AWA Mutual Limited

50th

Financial Report

For the year ended 30 June 2019

CHAIRMAN / CHIEF EXECUTIVE OFFICER'S REPORT

The 2018/19 Annual Report takes on even greater significance than normal this year as we celebrate our 50th Anniversary. We therefore take this opportunity to acknowledge the many people, both past and present, who have played a role in shaping AWA Mutual Ltd / AWA Alliance Bank (AWA) into the organization that it is today. At the 2019 Annual General Meeting on 18 October 2019 we will be hosting an event to recognize the significance of this milestone in our history.

50 years of operations is a very proud achievement and one that many businesses would aspire to. We do not take for granted the efforts of the many pioneers who took a very significant leap of faith to establish our organization back in 1969 and to those Alcoa employees we are sincerely thankful.

The on-going support of Alcoa throughout our history and to the current day is also something that we do not take for granted and we thank them for this support.

Across our 50 years we have continued to grow and evolve AWA to deal with the many challenges and industry changes that we have confronted leading to the vibrant, member and community focused organization that is overseen by the current Board.

To recognize our 50th Anniversary a booklet has been produced which captures more fully our history, achievements, milestones and timelines. We encourage you to take some time to remember the journey.

We do however also need to spend some time focusing on the great outcomes that AWA has achieved over the past year.

Our Direction:

This time last year we spoke in the Annual Report about challenging the business in relation to its growth targets and we are happy to report that at the end of the first year of our 5 year Plan, we are ahead of where we expected to be.

We are now all working hard to ensure that we remain ahead at the end of each year of the remaining 4 years of this Plan.

Growth on its own is not however our only measure of success. As stated over previous years AWA will always pursue our fundamental goal of providing professional services and competitive financial products which empower our members and communities to improve upon their financial wellbeing. We continue to apply this strategy as the basis of all of our endeavors and decision making to grow the business.

This combined with our Strategic Partnership Strategy (whereby we partner with community organisations to facilitate the delivery of infrastructure and facilities) underpins our initiatives to grow the business.

Additionally, we retain a very strong focus on philanthropic support for many organisations within each of the regions in which we operate – Geelong and Portland in Victoria and Mandurah in WA.

We'll talk more about these aforementioned initiatives later in this report.

In short, the Board focusses on making a profit, but returning the vast majority of this profit to our members and communities.

New Partnerships:

We are very pleased to announce two new Partnerships that we have recently entered into within the Geelong Region:

Ocean Grove Surf Life Saving Club

To assist them with the fit-out of their brand new clubrooms on the main beach at Ocean Grove

Give Where You Live Foundation

To assist them with the purchase of a new Head Office in Geelong

Financial:

