

SERVICE ONE[®]

2014-15

Annual Report

SERVICE ONE Mutual Limited



Statement of Strategic Intent

To give our Members the best financial services and products they can find anywhere and to support the communities within which our Members live and work through the encouragement of sustainable social enterprises.

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.

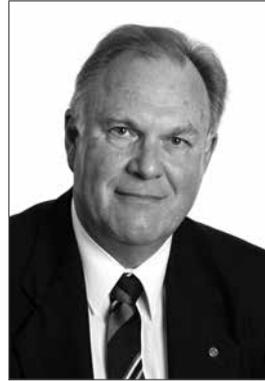


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Message from the *Chair and Chief Executive*

It has certainly been a year of transformation for SERVICE ONE. While SERVICE ONE itself undertook a major structural change, the broader banking and finance industry experienced the challenges of slow economic growth, uncertain market conditions and a government review of the industry to encourage long-term competition and sustainability.



MOVING TO A SOCIAL ENTERPRISE ORGANISATION

March 2015 marked a significant milestone for SERVICE ONE. This was when our strategic alliance with Bendigo and Adelaide Bank Limited (Bendigo Bank) was formally established. A postal ballot conducted in mid-2014, asked Members to consider some amendments to SERVICE ONE's Constitution that ultimately enabled the Board to further explore the potential of a partial transfer of business to Bendigo Bank and the subsequent creation of a strategic alliance.

Once those amendments were approved by Members work continued and later in the year the Board firmed in its position that the strategic alliance was in the best interests of Members and the organisation. Members were then asked to consider more detailed information as part of a special resolution at the 2014 Annual General Meeting (AGM). As we saw with the postal ballot conducted earlier in the year, Members who participated in this process demonstrated strong support for the proposal. While the information distributed was detailed and at times, legalistic in nature, we do appreciate the time and effort Members took to review and consider what this arrangement would mean for SERVICE ONE and its Members.

SERVICE ONE's focus since March has been the settling in of the new structure and minimising any impacts on Members. It is pleasing to report that the transition has gone very smoothly with minimal (if any) disruption to Members. We would like to acknowledge the team at Bendigo Bank as this smoothness of transition was largely as a result of their dedication and support over this time and we look forward to our continuing work together as we further realise the benefits of the alliance.

Given the smoothness of the transition, the Board has recently been able to investigate opportunities where SERVICE ONE might build on its mission of 'providing Members with the best financial services and products and to support Members' communities through the encouragement of social enterprise'.

In October we expect that the first of these opportunities will come to fruition and a major announcement will be made about an agreement that SERVICE ONE has entered into which will provide essential services to Members.

This is the first initiative as part of SERVICE ONE's Social Enterprise Program, the creation of which was part of the motivation for the partial transfer of business.

What is a social enterprise? A social enterprise might provide employment, training and support, or create products or services to fill a social or community need, or generate profits that can be applied to social programs or charitable activities.

Ultimately, the Board aims to provide benefits for our Members, whether through improved products and services or by enhancing the wellbeing of the communities in which we live and work.

While it has been business as usual for our Members to date, in the next financial year we will be migrating to a new computer system. Towards the end of the 2015/16 financial year Members will begin to see some changes taking place and while some Member disruption will be inevitable, as always, we will do all we can to minimise disruption to Members. The system migration is an important step to help us realise greater efficiencies and cost savings for the longer term.

FINANCIAL PERFORMANCE

There was a slight increase in profit over the year and, pleasingly, footings (loans and deposits) grew by 6.1 per cent compared to a decrease of 0.8 per cent in 2013/14. Due to the transfer of Member deposits and loans to Bendigo Bank's balance sheet on 28 February 2015, on balance sheet assets fell significantly.

The Member Information Statement provided to Members at the last AGM indicated that there would be an initial reduction in the notional value of Members' shareholding, however there has been a small increase in the 2014/15 year. We anticipate the reduction will occur in the 2015/16 financial year. The expectation at the time of the Member Information Statement being produced was that the decrease would be in the vicinity of about \$1.15 million, however as the computer conversion is going to occur later than originally planned the reduction is now likely to be \$1.3 million in 2015/16.

“ Our focus will remain on doing the best we can for Members in the form of exceptional service and developing our Social Enterprise Program.

OUR BOARD

It has been a particularly busy period for the SERVICE ONE Board. In addition to the operational governance of the organisation, the alliance with Bendigo Bank has required a review of the Board's strategic plan and governance processes. More information on SERVICE ONE's approach to dealing with the organisation's governance can be found in the 'Corporate Governance Statement' on page 9.

To keep up with developments in the finance sector, Directors continue to participate in industry forums and undertake professional development to build skills and competencies.

The ballot for the election of Directors as part of the 2014 AGM filled two vacancies on the Board arising from the cyclical retirement of Directors. As a result of the ballot Ian Davis and Heather Nash were re-appointed to the Board.

FINANCIAL SYSTEM INQUIRY

The final report of the Financial System Inquiry was released at the end of 2014. Aimed at encouraging competition and stability, the report makes a series of recommendations related to multiple areas of the banking/finance sector, including (but not limited to) self managed superannuation, financial planning, account number portability and credit card fees. Importantly the inquiry examined the implicit government guarantee the major banks benefit from and the need for increased capital requirements to minimise the potential for a taxpayer bailout of a major bank. These recommendations are still to be considered by Parliament and the outcome is uncertain.

KEY SURVEY MEASURES POSITIVE

The Member survey released over the reporting period continued to demonstrate high levels of Member satisfaction. Overall Member satisfaction levels have increased slightly to just over 96 per cent (95 per cent the previous year). The majority of respondents to the survey consider SERVICE ONE to be their primary banking provider and advocacy rates remained strong and steady.

The Member survey continues to provide us with important insight into how Members feel SERVICE ONE is performing in providing valuable services and we thank all those who took the time to complete it.

INDUSTRY ACCLAIM CONTINUES

SERVICE ONE was named Canstar's 2014 Fixed Rate Home Loan Lender of Year in the customer owned category for the second year running. This award category includes all credit unions, building societies and mutual banks and winning it in consecutive years is particularly pleasing. SERVICE ONE home loan options also continued to score well with Canstar's star ratings, with a number of our loan options scoring 5-star status, indicating outstanding value.

THANK YOU TO STAFF

SERVICE ONE probably experienced the most significant changes in its history during the 2014/15 year. We would like to acknowledge and thank the staff of SERVICE ONE for the dedication, application and support that they have consistently displayed to make sure that these changes were implemented with minimal disruption for Members.

LOOKING FORWARD

While we highlight how the organisation has transformed as a result of the strategic alliance, it is now about realising the benefits associated with the arrangement. Our focus will remain on doing the best we can for Members in the form of exceptional service and developing our Social Enterprise Program.

