	2	2	2	-	-

AUDITOR'S INDEPENDENCE DECLARATION

The declaration can be found on page 15.

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

Mr Ivan Slavich
Chair
17 August 2021

Mr Bruce Papps
Director
17 August 2021

AFS
Partners in success
Chartered Accountants

61 Bull Street
Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

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

As lead auditor for the audit of SERVICE ONE Mutual Limited for the year ended 30 June 2021, 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 17th day of August 2021

Adrian Downing
Lead Auditor

Financial Report

General purpose (RDR) financial report for the year ended 30 June 2021

SERVICE ONE Mutual Limited
Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2021

	Note	2021 $	2020 $
Revenue from contracts with customers	4.1	4,661,252	5,608,537
Other income	4.2	578,968	490,232
Finance income	4.3	93,647	170,589
Salaries and employee benefits expense		(4,023,136)	(4,599,605)
Occupancy and associated costs		(404,329)	(449,911)
Computer system costs		(188,679)	(215,658)
Depreciation and amortisation expense	5.1	(753,933)	(1,040,704)
Impact investing costs		(127,820)	(113,621)
General administration expense	5.2	(1,473,430)	(1,563,682)
Impairment of non-current assets	5.3	-	(432,362)
Finance costs	5.4	(22,074)	(28,503)
Loss before income tax		(1,659,534)	(2,174,688)
Income tax expense	6	(349,101)	-
Loss after income tax		(2,008,635)	(2,174,688)
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		1,109,891	(462,124)
Other comprehensive income/(loss) for the year		1,109,891	(462,124)
Total comprehensive loss for the year		(898,744)	(2,636,812)

The accompanying notes form part of these financial statements

SERVICE ONE Mutual Limited
Statement of Financial Position

As at 30 June 2021

	Note	2021 $	2020 $
Current assets			
Cash and short-term deposits	7	432,737	826,078
Interest receivable		52,516	78,345
Other assets	8	523,730	522,239
Investments	9	464,498	2,314,498
Total current assets		1,473,481	3,741,160
Non-current assets			
Deferred tax assets	6	1,415,029	2,017,812
Other assets	8	82,646	42,500
Investments	9	8,825,598	7,536,305
Property, plant and equipment	10	5,003,874	4,982,537
Right of use assets	11.1	847,650	861,819
Intangible assets	12	5,140	13,548
Total non-current assets		16,179,937	15,454,521
Total assets		17,653,418	19,195,681
Current liabilities			
Trade and other payables	13	762,631	830,091
Member withdrawable shares		171,876	182,936
Employee benefit liabilities	14	203,330	255,433
Lease liability	15	329,574	604,665
Provisions	16	-	178,903
Total current liabilities		1,467,411	2,052,028
Non-current liabilities			
Employee benefit liabilities	14	41,319	4,610
Lease liability	15	533,484	658,263
Provisions	16	167,482	138,314
Total non-current liabilities		742,285	801,187
Total liabilities		2,209,696	2,853,215
Net assets		15,443,722	16,342,466
Members' funds			
Reserves		15,443,722	16,342,466
Total members' funds		15,443,722	16,342,466

The accompanying notes form part of these financial statements

SERVICE ONE Mutual Limited
Statement of Changes in Equity

For the year ended 30 June 2021

	Accumulated losses	Capital redemption reserve	General reserve	Fair value reserve of financial assets at FVOCI	Total Equity
	$	$	$	$	$
Balance at 1 July 2019	**-**	**591,000**	**18,028,888**	**359,390**	**18,979,278**
Loss for the year	(2,174,688)	-	-	-	(2,174,688)
Other comprehensive loss	-	-	-	(462,124)	(462,124)
Total comprehensive loss	**(2,174,688)**	**-**	**-**	**(462,124)**	**(2,636,812)**
Transfer (from)/to capital redemption reserve	-	1,246	(1,246)	-	-
Transfer (from)/to general reserve	2,174,688	-	(2,140,942)	(33,746)	-
Balance at 30 June 2020	**-**	**592,246**	**15,886,700**	**(136,480)**	**16,342,466**
Loss for the year	(2,008,635)	-	-	-	(2,008,635)
Other comprehensive income	-	-	-	1,109,891	1,109,891
Total comprehensive loss	**(2,008,635)**	**-**	**-**	**1,109,891**	**(898,744)**
Transfer (from)/to capital redemption reserve	-	11,604	(11,604)	-	-
Transfer (from)/to general reserve	2,008,635	-	(1,913,472)	(95,163)	-
Balance at 30 June 2021	**-**	**603,850**	**13,961,624**	**878,248**	**15,443,722**