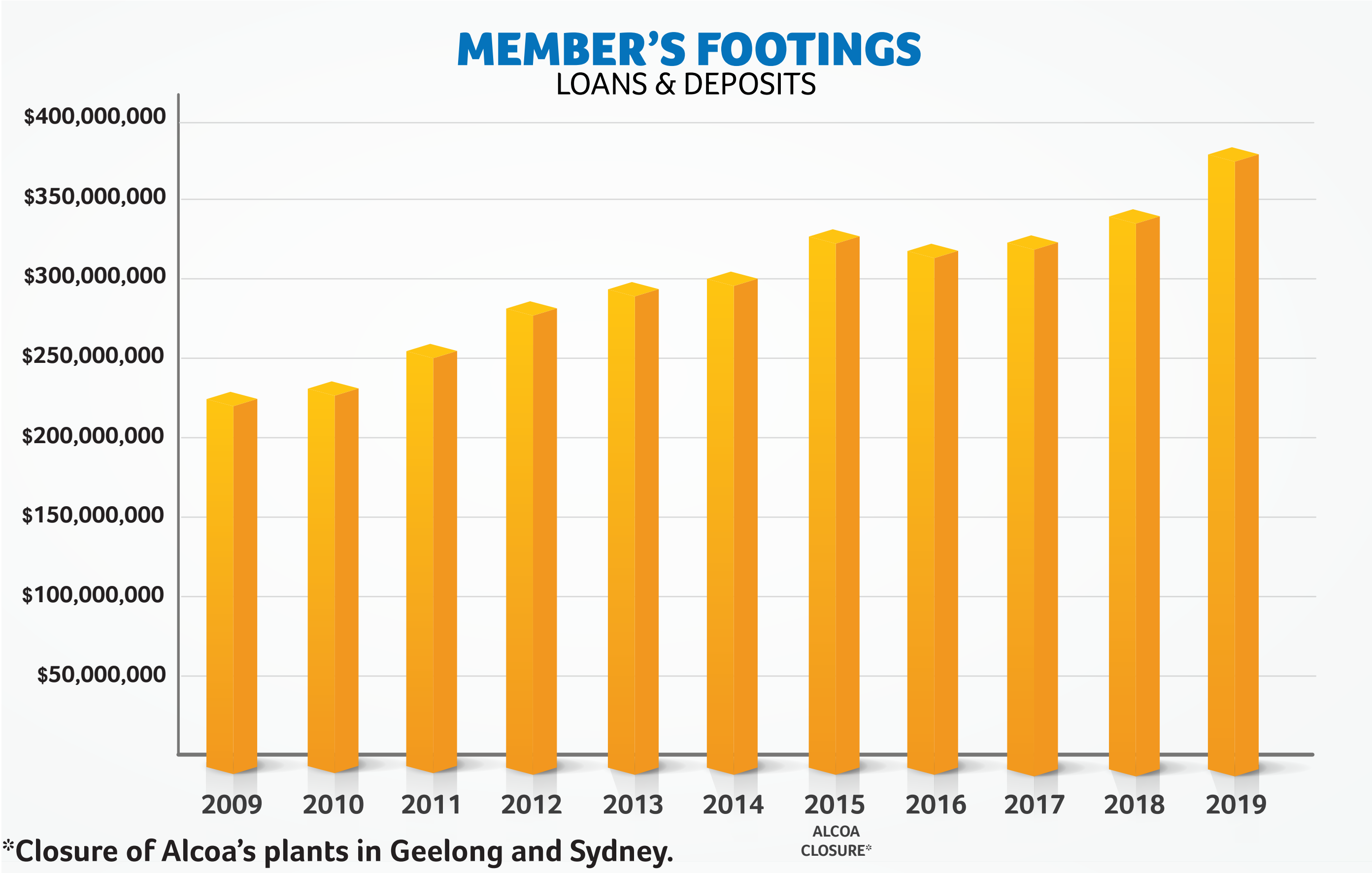
Profitability

Although not our primary focus, it is none-the-less very pleasing to be able to deliver a strong Total Comprehensive Income result of $398,000 during 2018/19 ($264,000 during 2017/18), whilst also supporting our Strategic Community Partners, our Philanthropic Partners and our Members.