It is an exciting time for SERVICE ONE and we look forward to taking the journey with our Members and the broader community.



John Clarke
Chair



Peter Carlin
Chief Executive

The year that was

2014/15 saw a number of developments for SERVICE ONE and the banking sector more broadly. Here is an overview of the year that was...

July

Australia hosts World Credit Union Conference on the Gold Coast, attracting over 1,900 participants from 48 countries.

1,900
participants from
48
countries



August

The PINwise initiative commences, mandating the use of PINs over signatures for access card transactions.



September

MoneySmart Week encourages Australians to do a Money Health Check, providing tips on how to improve your financial position.

SERVICE ONE announced as 2014 Fixed Rate Home Loan Lender (Customer Owned) by independent consumer research firm Canstar. This is the second year running SERVICE ONE has won this award.

SERVICE ONE hosts 75 finalists at the Canberra City Branch as part of 104.7's Unbolt the Vault promotion, with one lucky winner scoring the \$10,000 major prize for entering the correct code to unbolt the vault.



October

SERVICE ONE and 104.7 raise nearly \$70,000 for Lifeline Canberra with the Lock Up Your Boss initiative, hosted in Garema Place in the city.



November

Insurance Key Facts Sheets are introduced to help consumers more easily compare policies between insurers.

SERVICE ONE's Friday Find promotion is launched through the social media channel, allowing followers the chance to win great prizes by testing their knowledge of the local region.

December

Members vote in favour of establishing the strategic alliance with Bendigo Bank as a special resolution at the AGM.

SERVICE ONE's collection of toys for the Barnardos Gifts for Kids Christmas toy drive continues to generate strong results, with toys donated to local Barnardos community centres.



Supporting our community

During the financial year, the SERVICE ONE staff 'jeans day' program contributed much needed funds to Lifeline Canberra, Bridget's Brave Battle, Pink Ribbon Association, Barnardos, The Smith Family, Cerebral Palsy Alliance and Pegasus Riding for the Disabled. Collection boxes are now located in SERVICE ONE Branches enabling Members and the general public to also contribute to these monthly causes.

March

The SERVICE ONE Alliance Bank brand is introduced to the market, as the strategic alliance with Bendigo Bank is formally established, transforming SERVICE ONE into a social enterprise organisation.

Results from the 2015 Member survey reveal a 96 per cent overall Member satisfaction level.

96%
overall
Member
satisfaction
level

May

SERVICE ONE Alliance Bank introduces additional term investment options, broadening both periods of investment as well as interest payment options.

National Consumer Fraud Week adopts the theme of 'get smarter with your data' and focuses on the importance of protecting personal information.

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 7110

INTERNET AND EMAIL

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

PHONE BANKING (AUSTRALIA)

1300 361 431

BRANCH LOCATIONS

Batemans Bay
Shop 1, Citi Centre Arcade
10 Orient Street

Belconnen
Shop 164, Level 3
Westfield Belconnen

Bemboka
Loftus Street

Canberra City
1 – 3 Rimmer Street
Ground Floor, Lena Karmel Lodge

Cooma
138 Sharp Street

Deakin
75 Denison Street

Gungahlin
Hibberson Street, The Marketplace

Queanbeyan
68 – 70 Monaro Street

Tuggeranong
Shop 23, Ground Level
Tuggeranong Hyperdome

Tumut
Shop 3, The Connection
87 Wynyard Street

Woden
Shop 71, Gallery Court
Westfield Woden

DIRECTORS

Mr John Clarke (Chair) LLB

Mr Erik Adriaanse BA (Acc), FCPA, FPS

Professor Jennifer Corbett BA (Hons), MA (Ec), MA, PhD

Mr Ian Davis BA (Hons)

Ms Heather Nash BA LLB FAICD

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

Ms Maria Storti BEcon, MBA, FCA, FAIM, FAICD

EXECUTIVE

Mr Peter Carlin – Chief Executive BA (Acctng), FCPA

Mr Matthew Smith – Deputy Chief Executive and
Chief Operating Officer BComm, CPA

Mr Tony Brown – General Manager, Banking Dip FS

CORPORATE GOVERNANCE COMMITTEE

Mr Ian Davis (Chair)

Mr John Clarke

Mr Ivan Slavich

AUDIT AND COMPLIANCE COMMITTEE

Mr Erik Adriaanse (Chair)

Professor Jennifer Corbett

Ms Maria Storti

FINANCE AND RISK COMMITTEE

Ms Heather Nash (Chair)

Mr Ian Davis

Ms Maria Storti

BANKERS

Bendigo and Adelaide Bank Limited

SOLICITORS

HWL Ebsworth Lawyers

INTERNAL AUDITOR

PricewaterhouseCoopers

EXTERNAL AUDITOR

Ernst & Young

INSURERS

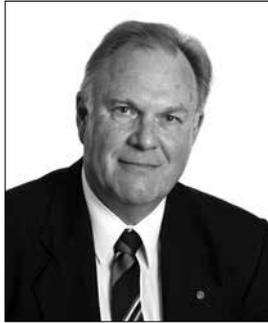
Specialist Underwriting Agencies Pty Ltd

QBE Insurance Australia

Directors

John Clarke (Chair)

John has been a Director of SERVICE ONE since 2001 and has served as Chair of the Board since 2004. He was a Director of Snowy Mountains Credit Union from 1996 until it merged with SERVICE ONE in 2001. Since 1975, he has been a barrister and solicitor for the Supreme Courts of NSW, ACT and the High Court of Australia, practicing in Cooma and Canberra. John is a member of the Cooma Rotary Club and has been involved with many other community organisations including Apex, Landcare, women's refuge, nursing homes, preschools, daycare centres and has been a pro bono adviser to various community organisations for many years.



Jennifer Corbett

Jennifer (Jenny) was appointed as a non-executive Director of SERVICE ONE in August 2005 and elected to the Board in 2006. She is currently Pro Vice-Chancellor (Research and Research Training) and Professor of Economics at the Crawford School of Public Policy at the ANU. Jenny is also a Fellow of St Antony's College, Oxford and was, for several years, Chair of its Finance Committee. Her academic research interests and publications include corporate governance in, and regulation of, financial institutions. Jenny grew up in Canberra and was an undergraduate student at the ANU.