The accompanying notes form part of these financial statements

SERVICE ONE Mutual Limited
Statement of Cash Flows

For the year ended 30 June 2021

	Note	2021 $	2020 $
Cash flows from operating activities			
Interest received		122,063	201,925
Receipts from fees and commission revenue		224,930	300,459
Payments to suppliers and employees		(6,475,972)	(6,942,920)
Receipts from shared margin revenue		4,667,603	5,720,403
Dividends received		110,681	161,403
Finance costs		(22,487)	(21,294)
Net cash used in operating activities		(1,373,182)	(580,024)
Cash flows from investing activities			
Proceeds from sale of investments		3,531,065	3,579,386
Purchases of financial assets at amortised cost		(903,693)	(808,289)
Purchase of financial assets through OCI		(709,220)	(1,280,000)
Purchase of intangible assets		-	(5,220)
Purchase of property, plant and equipment		(341,406)	(249,148)
Net cash provided by investing activities		1,576,746	1,236,729
Cash flows from financing activities			
Proceeds from social enterprise loan		8,955	-
Payment for social enterprise loan		(50,000)	(50,000)
Payment of principal elements of lease payments		(544,800)	(640,189)
Proceeds from member withdrawable shares		544	1,078
Payments of member withdrawable shares		(11,604)	(1,246)
Net cash used in financing activities		(596,905)	(690,357)
Net decrease in cash held		(393,341)	(33,652)
Cash and cash equivalents at the beginning of the financial year		826,078	859,730
Cash and cash equivalents at the end of the financial year	7	432,737	826,078

The accompanying notes form part of these financial statements

1. Corporate information

The financial statements of SERVICE ONE Mutual Limited ("SERVICE ONE") for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 17 August 2021.

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

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

Further information on the nature of the operations and principal activity of SERVICE ONE is provided in the directors' report. Information on SERVICE ONE's related party relationships is provided in Note 19.

2. Significant accounting policies

2.1 Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001,* Australian Accounting Standards - Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. SERVICE ONE is a for-profit, private sector entity which is not publicly accountable. Therefore, these financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements (AASB - RDRs).

The financial report has also been prepared on a historical cost basis, except for debt and equity financial assets which have been measured at fair value.

The statement of financial position is presented whereby current and non-current assets, and current and non-current liabilities are presented separately.

2.2 Changes in accounting policies, standards and interpretations

(a) New and amended standards and interpretations

There were no new or amended standards and interpretations adopted by SERVICE ONE during the year ended 30 June 2021. There are however new standards and interpretations issued by the Australian Accounting Standards Board that are mandatory to future reporting periods.

SERVICE ONE is required to apply AASB 1060 *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (March 2020) and associated amending Standards in the preparation of the 30 June 2022 financial statements. When effective, this standard, which is a stand-alone disclosure standard, will replace the current Reduced Disclosure Requirements (RDR) framework. Adoption is expected to result in more simplified financial statement disclosures compared to the current RDR framework.

2.3 Summary of significant accounting policies

(a) Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at bank and on hand.

(b) Financial instruments - initial recognition and subsequent measurement

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.

2. Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

(b) Financial instruments - initial recognition and subsequent measurement (continued)

(i) Financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

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

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).

2. Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

(b) Financial instruments - initial recognition and subsequent measurement (continued)

Financial assets at fair value through OCI (debt instruments)

SERVICE ONE measures debt instruments at fair value through OCI if both of the following conditions are met:

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

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

Financial assets designated at fair value through OCI (equity instruments)

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

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

Derecognition

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

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

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

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.

2. Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

(b) Financial instruments - initial recognition and subsequent measurement (continued)

(ii) 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.

(c) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Land is not depreciated. For all other property, plant and equipment, depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

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

An item of property, plant and equipment and any significant part initially recognised 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 on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2. Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

(d) 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.

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.

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

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

Computer software	3 to 7 years
Rebranding costs	5 years

Intangible assets are amortised on a straight-line basis.

(e) 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 statement of profit or loss and other comprehensive income 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 statement of profit or loss and other comprehensive income.

2. Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

(f) Leases

SERVICE ONE as lessee

At inception of a contract, SERVICE ONE assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by SERVICE ONE where SERVICE ONE is a lessee. However, all contracts that are classified as short-term leases (ie a lease with a remaining lease term of 12 months or less) and leases of low-value assets (ie fair value less than $5,000 - $10,000) are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at lease commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, SERVICE ONE uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date
- the amount expected to be payable by the lessee under residual value guarantees
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options
- lease payments under extension options, if the lessee is reasonably certain to exercise the options
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

SERVICE ONE is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date, as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that SERVICE ONE anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

Each of SERVICE ONE's lease arrangements are for use in the production or supply of goods or services, or for administrative purposes.

SERVICE ONE as lessor

SERVICE ONE has not entered into any contracts whereby it is considered a lessor.

(g) Borrowing costs

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

2. Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

(h) Provisions and employee benefits liabilities

General

Provisions are recognised when SERVICE ONE has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When SERVICE ONE expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Wages, salaries and sick leave

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave which are expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave and annual leave

SERVICE ONE does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. SERVICE ONE recognises a liability for long service leave and annual leave measured as 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 currencies that match, as closely as possible, the estimated future cash outflows.

Superannuation

Contributions are made by SERVICE ONE to an employee’s superannuation fund and are charged to the statement of profit or loss and other comprehensive income as incurred.

Make-good provision

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.

(i) 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.

2. Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

(i) Revenue from contracts with customers (continued)

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.

(j) 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, 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.

(k) Dividend income

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

(l) Taxes

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.

2. Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

(l) Taxes (continued)

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.

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.

2. Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

(m) Nature and purpose of members' funds

Capital redemption reserve

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

General reserve

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

Fair value reserve of financial assets at FVOCI

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

(n) Fair value measurement

SERVICE ONE measures financial instruments at fair value at each reporting date. Fair value related disclosures for financial instruments that are measured at fair value are disclosed in Note 9.

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.

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.

2. Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

(o) Comparatives

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards or as a result of changes in accounting policy.

3. Significant 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.

(a) 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.

Recovery of deferred tax assets

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

At 30 June 2021, $1,167,893 (2020: $612,927) in deferred tax assets relating to carried forward losses of $4,671,570 (2020: $2,228,827) had not been recognised on the statement of financial position. Deferred tax assets are assessed at-least annually and are recognised to the extent it becomes probable future taxable profits will be available. Deferred tax assets are derecognised where it is not probable future taxable profits will be generated within the next six years from balance date, comprising a 12 month budget and five-year forecast, assumptions of which are approved by the board.

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.

3. Significant accounting judgements, estimates and assumptions (continued)

(b) 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.

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.

At 30 June 2021, 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 extention 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.

3. Significant accounting judgements, estimates and assumptions (continued)

(b) Estimates and assumptions (continued)

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.

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.

	2021	2020
4. Revenue	$	$
4.1 Revenue from contracts with customers		
Disaggregated revenue information		
Set out below is the disaggregation of SERVICE ONE's revenue from contracts with customers:		
Type of service:		
- Shared margin income	4,661,252	5,608,537
Total revenue from contracts with customers	4,661,252	5,608,537
Timing of revenue recognition:		
- Services transferred over time	4,661,252	5,608,537
Total revenue from contracts with customers	4,661,252	5,608,537
4.2 Other income		
- Dividend income	110,681	174,974
- Foreign exchange gain/(loss)	(57,811)	902
- Net gain on sale of investments	3,572	14,799
- Forgiveness of lease liability	243,357	-
- Other revenue	279,169	299,557
	578,968	490,232

4. Revenue (continued)

4.2 Other income (continued)

During the year ended 30 June 2020 SERVICE ONE announced a restructure resulting in the closure of four branch premises between June and September 2020. Of the branch closures, one branch closed in June 2020, two branches closed in July 2020 and the fourth branch closed in September 2020.

During the year ended 30 June 2021 SERVICE ONE entered into negotiations with each landlord, successfully terminating such lease agreements prior to the end of each respective term. Following the settlement of agreed termination penalties with each landlord, SERVICE ONE obtained debt forgiveness of $243,357 relating to each respective lease liability.