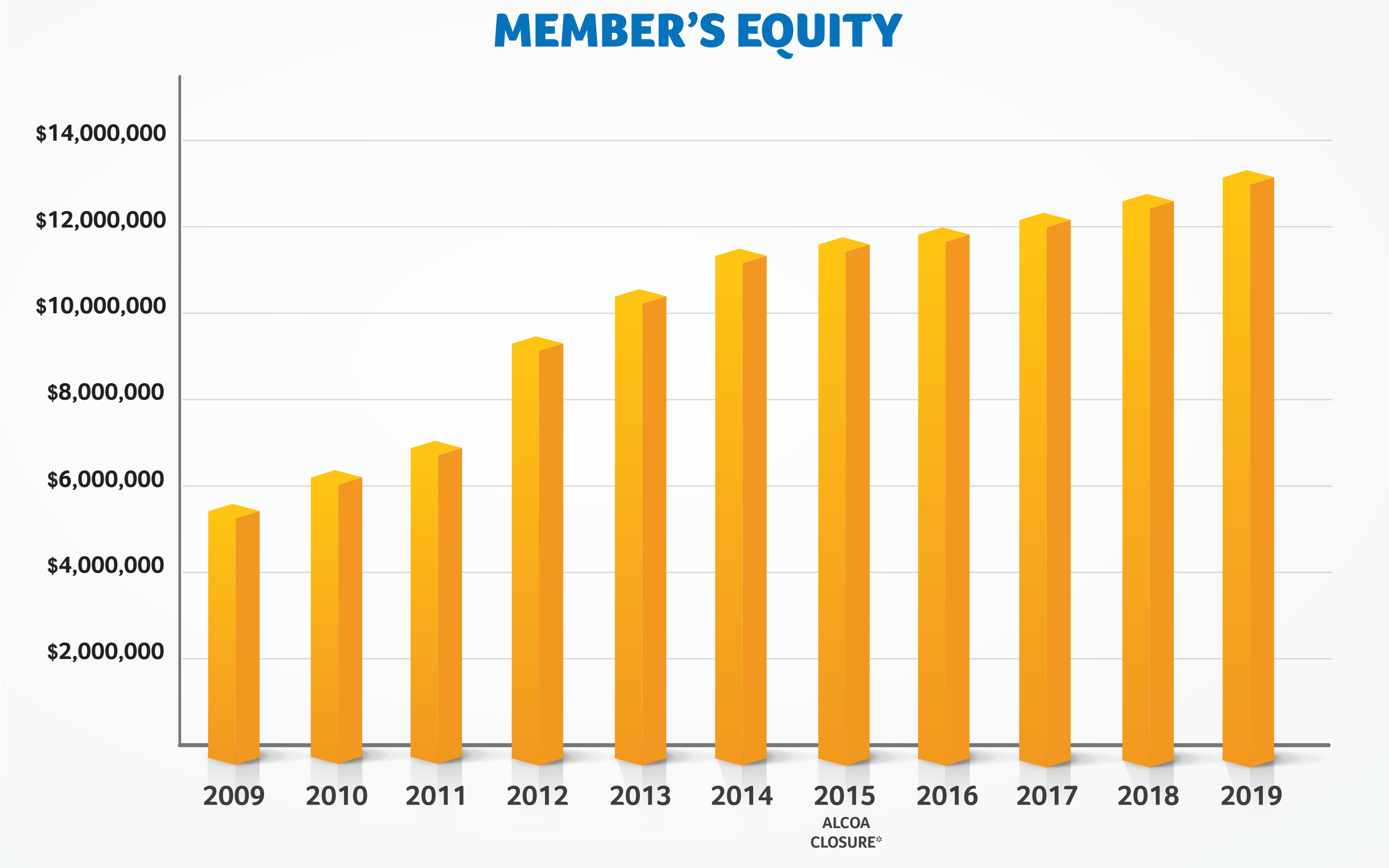
Loans and Deposits Under Management

In addition to this profit result we also achieved growth results well above system in both Loans and Deposits, both growing by in excess of 11% over the course of the year. The Loans Portfolio now stands at $279m, well in excess of the previous record of $251m at 30 June 2018.

This is a very pleasing result during a period of subdued credit growth and within a highly competitive market.



*Closure of Alcoa's plants in Geelong and Sydney.



***Members Equity reflects the Retained Earnings of AWA. In addition to these Retained Earnings between 2010 and 2014 AWA sourced additional equity of $1.6m in the form of Subordinated Debt raised from Members.**

AWA's Members Equity continues to increase albeit at a slower rate as our focus has moved more towards Member and Community Benefits under our Alliance Bank Model.

People:

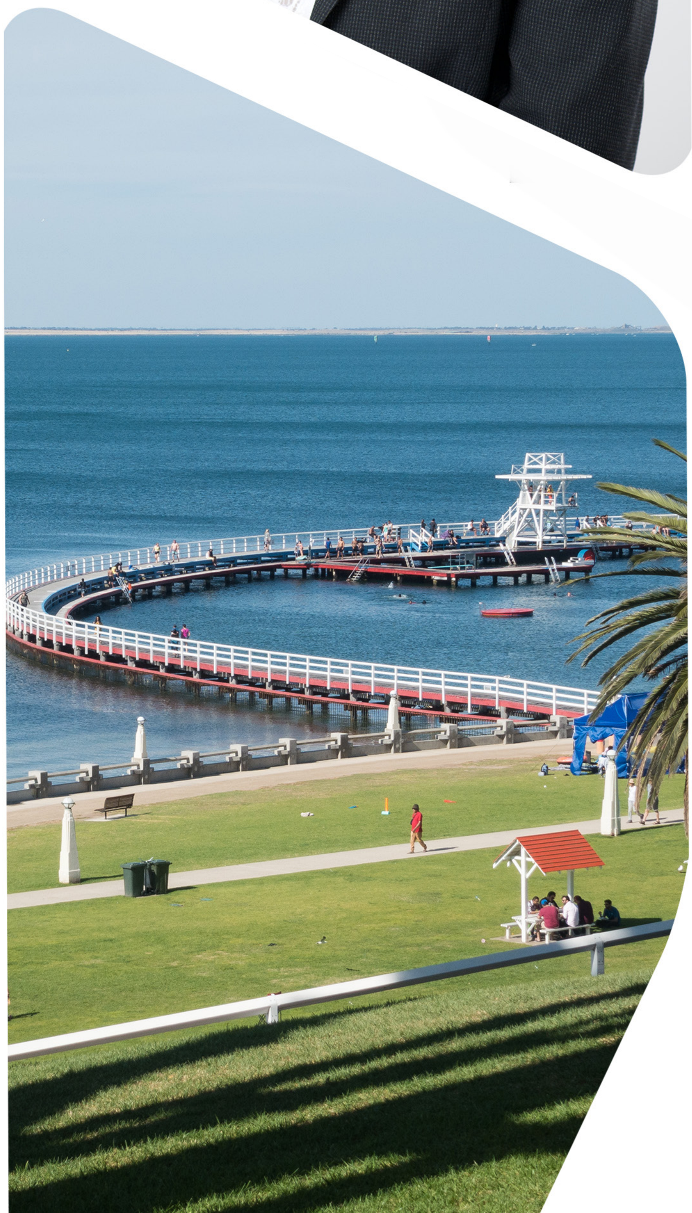
At the July 2019 Board Meeting the Directors appointed Elaine Carbines to the AWA Mutual Ltd Board. Elaine, currently CEO of G21, brings with her a wealth of experience in politics and community initiatives. She has always been engaged with the community solving local issues from environmental to social, always with a purpose to make Geelong a better place to live.

AWA is thrilled to welcome Elaine to help contribute to our vision of significantly contributing to an improved and sustainable future for our members and local communities.

As Elaine is a Board appointed Director she will be required to stand for re-election by Members at the 2019 Annual General Meeting.

During the past financial year we welcomed new staff members, Karren Boreland and Steve Jackson to our Geelong Office, Debb Oakley to our Portland Office and Melanie Cooper and Will Dobbs to our WA Office.

Unfortunately we had to say goodbye to Hannah Willder and Mitch Grinter from our Geelong Office, Sally Carn and Samantha Sharkey from our Portland Office and Michelle Clark and Karen Thompson from our WA Office. We wish them well in the future.



Community Engagement

Community Support

We were very pleased to be able to provide significant support to a number of extremely worthy beneficiaries during the past year, with the majority of this support being channeled through Give Where You Live (GWYL) in the Geelong Region, United Way Glenelg in the Portland Region and Personnel Employed at Alcoa Charity Help (PEACH) in Western Australia.

AWA's contributions assisted GWYL's support of the following community organisations:-

- Back to Back Theatre
- Bellarine Community Health Inc
- Bluebird Foundation
- Community Hub
- Foundation 61
- Geelong Mums
- OneCare Geelong
- Riding for the Disabled – Barwon Centre
- Rosewall Neighbourhood Centre
- Sirovilla
- The Stroke Association of Victoria
- Uniting
- Wellways Australia
- Western Edge Youth Arts

United Way Glenelg with the financial support of AWA supported the following community organisations via a Shark Tank Fundraising Function:-

- Community Mealshare
- Live 4 Life
- Standing Tall

In addition, AWA also directly supported the Re-Engagement School Program in Portland.

PEACH distributed AWA's contributions to the following community organisations:-

- Compassionate Friends
- Homestead for Youth
- Pinjarra / Waroona Youth Care
- Quambie Park Aged Care Services
- Squared Away

For further information on our Community Engagement activities refer page 9.

Strategic Partnerships

We welcome on board our newest Strategic Partners – Ocean Grove Surf Life Saving Club (OGSLSC) and Give Where You Live Foundation (GWYL).

We are pleased to be able to support the OGSLSC with the fit out of their brand new clubhouse facility on the main beach at Ocean Grove. The OGSLSC fulfills an essential community service as an emergency services organization protecting beach goers as well as providing sport and recreational opportunities for club members and local residents.

Our support of GWYL now provides the opportunity for this well regarded long-standing local charitable foundation to own their own offices for the first time. This will ensure they have a permanent base from which to continue their great work throughout the Geelong region.