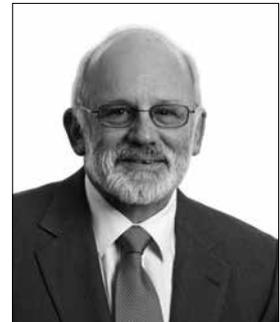
Erik Adriaanse

Erik was elected to the SERVICE ONE Board in 2004 and is currently the Chair of the Board's Audit and Compliance Committee. He is also a past ACT CPA Divisional Councillor, and past President of CPA Australia. Following a 30 year career as an Accountant and Financial Planner, Erik became General Manager of Independent Property Group (IPG), Director of Independent Strata Management and Laing + Simmons Strata. He has served as Chairman of the IPG Management Committee, Director of the Snowy Hydro SouthCare Helicopter Trust, currently National President and ACT delegate of Strata Community Australia Inc, formerly a Board member of the Cultural Facilities Corporation, Australian Council of Professions, CIT Audit and Compliance Committee and the ANU Centre for Dialogue Steering Committee. Erik is also the Treasurer and a Board member of Legacy Club of Canberra ACT and REIACT.



Ian Davis

Ian was elected to the SERVICE ONE Board in 2002. He is the Chief Executive of Inside Publishers (formerly National Publishers), a Canberra-based publisher of newsletters and other publications for the finance industry and Government agencies. Ian is active in the general Canberra and business communities. He is Chair of SERVICE ONE's Corporate Governance Committee and a member of its Finance and Risk Committee. Ian served as a Board member of the Council of the University of Canberra (and Chair of their Finance Committee), the ACT Department of Education's Accreditation and Registration Council and Chair of CREEDA which operated the ACT's small business incubators. He is a long-term Canberra resident and established his business after a career in journalism (focusing on finance, economics and business).



Heather Nash

Heather was elected to the SERVICE ONE Board in 2008 and is Chair of the Board's Finance and Risk Committee. She has been on the Boards of UniSuper and the Uniting Church (NSW and ACT) Trust Association. Heather worked in the ANU administration for 18 years before moving to the Australian Library and Information Association as Industrial Relations and Human Resources Advisor. Heather runs a trustee business, Heather Nash Fiduciary Services. Heather is a long-term Canberra resident and is a graduate from the ANU. She maintains a strong commitment to Canberra and the surrounding region as a volunteer with several community organisations.



Maria Storti

Maria was elected to the SERVICE ONE Board in 2013 (having also served on the Board in 2005). She is an experienced senior executive and has held senior management and consulting roles across the private and public sectors. Maria is currently the Vice-President Governance and Development at the University of Canberra and prior to that she was a partner at Ernst & Young specialising in performance management. She holds a Bachelor of Economics degree from the ANU and a Master of Business Administration degree from the University of Canberra. Maria is a past winner of the Telstra Business Women's Awards Australian Government Private (ACT and National Finalist). She is also a Director of Goodwin Homes Aged Care and Higher Education Services, an Independent Audit and Assurance Committee member of Indigenous Business Australia and Aboriginal Hostels Limited and sits on the Boards of the university related companies. Maria is a Fellow of the Australian Institute of Company Directors.



Ivan Slavich

Ivan was elected to the SERVICE ONE Board in 2009. He is the Managing Director of Trident Corporate Services, a B2B and B2G services company. Ivan has 25 years of senior management and executive experience in the energy, telecommunications, consulting, banking and finance sectors. He has graduate (UTS) and post graduate (Mt Eliza, AICD and SIA) studies in Business Administration and Applied Finance. Ivan is also a Non-Executive Director of Xtek, an ASX listed company in the defence and security sector. He is also a Fellow and Graduate of the Australian Institute of Company Directors. Ivan was a finalist in the CEO magazine executive of the year awards in 2012 and also undertakes a considerable amount of charity work, raising funds for Camp Quality and is on the Ronald McDonald House charity ball committee.



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 asxgroup.com.au/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 Corporate Info 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 Corporate Info section of 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 pages 7 and 8.

Elected Directors serve a three year term and retire in rotation but may stand for re-election. 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 generally meets monthly and 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 regularly attend Board meetings and Directors have unfettered direct access to the Executives of SERVICE ONE.

BOARD COMMITTEES

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

- the Audit and Compliance Committee
- the Finance and Risk Committee, and
- the Corporate Governance Committee (which also acts as the Management Remuneration Committee).

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 Corporate Info 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 non-members 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 5 and attendances at meetings are set out in the Directors' Report on page 13.

All Directors are entitled to attend all Board Committee meetings.

THE CORPORATE GOVERNANCE COMMITTEE

The Committee's role is to monitor and review SERVICE ONE's corporate governance policies and framework and recommend any changes designed to enhance compliance with the relevant obligations. Details of the Committee's responsibilities are contained in the Board Committee Policy which can be found in the Corporate Info section of our website.

AUDIT AND COMPLIANCE COMMITTEE

The Committee's role is to assist the Board by providing 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. Details of the Committee's responsibilities are contained in the Board Committee Policy which can be found in the Corporate Info section of our website.

The external auditor of SERVICE ONE is Ernst & Young and representatives attend the AGM of SERVICE ONE and are available to take questions from Members.

The internal audit is outsourced to PricewaterhouseCoopers, a firm of chartered accountants.

The internal audit function operates under documented standards and procedures for auditing that set out the purpose, authority and responsibility of the internal audit function. The function of the internal audit is to provide an independent assessment of risk and compliance with internal controls.

THE FINANCE AND RISK COMMITTEE

The Committee's role is to oversee and monitor SERVICE ONE's policies and procedures in relation to the management and control of the risks that SERVICE ONE faces in relation to its activities. Details of the Committee's responsibilities are contained in the Board Committee Policy which can be found in the Corporate Info 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. The Audit and Compliance Committee reviews on an annual basis the adequacy of insurance coverage to mitigate certain operational risks of SERVICE ONE.

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 and the Chief Operating Officer (COO) provide 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 and COO 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 managers 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 & 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*
- twice yearly a newsletter is sent to all active Members of SERVICE ONE
- 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.

Directors' Report

Your Directors present their report, together with the financial statements of SERVICE ONE Mutual Limited ("the Company") and its consolidated entities ("the group") for the year ended 30 June 2015.

DIRECTORS

The Directors of the Company, in office during the year and at the date of this report are:

Mr Erik Adriaanse

Mr John Clarke

Professor Jennifer Corbett

Mr Ian Davis

Ms Heather Nash

Mr Ivan Slavich, and

Ms Maria Storti.

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

COMPANY SECRETARIES AS AT 30 JUNE 2015

Peter Carlin BA (Acctng), FCPA

Mr Carlin has been a Company Secretary and CEO of SERVICE ONE Mutual Limited (formerly Service One Credit Union Limited) for 14 years. Prior to holding this position he was Company Secretary and CEO of The Credit Union of Canberra for 6 years.

Mr Carlin has been a CPA for over 21 years.

Matthew Smith BComm, CPA

Mr Smith has been a Company Secretary of SERVICE ONE Mutual Limited for 11 years and COO of SERVICE ONE Mutual Limited (formerly Service One Credit Union Limited) for 14 years. Prior to holding this position he was CFO of The Credit Union of Canberra for 6 years.

Mr Smith has been a CPA for over 15 years.