4.3 Finance income	2021 $	2020 $
- Interest on banking investment	11,641	69,871
- Interest on convertible notes	78,465	100,718
- Interest on loans to members	3,541	-
	93,647	170,589

5. Expenses

5.1 Depreciation and amortisation expense

	2021 $	2020 $
Property, plant and equipment:		
- Plant and machinery	87,533	82,785
- Leasehold improvements	154,989	150,415
- Building	100,547	100,548
	343,069	333,748
Right-of-use assets:		
- Leased branch premises	402,456	657,475
Intangible assets:		
- Computer software	8,408	13,668
- Rebranding	-	35,813
	8,408	49,481
Total depreciation and amortisation expense	753,933	1,040,704

5.2 General administration expense

	2021 $	2020 $
- Marketing and advertising	230,405	321,337
- Consultant and professional fees	373,959	347,898
- Other expenses	869,066	894,447
	1,473,430	1,563,682

	2021	2020
5. Expenses (continued)	$	$
5.3 Impairment of non-current assets		
- Property, plant and equipment - leasehold improvements	-	48,102
- Right-of-use asset - branch premises	-	383,823
- Intangible assets - computer software	-	437
	-	432,362

During the year ended 30 June 2020 SERVICE ONE announced a restructure resulting in the closure of four branch premises between June and September 2020. Of the branch closures, one branch closed in June 2020, two branches closed in July 2020 and the fourth branch closed in September 2020. The carrying amount of assets relating to such branch closures were impaired as the assets were no longer expected to generate cash flows from the date of closure.

	2021	2020
5.4 Finance costs		
- Lease liabilities	22,487	21,294
- Make-good on lease premises (unwinding of present value discount)	(413)	7,209
	22,074	28,503

6. Income tax

The major components of income tax expense for the years ended 30 June 2021 and 2020 are:

	2021	2020
Current income tax:		
- Adjustments in respect of current income tax of previous year	591	(4,524)
Deferred tax:		
- Relating to origination and reversal of temporary differences	149,725	4,524
- Restatement of deferred tax for change in company tax rate	198,785	
Income tax expense	349,101	-

SERVICE ONE has tax losses arising in Australia at 30 June 2021 of $10,275,274 (2020: $8,139,370) that are available for offset against future taxable profits of the company in which the losses arose. Tax losses are only included in the measurement of the deferred tax asset to the extent that it is probable SERVICE ONE will generate sufficient taxable profits to utilise such deferred tax assets. Deferred tax assets are derecognised where it is not probable future taxable profits will be generated within the next six years from balance date. Such derecognition gave rise to SERVICE ONE recognising income tax expense for the year ended 30 June 2021 following a reduction to the net deferred tax asset (2020: nil).

For the year ended 30 June 2021

6. Income tax (continued)	2021 $	2020 $
Reconciliation of tax expense and the accounting loss multiplied by Australia's domestic tax rate for 2021 and 2020:		
Accounting loss before income tax	(1,659,534)	(2,174,688)
At Australia's statutory income tax rate of 26% (2020: 27.5%)	(431,479)	(598,039)
Adjustments in respect of current income tax of previous years	591	(4,524)
Recognition of temporary differences and derecognition of tax losses	581,204	585,657
Restatement of deferred tax for change in company tax rate	198,785	-
Non-deductible expenses	-	16,906
At the effective income tax rate of -20.5% (2020: 0%)	349,101	-

Deferred tax:

	Statement of financial position		Statement of profit or loss and OCI	
	2021 $	2020 $	2021 $	2020 $
Employee provisions	166,384	201,525	(35,141)	27,245
Provision for make good	41,871	76,204	(34,333)	(3,847)
Fixed assets	152,712	266,510	(113,798)	(123,221)
Other provisions	10,973	17,415	(6,442)	4,115
Investments	(372,290)	(168,823)	(203,467)	-
Unrealised foreign exchange	14,453	-	14,453	-
Tax losses	1,400,926	1,624,981	(224,055)	95,708
Deferred tax benefit			(602,783)	-
Net deferred tax assets	1,415,029	2,017,812		

Reconciliation of deferred tax assets, net of tax:	2021 $	2020 $
As at 1 July	2,017,812	2,044,848
Tax income/(expense) during the period recognised in profit or loss	(349,101)	-
Tax income/(expense) during the period recognised in OCI	(253,682)	(27,036)
As at 30 June	1,415,029	2,017,812

At 30 June 2021, $1,167,893 (2020: $612,927) in deferred tax assets relating to carried forward losses of $4,671,570 (2020: $2,228,827) had not been recognised on the statement of financial position. Deferred tax assets are assessed at-least annually and are recognised to the extent it is probable future taxable profits will be available. Deferred tax assets are derecognised where it is not probable future taxable profits will be generated within the next six years from balance date.