We are confident that these partnerships together with our other well established partnerships will not only deliver major benefits to our communities, but also to our partners and their supporters who choose AWA Alliance Bank for their banking needs.

Conclusion

In closing we take this opportunity to thank all Staff and Directors for their on-going and past efforts and our Members who have continued to support us throughout our 50 year history.

We look forward confidently knowing that we can continue to deliver on our objectives to our members and their communities.

Peter Richardson
Chairman

Graeme Scannell
Chief Executive Officer

AWA COMMUNITY ENGAGEMENT REPORT

We wish to acknowledge the recipients of AWA's Community Support and focus on the great work they do within the communities in which we operate.

GWYL - Community Connections Grants

GWYL instigated the Community Connections Grants program in an aim to reduce social isolation and support social participation of vulnerable community members to build resilience.

Supported by AWA Alliance Bank, the following grants were awarded and the goal of each organisation is listed below:

Back to Back Theatre
To help prevent social isolation and encourage people with disabilities to explore their personal and professional potential through community programs.

Bellarine Community Health Inc.
To reduce social isolation and increase health outcomes among older people over the age of 65 in Portarlington through piloting a Volunteer Social Visiting program.

Bluebird Foundation
To support social participation of disadvantaged young people by providing supported pathways into creative arts workshops that align with their personal artistic interests and passions.

Community Hub
To provide the opportunity for employment and social participation of disadvantaged young people ages 16 to 20 years, through the L2P program by assisting learner drivers with access to a supervising driver and vehicle to gain driving experience and acquire mandatory driving hours required for a probationary licence.

Foundation 61
To support a long-term residential rehabilitation program for people dealing with life-controlling issues usually associated with drug and alcohol addiction.

Geelong Mums
To reduce isolation and increase safety for every vulnerable baby, child and family in the G21 region through the provision of essential material aid including car seats, cots, high chairs, prams and clothing.

OneCare Geelong
To provide avenues of relational support and community participation through the delivery of the C.O.A.C.H. Community Mentoring Program. C.O.A.C.H. is described as a "friendship with a purpose" offering targeted support to people at risk of disadvantage and social isolation.

Riding for the Disabled – Barwon Centre
To support social participation for disabled young people through therapeutic horse riding activities.

Rosewall Neighbourhood Centre
To reduce social isolation of people from multi-cultural backgrounds, who have disabilities, children and young people and seniors through the provision of a community-based pottery program.

Sirovilla
To reduce social isolation of people from multi-cultural backgrounds, who have disabilities, children and young people and seniors through the provision of a community-based pottery program.

The Stroke Association of Victoria
To reduce isolation, improve emotional well-being and support the longterm needs of stroke survivors and their carers through social, emotional and community engagement activities that support recovery after stroke at the Barwon Stroke Support Centre.

Uniting
To increase the social participation of people experiencing disadvantage living in the Norlane community by offering a welcoming place where they can engage with other community members and learn skills to build their independence and resilience by developing a hub for services at the Dorothy Thompson Centre.

Wellways Australia
To reduce social isolation of disadvantaged LGBTIQA+ community members by connecting them with LGBTIQA+ peer
volunteers through piloting The Stepping Out project.

Western Edge Youth Arts
To promote social inclusion for young people from refugee backgrounds in North Geelong through a youth theatre project which develops connections between cultural communities, challenges prejudice and promotes greater diversity.

UNITED WAY GLENELG - Shark Tank Fundraising Event

Three innovative local community groups pitched live on stage to a crowd of likeminded, generous individuals and businesses to inspire them to pledge an amount to support their program. The three programs were :-

Community Mealshare

The Portland Community Meal Share Program is a free communal meal for all members of the community. It offers a simple, nutritious meal and the opportunity to meet people from all walks of life.

Live 4 Life

Empowers rural Victorian communities to support, improve and invest in young people's mental health and wellbeing through the implementation of the Live4Life model.

Standing Tall

The Standing Tall mentoring program seeks to work with students who might be at risk of disengaging from education.

PEACH

AWA joined forces with PEACH to enable the distribution of much needed support to the following recipients in WA:-

Compassionate Friends

Compassionate Friends of WA is a peer support group for parents, siblings and grandparents who have experienced the death of a child.