INDEMNIFYING AN OFFICER OR AUDITOR

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

Insurance premiums have been paid to insure each of the Directors and Executive Officers of the Company, against any costs and expenses incurred by them in defending any legal proceeding arising out of their conduct, while acting in their capacity as an officer of the Company. The premiums relating to this insurance cannot be disclosed under the terms and conditions of this policy.

PRINCIPAL ACTIVITIES

The principal activities of the Company and the group during the financial year were the provision of retail financial services, insurance and other associated services to the Members of the Company in accordance with the Constitution of the Company. From 1 March 2015 retail financial activities were conducted as an agent of Bendigo and Adelaide Bank Limited.

There were no significant changes in the principal activities during the year.

OPERATING RESULTS

The Total Comprehensive Profit, after income tax, for the financial year ended 30 June 2015 was \$137,000 (2014: \$119,000). This represents a 15% increase for the financial year.

In accordance with Rule 71 of the Constitution of the Company, no dividends are payable.

REVIEW OF OPERATIONS

The results of the Company's operations are as follows:

RESERVES

An amount of \$127,000 (2014: \$82,000) was transferred to reserves and \$10,000 (2014: \$37,000) was transferred to capital. Members' funds, representing reserves and capital, now total \$22,758,000 (2014: \$22,621,000).

ASSETS

Assets decreased to \$24,785,000 (2014: \$297,304,000).

MEMBERS

Shareholder numbers decreased by 3% to 18,784 (2014: 19,345).

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

On 28 February 2015 SERVICE ONE conducted a partial transfer of business where Members' loans and deposits, along with a balancing cash amount were transferred to Bendigo and Adelaide Bank Limited. As a result of this partial transfer of business SERVICE ONE is no longer an Authorised Deposit-taking Institution (ADI) and as such is not entitled to use "Credit Union" as part of the Company name. The Company does remain a mutual organisation.

LIKELY DEVELOPMENTS AND RESULTS

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

ROUNDING

The amounts contained in the financial statements have been rounded to the nearest one thousand dollars, in accordance with ASIC Class Order 98/100. The Company is permitted to round to the nearest one thousand dollars (\$'000) for all amounts except prescribed disclosures which are shown in whole dollars.

DIRECTORS' MEETINGS

DIRECTOR	BOARD OF DIRECTORS		CORPORATE GOVERNANCE COMMITTEE		AUDIT AND COMPLIANCE COMMITTEE		FINANCE AND RISK COMMITTEE		JOINT RISK WORKSHOP	
	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND
ERIK ADRIAANSE	7	9			4	4			1	1
JOHN CLARKE	9	9	4	4					1	1
JENNIFER CORBETT	9	9			4	4			1	1
IAN DAVIS	9	9	4	4			4	4	1	1
HEATHER NASH	9	9					4	4	1	1
IVAN SLAVICH	9	9	4	4					1	1
MARIA STORTI	8	9			4	4	2	4	1	1

DIRECTORS' BENEFITS

No Director has received or become entitled to receive, during the financial year or since 30 June 2015, a benefit (other than benefits disclosed at Note 24 of the financial statements) by reason of a contract made by the Company, or an entity within the Company group, with the Director, a firm of which the Director is a member, or a company in which the Director has a substantial financial interest.

AUDIT INDEPENDENCE

The Directors have been provided the Auditor's Independence Declaration and that Declaration appears on the following page.

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



J C Clarke

Chair



E Adriaanse

Chair – Audit and Compliance Committee

Dated this 13th day of August 2015.



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Auditor's Independence Declaration to the Directors of Service One Mutual Limited

In relation to our audit of the financial report of Service One Mutual Limited for the financial year ended 30 June 2015, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ben Tansley
Partner

13 August 2015

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Financial Report

General Purpose

(reduced disclosure requirements)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
CONTINUING OPERATIONS			
Revenue	3	2,441	-
Net gain on sale of available-for-sale equity investments		1,564	-
Financing costs		(17)	-
Employee benefits expense		(1,581)	-
Occupancy and related costs		(507)	-
Computer system costs		(343)	-
Depreciation and amortisation expense	4	(245)	-
General administration expense		(858)	-
Profit from continuing operations before income tax expense		454	-
Income tax (expense)/benefit	5	(114)	-
Net profit from continuing operations after tax attributable to Members		340	-
DISCONTINUED OPERATIONS			
(Loss)/Profit after tax for the year from discontinued operations	6	(203)	119
Total comprehensive profit attributable to Members		137	119

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

	Notes	2015 \$'000	2014 \$'000
Cash and cash equivalents	7	706	5,104
Investments	8	20,300	48,409
Accrued investment income	9	1,348	1,227
Loans and advances	10	-	238,673
Current tax receivable		-	124
Available-for-sale equity investments	12	-	1,159
Plant and equipment	13	775	1,151
Intangibles	14	256	447
Deferred tax assets	5	690	572
Other assets	15	710	438
TOTAL ASSETS		24,785	297,304
LIABILITIES			
Deposits and borrowings	16	-	270,993
Member withdrawable shares		180	185
Trade and other payables	17	1,039	2,779
Current tax liability		11	-
Provisions	18	797	726
TOTAL LIABILITIES		2,027	274,683
NET ASSETS		22,758	22,621
MEMBERS' FUNDS			
Reserves		22,179	22,052
Capital		579	569
TOTAL MEMBERS' FUNDS		22,758	22,621

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

	Cash Flow Hedge Reserve	Capital Redemption Account	Retained Profits	General Reserve for Credit Losses	General Reserve	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening - 1st July 2013	(11)	532	-	436	21,545	22,502
Profit for the year	-	-	111	-	-	111
Other comprehensive income	8	-	-	-	-	8
Total comprehensive profit for the year	8	-	111	-	-	119
Transfer from/(to) general reserve	-	-	(74)	-	74	-
Transfer from/(to) capital redemption reserve	-	37	(37)	-	-	-
Closing - 30th June 2014	(3)	569	-	436	21,619	22,621
Opening - 1st July 2014	(3)	569	-	436	21,619	22,621
Profit for the year	-	-	134	-	-	134
Other comprehensive income	3	-	-	-	-	3
Total comprehensive profit for the year	3	-	134	-	-	137
Transfer from/(to) general reserve	-	-	(124)	(436)	560	-
Transfer from/(to) capital redemption reserve	-	10	(10)	-	-	-
Closing - 30th June 2015	-	579	-	-	22,179	22,758