For the year ended 30 June 2021

	2021	2020
7. Cash and short-term deposits	$	$
CURRENT		
Cash at bank and deposits on hand	78,611	596,829
Deposits at call	354,126	229,249
	432,737	826,078

	2021	2020
8. Other assets		
CURRENT		
Prepayments	75,427	72,025
Accrued shared margin revenue	436,363	442,714
Social enterprise loan	11,940	7,500
	523,730	522,239
NON-CURRENT		
Social enterprise loan	82,646	42,500
	82,646	42,500

	2021	2020
9. Investments		
CURRENT		
Financial assets at amortised cost		
- Term deposits	464,498	2,314,498
NON-CURRENT		
Financial assets at fair value through OCI		
- Listed equity shares	5,959,114	4,424,727
- Convertible notes	666,865	1,209,524
Total non-current financial assets at fair value through OCI	6,625,979	5,634,251
Financial assets at amortised cost		
- Floating rate notes	2,199,619	1,902,054
Total non-current financial assets	8,825,598	7,536,305
Total investments	9,290,096	9,850,803

For the year ended 30 June 2021

10. Property, plant and equipment	2021 $	2020 $
NON-CURRENT		
Land		
At cost	815,000	815,000
Buildings		
At cost	4,019,140	4,019,140
Accumulated depreciation	(444,056)	(343,509)
Net carrying amount	3,575,084	3,675,631
Plant and machinery		
At cost	905,677	791,080
Accumulated depreciation	(690,036)	(602,503)
Net carrying amount	215,641	188,577
Leasehold improvements		
At cost	1,939,741	1,689,932
Accumulated depreciation	(1,541,592)	(1,386,603)
Net carrying amount	398,149	303,329
Total property, plant and equipment		
At cost	7,679,558	7,315,152
Accumulated depreciation	(2,675,684)	(2,332,615)
Net carrying amount	5,003,874	4,982,537

Movements in carrying amounts

	Land $	Buildings $	Plant and machinery $	Leasehold improvements $	Total $
Opening net book value	815,000	3,675,631	188,577	303,329	4,982,537
Additions	-	-	114,597	249,809	364,406
Depreciation expense	-	(100,547)	(87,533)	(154,989)	(343,069)
Net book value at 30 June	815,000	3,575,084	215,641	398,149	5,003,874

	2021	2020
11. Right-of-use assets	**$**	**$**
11.1 AASB 16 related amounts recognised in the statement of financial position		
NON-CURRENT		
Right-of-use assets		
- Leased branch premises	1,650,210	1,662,105
- Accumulated depreciation	(802,560)	(528,592)
- Accumulated impairment losses	-	(271,694)
Net carrying amount	847,650	861,819
11.2 AASB 16 related amounts recognised in the statement of profit or loss and other comprehensive income		
- Depreciation charge related to right-of-use assets	402,456	657,475
- Impairment related to right-of-use assets	-	383,823
- Finance costs	22,487	21,294
- Forgiveness of lease liability	(243,357)	-
	181,586	1,062,592

Movements in carrying amounts

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

	Leased branch premises $	Total $
Opening net book value	861,819	861,819
Addition to right-of-use asset	388,287	388,287
Depreciation expense	(402,456)	(402,456)
Net book value at end of year	847,650	847,650

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.

12. Intangible assets	2021 $	2020 $
Computer software		
At cost	39,588	39,588
Accumulated depreciation	(34,448)	(26,040)
Net carrying amount	5,140	13,548
Rebranding costs		
At cost	264,247	264,247
Accumulated depreciation	(264,247)	(264,247)
Net carrying amount	-	-
Total intangible assets		
At cost	303,835	303,835
Accumulated depreciation	(298,695)	(290,287)
Net carrying amount	5,140	13,548

Movements in carrying amounts

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

	Computer software $	Rebranding costs $	Total $
Opening net book value	13,548	-	13,548
Additions	-	-	-
Impairment loss	-	-	-
Amortisation expense	(8,408)	-	(8,408)
Net book value at 30 June	5,140	-	5,140

13. Trade and other payables	2021 $	2020 $
Trade creditors	308,603	334,202
Employee benefits	420,887	432,662
Other creditors	33,141	63,227
	762,631	830,091