Homestead for Youth

Homestead For Youth is an organisation committed to empowering young people at risk, (and their families) by providing residential services, mentoring, counselling, holistic and innovative therapies and psychology care in the homely setting of their Meelon farm.

Pinjarra / Waroona Youth Care

Providing a chaplaincy support program in local schools.

Quambie Park Aged Care Services

Central to the South West, Peel and Murray regions of WA, Quambie's rich heritage and strong country values enables them to provide genuine services to the people of their much valued communities.

Squared Away

Squared Away focus on nurturing and maintaining strong community relationships with people who work alongside them to deliver a community approach to supporting each other to understand the steps to accessing ways to feel better. They have developed an engagement programme that has real time solutions to improving the mental health, social and community engagement barriers.

In addition to these worthy recipients, AWA has also supported The Kidney Foundation, Lisa Fahey Foundation, Teen Challenge, Sister Srey Café, Worlds Greatest Shave, Lifeline, Melbourne City Mission (Sleep at the 'G') and Movember.

Alliance Bank Do Good Awards

2017/18 saw the commencement of the Alliance Bank Do Good Awards. The Awards acknowledge the wonderful work our members and the community do everyday to make a real difference to people's lives and the wider community. This saw each of the 4 Alliance Banks put forward nominations for the award in various categories.

In 2018/19 AWA nominated Steven Neville who was announced the winner of the Do Good Community Award for 2019.

Steven from Geelong is the founder of the Portable Bed Project which provides portable beds, warm clothing, companionship and understanding to his community's homeless.

It was great to see Steven recognised for his contributions to the community by the Alliance Bank Do Good Awards selection committee.

AWA has committed to continue to support community organisations throughout the upcoming 2019/20 year.

DIRECTOR'S REPORT

Your directors present their report on AWA for the financial year ended 30 June 2019.

The Company is a company registered under the Corporations Act 2001.

INFORMATION ON DIRECTORS

The names of the directors in office at any time during or since the end of the year are :-

Name	Qualifications	Experience
Peter Richardson Chairman	B Com, CPA, Dip Tm, Grad Dip Tax, MAMI Self-employed Consultant	Member of the Board of Directors since 1996, Vice-Chairman 2002-2017, Chairman 2017 - current. Member of the People & Performance Committee.
Richard P Lyle Director	B Com, CPA, MAMI, MAICD Self-employed Consultant	Member of the Board of Directors since 2000 (resigned 2001, re-elected 2005). Vice-Chairman of the Board 2017-current. Chairman of the Partnerships & Community Committee.
Brian R Virtue Director	MAMI Retired HR Consultant	Member of the Board of Directors since 1971 (resigned 1973, re-elected 1982), Chairman 1983-2017, Member of the Partnerships & Community Committee.

Stevern J Ward Director	MAMI Retired Work Execution Co-ordinator	Member of the Board of Directors since 2006. Chairman of the People and Performance Committee.
Neville J Pearce Director	Bachelor of Engineering (Civil & Structural), MBA, GAICD, Fellow Engineers of Aust., AFAIM, MAMI, GAICD, CPEng, NER, RPEng, MASC Fellow Institute Managers & Leaders (FIML) Chief Operating Officer – Coliban Water	Member of the Board of Directors since 2013, Chairman of the BARC. Member of the People & Performance Committee.
Sean M O'Neill Director	B Com, MAMI, ASA, Tax Accountant	Member of the Board of Directors since 2016, Member of the BARC.
Andrew Dwyer Director	Diploma of Financial Planning & Mortgage Broking Self-employed Financial Planner	Member of the Board of Directors since 2017, Member of the BARC.
Adrian Hart Director	MBA, MAICD, Member – Project Management Insitute, Director – Leisure Networks, Self-employed consultant	Member of the Board of Directors since 2017, Member of the Partnerships & Community Committee.
Elaine Carbines Director	BA, DipEd, GAICD, FIPAA (Vic), Chief Executive Officer – G21, Chair – GWDCAC, Director – Gforce, Director – IPAA Victoria, Deputy Chair – Barwon Water, Member – BSWRDAC, Member – BRP, Member – Funds for the Future Board.	Member of the Board of Directors since 2019.