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		10,229	15,671
Interest costs		(5,831)	(7,000)
Fees and commissions received		1,904	2,918
Payments to suppliers and employees		(10,224)	(11,914)
Net GST paid		(97)	(129)
Dividends received		131	311
Income tax paid		(29)	(483)
Shared margin payments received		1,543	-
Miscellaneous receipts		52	132
Net cash flows used in operating activities		(2,322)	(494)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net decrease in investments		28,109	2,938
Net (increase)/decrease in loans to Members		(2,105)	269
Net cash flow from partial transfer of business		(42,871)	-
Proceeds from sale of property, plant and equipment		-	16
Proceeds from sale of available-for-sale investments		2,723	-
Payments for intangibles, plant and equipment		(400)	(776)
Net cash flows from investing activities		(14,544)	2,447
CASH FLOWS FROM FINANCING ACTIVITIES			
Net increase/(decrease) in deposits from Members		12,922	(4,643)
Net cash flows used in financing activities		12,922	(4,643)
Net decrease in cash held		(3,944)	(2,690)
Cash and cash equivalents at beginning of year		4,650	7,340
CLOSING CASH AND CASH EQUIVALENTS AT 30 JUNE 2015	19	706	4,650

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1. CORPORATE INFORMATION

SERVICE ONE Mutual Limited (SERVICE ONE) is a Company incorporated and domiciled in Australia. The Members are the owners of the Company.

SERVICE ONE is a for-profit Company and the nature of the operations and principal activities of SERVICE ONE are described in the Directors' Report.

The registered office is at 75 Denison Street Deakin ACT.

On 28 February 2015 SERVICE ONE conducted a partial transfer of business where Members' loans and deposits, along with a balancing cash amount were transferred to Bendigo and Adelaide Bank Limited. As a result of this partial transfer of business SERVICE ONE is no longer an Authorised Deposit-taking Institution (ADI) and as such is not entitled to use "Credit Union" as part of the Company name. The Company does remain a mutual organisation.

The financial report of SERVICE ONE for the year ended 30th June 2015 was authorised for issuance with a resolution of the Board of Directors on 13 August 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) BASIS OF PREPARATION

The general purpose financial report has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards – Reduced Disclosure Requirements and other mandatory professional reporting requirements. The financial report has also been prepared on a historical cost basis, except for derivative financial assets and liabilities and available-for-sale receivables from other financial institutions which have been measured at fair value.

On 28 February 2015 SERVICE ONE ceased to be an ADI regulated by the Australian Prudential Regulation Authority (APRA) and as such, specific disclosure requirements for ADIs are no longer applicable to SERVICE ONE.

The accounting policies adopted are consistent with industry standard.

The Consolidated Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. Additional information regarding this is included in the relevant notes.

The financial report is presented in Australian Dollars and all values are rounded to the nearest thousand dollars (\$'000), unless otherwise stated, under the option available to SERVICE ONE under ASIC class order 98/100. SERVICE ONE is an entity to which this class order applies.

(B) STATEMENT OF COMPLIANCE

SERVICE ONE Mutual Limited has adopted AASB 1053 *Application of Tiers of Australian Accounting Standards* and Australian Accounting Standards Board (AASB) 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* for the financial year commencing 1 July 2014.

SERVICE ONE Mutual Limited is a for-profit, private sector Company which is not publicly accountable. Therefore the consolidated financial statement for SERVICE ONE Mutual Limited are tier 2 general purpose consolidated financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASB – RDR's) (including Australian Interpretations) adopted by the AASB and the *Corporations Act 2001*.

The adoption of AASB 1053 and AASB 2010-2 allow SERVICE ONE Mutual Limited to remove a number of disclosures. There were no other impacts on the current or prior year consolidated financial statements.

(C) CHANGES IN ACCOUNTING POLICY AND DISCLOSURE

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*. The adoption of AASB 1053 and AASB 2010-2 allow SERVICE ONE Mutual Limited to remove a number of disclosures.

Discontinued Operations

On 28 February 2015 SERVICE ONE Mutual Limited conducted a partial transfer of business and ceased to be an ADI and as such the disclosure requirements of AASB 5 *Non-current Assets held for Sale and Discontinued Operations* have been adopted for these consolidated financial statements. All items of income and expense for the period 1 July 2014 to 28 February 2015 and for the prior year, have been classified as discontinued operations. All income and expense items for the period 1 March 2015 to 30 June 2015 have been classified as continuing operations.

(D) CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the Consolidated Statement of Financial Position comprise cash at bank and in hand. For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents consists of cash on hand and in banks, and money market investments readily convertible to cash within 2 working days, net of outstanding bank overdrafts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(E) INVESTMENTS

Investments consist of short term deposits.

Investments are financial assets and are classified as loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. SERVICE ONE determines the classification of financial assets at initial recognition and, when appropriate, re-evaluates the classification at the end of each year.

SERVICE ONE does not run a trading book with the intention to profit from trading on the money market. Consequently, it does not classify debt instruments as financial assets at fair value through profit or loss.

Financial assets are classified as either financial assets at fair value through the profit and loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. SERVICE ONE determines the classification of financial assets after initial recognition and, when appropriate, re-evaluates the classification at the end of each year.

All equity investments have been classified as available-for-sale investments as at the end of the year. SERVICE ONE's accounting policies for debt instruments are described in Note 2 (f).

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as financial assets at fair value, as a loan or receivable or as a held-to-maturity investment. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to current market value of another instrument that is substantially the same and discounted cash flow analysis. For investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees

or costs that are an integral part of the EIR. Interest is accrued on a monthly basis and recognised when earned. The EIR amortisation is included in interest income in the Consolidated Statement of Comprehensive Income. The losses arising from impairment are recognised in the income statement in impairment losses.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when SERVICE ONE has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Interest is accrued on a monthly basis and recognised when earned. The EIR amortisation is included in interest income in the Consolidated Statement of Comprehensive Income. The losses arising from impairment are recognised in the income statement in impairment losses.

(F) LOANS AND ADVANCES

Loans and advances are financial assets with fixed and determinable payments that are not quoted in an active market. These assets, including loans to key management personnel, are carried at amortised cost using the EIR, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest rate.

The loan interest is calculated on the daily balance outstanding and is charged in arrears to a Member's account monthly.

(G) PLANT AND EQUIPMENT

Plant and equipment is stated at cost less, where applicable, accumulated depreciation and any accumulated impairment losses. Where lease agreements include a requirement to restore the site to its original condition, an estimate of those costs is included in leasehold improvements and depreciated over the lease term.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment.

Major depreciation periods are:

	2015	2014
Leasehold improvements	the lease term	the lease term
Plant, equipment and computer system	3 to 7 years	3 to 7 years

Impairment

The carrying values of plant and equipment is reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired. The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value. Impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the Consolidated Statement of Comprehensive Income.

(H) INTANGIBLE ASSETS

Intangible assets are initially recognised at cost and following initial recognition, at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets include the value of computer software and rebranding costs.