14. Employee benefit liabilities		
CURRENT		
Employee benefits - long service leave	203,330	255,433
NON-CURRENT		
Employee benefits - long service leave	41,319	4,610
Total employee benefit liabilities	244,649	260,043

For the year ended 30 June 2021

15. Lease liabilities	2021 $	2020 $
CURRENT		
Lease liability	342,736	616,087
Unexpired interest	(13,162)	(11,422)
	329,574	604,665
NON-CURRENT		
Lease liability	571,174	666,768
Unexpired interest	(37,690)	(8,505)
	533,484	658,263
Total lease liabilities	863,058	1,262,928

The leases relate to six (2020: ten) 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.

16. Provisions	2021 $	2020 $
CURRENT		
Other provisions	-	40,112
Make-good on lease premises	-	138,791
	-	178,903
NON-CURRENT		
Make-good on lease premises	167,482	138,314

Movements in carrying amounts

	Other provisions $	Make-good on lease premises $	Total $
Opening net book value	40,112	277,105	317,217
Arising during the year	-	23,000	23,000
Amounts used	(40,112)	(132,210)	(172,322)
Unused amounts reversed	-	-	-
Discount rate adjustments	-	(413)	(413)
Net book value at 30 June	-	167,482	167,482

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

17. Commitments

17.1 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 15.

17.2 Capital commitments

SERVICE ONE has no material capital commitments contracted for at 30 June 2021 but not yet capitalised in the financial statements.

18. Financial risk management

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.

19. Related Party Disclosures

19.1 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
- Mr Erik Adriaanse (resigned: 14 October 2020)

The executives of SERVICE ONE during the year were:

- Mr Matthew Smith - Chief Executive Officer
- Mr Adam Marshall - General Manager Sales and Transformation
- Mr Kashif Cheema - Chief Financial Officer
- Ms Colleen McGrory - Senior Manager - Retail Branches
- Mr Andrew Sella - Senior Manager - Marketing (until 8 March 2021)
- Ms Rebecca Dorahy - Senior Manager - People and Culture

19.2 Transactions with key management personnel

Refer to Note 19.3 for disclosure on compensation payments made to key management personnel. There have been no other transactions with related parties.

19.3 Compensation of key management personnel of the company	2021 $	2020 $
- Directors	197,658	181,967
- Executives	1,129,829	1,108,053
Total compensation paid to key management personnel	1,327,487	1,290,020

20. Subsequent events

There have been no significant events occurring after the reporting period which may affect either SERVICE ONE's operations or results of those operations or SERVICE ONE's state of affairs.

SERVICE ONE Mutual Limited
Directors' Declaration

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

1. The consolidated financial statements and notes, as set out on pages 17 to 43, are in accordance with the *Corporations Act 2001* and:
    a. comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
    b. give a true and fair view of the company's financial position as at 30 June 2021 and of its performance for the year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Chair ______________________

Mr Ivan Slavich

Director ______________________

Mr Bruce Papps

Dated: 17 August 2021

AFS
Partners in success
Chartered Accountants

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Bendigo VIC 3550

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03 5443 0344

Independent auditor's report to the members of SERVICE ONE Mutual Limited

Report on the audit of the financial statements

Our opinion
In our opinion, the financial report of SERVICE ONE Mutual Limited 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 2021 and of its performance for the year ended on that date; and
ii. complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001.*

What we have audited
SERVICE ONE Mutual Limited's (the company) financial report comprises the:

✓ Statement of financial position as at 30 June 2021
✓ Statement of profit or loss and other comprehensive income for the year then ended
✓ Statement of changes in equity for the year then ended
✓ Statement of cash flows for the year then ended
✓ Notes comprising a summary of significant accounting policies and other explanatory notes
✓ The directors' declaration of the entity.

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

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

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

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

Our opinion on the financial report does not cover the other information and accordingly we will not express any form of assurance conclusion thereon.

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Our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If we identify that a material inconsistency appears to exist when we read the annual report (or become aware that the other information appears to be materially misstated), we will discuss the matter with the directors and where we believe that a material misstatement of the other information exists, we will request management to correct the other information.

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

Directors' responsibility for the financial report
The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements 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.

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, 3550
Dated this 17th day of August 2021

Adrian Downing
Lead Auditor

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Advice Hubs and Support Centres throughout the ACT and surrounding NSW.
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