Intangible assets are amortised over their useful life on a straight-line basis.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful 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 is reviewed at least at each financial year end. Changes in the expected useful life or expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimates. The amortisation expense on intangibles with finite useful lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

All recognised intangible assets have been assessed as having a finite useful life and the major amortisation periods are:

	2015	2014
Computer software	3 to 7 years	3 to 7 years
Rebranding costs	5 years	-

(I) BORROWINGS

All loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Consolidated Statement of Comprehensive Income over the period of the loan and borrowings using the EIR method.

Borrowing costs are recognised as an expense when incurred.

(J) EMPLOYEE BENEFITS

Wages, Salaries, Annual Leave and Sick Leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables 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. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable. Where annual leave liability is expected to be settled over more than one year expected future payments are discounted using market yields at the reporting date on bank bill swap rates with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Long Service Leave

The liability for long service leave is recognised in the provision for employee benefits and measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using a probability based assessment method. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the reporting date on bank bill swap rates with terms to maturity 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 Consolidated Statement of Comprehensive Income as incurred.

(K) TRADE AND OTHER PAYABLES

Trade payables and other payables are carried at amortised cost and 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 obligated to make future payments in respect of the purchase of these goods and services. Trade liabilities are normally settled on 30 day terms.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(L) PROVISIONS

Provisions are recognised when SERVICE ONE has a present obligation (legal, equitable 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 any provision is presented in the Consolidated Statement of Comprehensive Income net of any reimbursement.

If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects 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 borrowing cost.

(M) REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Fees and Commissions

Loan fees are brought to account as income in the year of receipt. No loan fees were in excess of costs. Fee and commission income is recognised as revenue on an accrual basis.

Interest

For all financial instruments measured at amortised cost, interest income or expense is recorded in the Consolidated Statement of Comprehensive Income at the effective rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability.

Dividend Income

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

Shared Margin Revenue

The relationship agreement held by SERVICE ONE with Bendigo and Adelaide Bank Limited 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 Bank's current fee schedule and commission is based on the agreements in place with third parties. All margin revenue is recorded as non-interest income when SERVICE ONE's right to receive the payment is established.

(N) COMPARATIVE FIGURES

Where necessary, comparative figures have been adjusted to conform with changes presented in these consolidated financial statements.

(O) OPERATING LEASES

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating lease payments are recognised as an expense in the Consolidated Statement of Comprehensive Income on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

(P) TAXES

Income Taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the Australian Taxation Office (ATO). The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

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

Deferred income tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, 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.

The carrying amount of deferred income 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 income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or subsequently enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the ATO, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable, and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Consolidated Statement of Financial Position.

Cash flows are included in the Consolidated Statement of Cash Flows on a net basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the ATO.

(Q) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements are those of the consolidated Company, comprising SERVICE ONE and all entities that SERVICE ONE controlled from time-to-time during the year and at reporting date.

Information from the financial statements of subsidiaries is included from the date the parent company obtains control until such time as control ceases. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent company has control.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full.

(R) NATURE AND PURPOSE OF MEMBERS' FUNDS

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.

Capital Redemption Account

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. The Capital Redemption Account represents the shares redeemed by Members. Member shares for existing and new Members of SERVICE ONE are shown as liabilities.

(S) DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

A financial asset is derecognised where:

- 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 unless 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, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of SERVICE ONE's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that SERVICE ONE could be required to repay.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where 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 a derecognition of the original liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(T) SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES, AND ASSUMPTIONS

In the process of applying SERVICE ONE's accounting policies, management has used its judgement and made estimates in determining the amounts recognised in the consolidated financial statements. The most significant use of judgements and estimates are as follows:

Classification of and Valuation of Investments

SERVICE ONE has decided to classify investments in unlisted securities as available-for-sale investments and movements in fair value are recognised directly in equity. The fair values of unlisted securities not traded in an active market are recorded at historical cost.

Recovery of Deferred Tax Assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

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.

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), lease terms (for leased equipment). 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.

Make Good Provisions

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 Consolidated Statement of Financial Position by adjusting both the expense or asset (if applicable) and provision.

3. REVENUE

	2015 \$'000	2014 \$'000
Interest on investments	273	-
Shared margin income	2,043	-
Other income	125	-
Total revenue from continuing operations	2,441	-

4. EXPENSES

Depreciation

Plant and equipment	26	-
Leasehold improvements	101	-
Computer system	118	-
	245	-

5. INCOME TAX

The major components of income tax are:

	2015 \$'000	2014 \$'000
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		
Current income tax		
Current income tax expense	(213)	(27)
Adjustments in respect of current income tax of previous years	6	(19)
Deferred income tax		
Relating to origination and reversal of temporary differences	161	83
Income tax (expense)/benefit reported in the Consolidated Statement of Comprehensive Income	(46)	37
Accounting profit before income tax from continuing operations	454	-
Accounting (loss)/profit before tax from discontinued operations	(271)	74
Accounting profit before income tax	183	74
Income tax at 30%	(54)	(22)
Adjustments in respect of current income tax of previous year	6	(19)
Recognition/de-recognition of temporary differences	(37)	(4)
Rebatable dividend payments	39	93
Other non-deductible expenses	-	(11)
	(46)	37
Income tax expense from continuing operations reported in the Consolidated Statement of Comprehensive Income	(114)	-
Income tax benefit from discontinued operations reported in the Consolidated Statement of Comprehensive Income	68	37
	(46)	37
AMOUNTS RECOGNISED DIRECTLY IN EQUITY		
Income tax on items of other comprehensive income	(1)	(3)
	(1)	(3)
Deferred tax assets		
Employee provisions	218	115
Provision for impairment	-	43
Other provisions	108	103
Accelerated depreciation for accounting purposes	137	82
Restructure costs	45	41
Accrued expenses	182	188
	690	572

6. DISCONTINUED OPERATIONS

On 28 February 2015 SERVICE ONE conducted a partial transfer of business where Members' loans and deposits, along with a balancing cash amount were transferred to Bendigo and Adelaide Bank Limited. As a result of this partial transfer of business SERVICE ONE is no longer an Authorised Deposit-taking Institution (ADI) and as such is not entitled to use "Credit Union" as part of the Company name. The Company does remain a mutual organisation. Refer to Note 2 (c) for further information regarding discontinued operations.

	2015	2014
	\$'000	\$'000
Interest income	10,076	15,965
Interest expense	(3,929)	(6,415)
Net interest income	6,147	9,550
Other operating income and expense		
Fees and commissions	1,784	2,918
Other income	179	443
Gross profit	8,110	12,911
Impairment losses	(110)	(194)
Other operating costs	(8,275)	(12,643)
(Loss)/profit before tax from discontinued operations	(275)	74
Income tax benefit from discontinued operations	69	37
(Loss)/profit after tax from discontinued operations	(206)	111
Other comprehensive income net of tax	3	8
Total comprehensive (loss)/profit from discontinued operations attributable to Members	(203)	119
The net cash flows from discontinued operations are as follows:		
Operating activities	(1,077)	(494)
Investing activities	(13,666)	2,447
Financing activities	12,922	(4,643)
Net cash outflows	(1,821)	(2,690)

7. CASH AND CASH EQUIVALENTS

	2015	2014
	\$'000	\$'000
Cash on hand and at banks	248	1,463
Deposits at call	458	3,641
	706	5,104

8. INVESTMENTS**CLASSIFIED AS AVAILABLE-FOR-SALE FINANCIAL INSTRUMENTS**

Interest bearing deposits with CUSCAL Ltd (CUSCAL)	-	20,371
Bank accepted bills of exchange	-	2,437
	-	22,808

CLASSIFIED AS LOANS AND RECEIVABLES FINANCIAL INSTRUMENTS

Interest bearing deposits with CUSCAL Ltd (CUSCAL)	4,400	4,400
Term deposits	15,900	21,201
	20,300	25,601

TOTAL RECEIVABLES DUE FROM FINANCIAL INSTITUTIONS

Interest bearing deposits with CUSCAL Ltd (CUSCAL)	4,400	24,771
Bank accepted bills of exchange	-	2,437
Term deposits	15,900	21,201
	20,300	48,409

9. ACCRUED INVESTMENT INCOME

Interest receivable	1,348	1,227
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10. LOANS AND ADVANCES

	Notes	2015 \$'000	2014 \$'000
Overdrafts		-	11,769
Mortgage loans		-	152,623
Other		-	74,423
Provision for impairment	10 (a)	-	(142)
Net loans and advances		-	238,673

PARTIAL TRANSFER OF BUSINESS

On 28 February 2015 loan assets and deposit liabilities along with a balancing cash amount being the difference between the loan assets and deposit liabilities, was transferred to Bendigo and Adelaide Bank Limited. The value of the assets and liabilities transferred on 28 February 2015 to Bendigo and Adelaide Bank Limited were as follows:

Cash on hand	1,316	-
Cash at bank	43,895	-
Net loans and advances	240,668	-
Interest receivable	25	-
Total assets transferred	285,904	-
Member deposits	283,539	-
Interest payable	2,067	-
Bank account (unpresented cheques)	298	-
Total liabilities transferred	285,904	-

(A) PROVISION FOR IMPAIRMENT

Specific provision

Opening balance		
Overdrafts	12	17
Other loans	108	103
Total opening balance	120	120
Bad debts previously provided for written off during the year		
Overdrafts	(70)	(59)
Other loans	(104)	(155)
Total bad debts previously provided for written off during the year	(174)	(214)
Bad and doubtful debts provided for during the year for overdrafts and other loans	102	214
Partial transfer to Bendigo and Adelaide Bank	(48)	-
	-	120
Closing balance		
Overdrafts	-	12
Other loans	-	108
Total closing balance	-	120

Collective provision

Opening balance	22	58
Bad and doubtful debts provided for during the year for overdrafts and other loans	(22)	(36)
Closing balance	-	22
Total provision for impairment	-	142

Charge to Consolidated Statement of Comprehensive Income for impairment losses on loans and advances comprises:

Specific provision	102	214
Collective provision	(22)	(36)
Items not specifically provided for and charged directly to the expense account	30	16
Total impairment losses on loans and advances	110	194

11. IMPAIRMENT OF LOANS AND ADVANCES

	2015 \$'000	2014 \$'000
IMPAIRED LOANS WITH SPECIFIC PROVISION FOR IMPAIRMENT		
Balances with specific provisions for impairment	-	190
Specific provision for impairment	-	(120)
Net impaired loans with specific provision for impairment	-	70
IMPAIRED LOANS WITHOUT SPECIFIC PROVISION FOR IMPAIRMENT		
Balance without specific provision for impairment	-	1,176
Net impaired loans	-	1,246

12. AVAILABLE-FOR-SALE EQUITY INVESTMENTS

Shares in Transaction Solutions Pty Ltd – at cost	-	149
Shares in CUSCAL – at cost	-	884
Investment in Australian Capital Fund Pty Ltd – at fair value	-	126
	-	1,159

(A) UNLISTED SHARES

No active market exists for equity investments in Transaction Solutions Pty Ltd, CUSCAL. Their fair value cannot be reliably measured, as a result these investments are measured at cost.

Shares in CUSCAL and Transaction Solutions Pty Ltd were sold during the current financial year. Investment in Australian Capital Fund Pty Ltd was written down to nil during the current financial year.

(B) OTHER AVAILABLE-FOR-SALE INVESTMENTS

Investment in controlled entity

Investment in controlled entity comprises:

Name	Country of incorporation	Percentage of equity interest held by the economic entity		Value of shares held	
		2015 %	2014 %	2015 \$	2014 \$
CUC No 1 Pty Ltd	Australia				
– ordinary shares		100	100	2	2

CUC No 1 Pty Ltd was established to hold investments that were not related to the operations as a credit union. At balance date no investments are held under CUC No 1 Pty Ltd.

13. PLANT AND EQUIPMENT

	2015	2014
	\$'000	\$'000
LEASEHOLD IMPROVEMENTS		
At cost	2,348	2,600
Provision for depreciation	(1,761)	(1,705)
Total leasehold improvements	587	895
PLANT AND EQUIPMENT		
At cost	939	1,066
Provision for depreciation	(751)	(810)
Total plant and equipment	188	256
Total written down value	775	1,151

RECONCILIATION OF CARRYING AMOUNT PLANT AND EQUIPMENT FOR THE FINANCIAL YEAR

LEASEHOLD IMPROVEMENTS		
Carrying amount at beginning of year	895	567
Additions	25	663
Depreciation	(333)	(335)
Carrying amount at end of year	587	895
PLANT AND EQUIPMENT		
Carrying amount at beginning of year	256	296
Additions	104	109
Disposals	(62)	(15)
Depreciation	(110)	(134)
Carrying amount at end of year	188	256

SERVICE ONE believes that the fair value of items of the plant and equipment is not materially different to the carrying amount.

14. INTANGIBLES

	2015 \$'000	2014 \$'000
COMPUTER SOFTWARE		
Computer software at cost	68	2,051
Provision for amortisation	(61)	(1,604)
Total written down value	7	447

RECONCILIATION OF CARRYING AMOUNT OF COMPUTER SOFTWARE FOR THE FINANCIAL YEAR

Carrying amount at beginning of year	447	804
Additions	7	4
Disposals	(134)	-
Amortisation	(313)	(361)
Carrying amount at end of year	7	447

REBRANDING COSTS

Rebranding at cost	264	-
Provision for amortisation	(15)	-
Total written down value	249	-

RECONCILIATION OF CARRYING AMOUNT OF REBRANDING COSTS FOR THE FINANCIAL YEAR

Carrying amount at beginning of year	-	-
Additions	264	-
Amortisation	(15)	-
Carrying amount at end of year	249	-

15. OTHER ASSETS

Prepayments	68	182
Accrued shared margin revenue	500	-
Other	142	256
	710	438

16. DEPOSITS AND BORROWINGS

	Notes	2015 \$'000	2014 \$'000
Call deposits		-	144,447
Term deposits		-	126,277
		-	270,724
Borrowings	16 (a)	-	454
		-	271,178

PARTIAL TRANSFER OF BUSINESS

On 28 February 2015 loan assets and deposit liabilities, along with a balancing cash amount being the difference between the loan assets and deposit liabilities, was transferred to Bendigo and Adelaide Bank Limited. Refer to Note 10 for details of deposit balances transferred.

(A) BORROWINGS

Unsecured

Bank overdrafts – other financial institution	-	454
Total borrowings	-	454

17. TRADE AND OTHER PAYABLES

Trade creditors	130	224
Employee benefits	762	427
Accrued interest payable	-	1,888
Other creditors	147	240
	1,039	2,779

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

18. PROVISIONS

Employee benefits		
Long service leave	436	382
Make good on leased premises	361	344
	797	726

PROVISION FOR MAKE GOOD

Carrying amount at beginning of year	344	314
Arising during the year	-	111
Used during the year	-	(56)
Unused amounts reversed	-	(37)
Discount rate adjustments	17	12
Carrying amount at end of year	361	344

In accordance with Branch lease agreements SERVICE ONE must restore the leased premises to their original condition before the expiry of the lease term.

Because of the long-term nature of the liability, the uncertainty in estimating the provision and the costs that will ultimately be incurred, the provision has been discounted using bank bill swap rates that match as closely as possible the remaining term of each lease agreement.

19. CONSOLIDATED STATEMENT OF CASH FLOWS

Notes	2015 \$'000	2014 \$'000
RECONCILIATION OF CASH		
Cash balance comprises:		
Cash	-	1,463
Other short-term liquid assets	706	3,641
Bank overdraft	-	(454)
Closing cash and cash equivalents at end of financial year	706	4,650

20. EXPENDITURE COMMITMENTS

LEASE EXPENDITURE COMMITMENTS

Operating leases (non-cancellable)

not later than 1 year	1,177	1,175
later than 1 and not later than 5 years	1,973	2,471
later than 5 years	178	-
Aggregate lease expenditure contracted for at balance date	3,328	3,646

Non-cancellable operating leases are for Branch and Head Office premises with lease terms for up to 10 years. The leases have an allowance for CPI increments and options for renewal ranging from 1 to 10 years.

21. EMPLOYEE BENEFITS AND SUPERANNUATION COMMITMENTS

EMPLOYEE BENEFITS

The aggregate employee benefits liability is comprised of:

Accrued wages, annual leave, salaries and on costs (recognised as part of payables at Note 18)		762	427
Provisions for long service	18	346	382
		1,108	809

SUPERANNUATION COMMITMENTS

All employees are entitled to varying levels of benefits on retirement, disability or death. Employees contribute to the plans at various percentages of their wages and salaries. SERVICE ONE also contributes to the plans, at the rates between 9.50% and 13.5% of employees' salaries. Contributions by SERVICE ONE of up to 9.50% of employees' wages and salaries are legally enforceable in Australia.

NUMBER OF EMPLOYEES

The number of full-time equivalent employees at the end of the year was 63 (2014: 65).

22. SUBSEQUENT EVENTS

There has been no transaction or event of a material or unusual nature likely to affect the operation of SERVICE ONE, the results of those operations or the state of affairs of SERVICE ONE.

23. INFORMATION RELATING TO SERVICE ONE MUTUAL LIMITED (THE PARENT)

	2015 \$'000	2014 \$'000
Total assets	24,785	297,304
Total liabilities	2,027	274,683
Net assets	22,758	22,621
Reserves	22,179	22,052
Capital	579	569
Total Member Funds	22,758	22,621
Profit of SERVICE ONE Mutual Limited	137	119

24. KEY MANAGEMENT PERSONNEL

(A) DETAILS OF KEY MANAGEMENT PERSONNEL

The Directors of SERVICE ONE during the year were:

Mr E M Adriaanse
Mr J C Clarke (Chair)
Professor J Corbett
Mr I Davis
Ms H Nash
Mr I Slavich, and
Ms M Storti.

The Executives of SERVICE ONE during the year were:

Mr P L Carlin Chief Executive
Mr M D Smith Chief Operating Officer, and
Mr T Brown General Manager, Banking.

	2015 \$	2014 \$
(B) KEY MANAGEMENT PERSONNEL COMPENSATION		
Short term and post-employment benefits	1,687,264	1,671,469
	1,687,264	1,671,469

25. RELATED PARTY DISCLOSURES

See Note 24 (b) for disclosure on compensation payments made to key management personnel. There have been no other transactions with related parties.

SHAREHOLDING

Each Director and Executive holds one \$10 redeemable preference share in SERVICE ONE.

Directors' Declaration

SERVICE ONE Mutual Limited

ACN 095 848 598

In accordance with a resolution of the Directors of SERVICE ONE Mutual Limited, we state that:

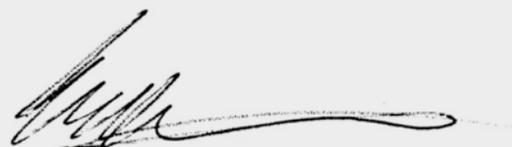
- 1) In the option of the Directors:
 - a) The financial statements and notes of SERVICE ONE Mutual Limited for the financial year ended 30 June 2015 are in accordance with the *Corporations Act 2001*, including:
 - i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date.
 - ii) Complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.
 - b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board.



J C Clarke

Chair



E M Adriaanse

Chair – Audit and Compliance Committee

Dated this 13th day of August 2015.



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Independent auditor's report to the members of Service One Mutual Limited

Report on the financial report

We have audited the accompanying financial report of Service One Mutual Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

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 controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

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Opinion

In our opinion the financial report of Service One Mutual Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the financial position of the consolidated entity at 30 June 2015 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Ernst + Young

Ernst & Young

Ben Tansley

Ben Tansley
Partner
Canberra

13 August 2015

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SERVICE ONE is an agent of Bendigo and Adelaide Bank Limited (Bendigo Bank) ACN 068 049 178 AFSL/Australian Credit Licence 237879 in the distribution of SERVICE ONE Alliance Bank branded products and services. SERVICE ONE also has arrangements with other third parties as detailed in the Financial Services Guide.

SERVICE ONE Alliance Bank is a trade mark of Bendigo Bank.

SERVICE ONE® is a registered trade mark of SERVICE ONE Mutual Limited.