The name of the Company Secretary in office at the end of the year is:-

Name	**Qualifications**	**Experience**
Graeme N Scannell Secretary/CEO	B Com, CPA, FAMI	Chief Executive Officer of AWA Mutual Ltd /AWA Credit Union Ltd since 1991, Secretary of AWA Mutual Ltd/AWA Credit Union Ltd since 1992.

Directors' Meeting Attendance

H = Meetings held in the period of appointment   A=Attended

Director	Board		BARC*		PPC*		PCC*		Period of Appointment On the Board
	H	A	H	A	H	A	H	A	
Peter Richardson	11	10	-	-	5	5	-	-	Full Year
Richard P Lyle	11	9	-	-	-	-	6	6	Full Year
Brian R Virtue	11	9	-	-	-	-	6	4	Full Year
Stevern J Ward	11	9	-	-	5	5	-	-	Full Year
Neville Pearce	11	11	5	5	5	5	-	-	Full Year
Sean O'Neill	11	11	5	5	-	-	-	-	Full Year
Andrew Dwyer	11	11	5	5	-	-	-	-	Full Year
Adrian Hart	11	11	-	-	-	-	6	6	Full Year

*BARC - Board Audit and Risk Committee, PPC - People and Performance Committee, PCC - Partnerships and Community Committee

DIRECTORS' BENEFITS

No director has received or become entitled to receive during, or since the end of the financial year, a benefit because of a contract made by the Company with a body corporate related to a director, a firm of which a director is a member or in which a director has a substantial financial interest.

INDEMNIFYING OFFICER OR AUDITOR

Insurance premiums have been paid to insure each of the directors and officers of AWA, against any costs and expenses incurred by them in defending any legal proceedings arising out of their conduct whilst acting in their capacity as an officer of the Company. In accordance with normal commercial practice, disclosure of the premium amount and the nature of the insured liabilities is prohibited by a confidentiality clause in the contract.

No insurance cover has been provided for the benefit of the auditors of the Company.

PRINCIPAL ACTIVITIES

The principal activities of the Company are to act as an Agent for Bendigo and Adelaide Bank (BEN) to provide retail financial services on behalf of BEN to AWA members in the form of taking deposits and giving financial accommodation as prescribed by the Constitution.

No significant changes in the nature of these activities occurred during the year.

OPERATING RESULTS

The total comprehensive income of AWA for the year after providing for income tax was $398,000 (2018 - $264,000).

DIVIDENDS

No dividends have been paid or declared since the end of the financial year and no dividends have been recommended or provided for by the directors of the Company.

REVIEW OF OPERATIONS

The results of AWA's activities did not change significantly from those of the previous year.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company during the year.

ENVIRONMENTAL REGULATION

The entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

EVENTS OCCURRING AFTER BALANCE DATE

No matter or circumstance has arisen since the end of the financial year which significantly affected or may significantly affect the operations, or state of affairs of the Company in subsequent financial years.

LIKELY DEVELOPMENTS AND RESULTS

No matter, circumstance or likely development in the operations has arisen since the end of the financial year that has significantly affected or may significantly affect :-

(i) The operations of the Company;
(ii) The results of those operations; or
(iii) The state of affairs of the Company

in the financial year subsequent to this financial year.

AUDITORS' INDEPENDENCE

The auditors have provided the declaration of independence to the Board as prescribed by the Corporations Act 2001.

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

Peter Richardson	Richard Lyle
Chairman	Vice-Chairman

Dated: 15 October 2019

Auditor Independence Declaration Under S307C of the *Corporations Act 2001* to the Directors of AWA Mutual Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019 there have been no contraventions of:

I. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
II. any applicable code of professional conduct in relation to the audit.

Crowe Melbourne

CROWE MELBOURNE

David Munday

DAVID MUNDAY
Partner

Melbourne, Victoria
15 October 2019

Independent Auditor's Report to the Members of AWA Mutual Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of AWA Mutual Limited (the Company), which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(a) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information 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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company 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 to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities 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. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

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

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

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

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

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

Crowe Melbourne

CROWE MELBOURNE

David Munday

DAVID MUNDAY
Partner

Melbourne, Victoria
15 October 2019

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2019

	Notes	2019	2018
		$'000	$'000
Revenue	3	**2,969**	3,021
Employee benefits expense		**(1,489)**	(1,395)
Occupancy and related costs		**(191)**	(192)
Computer system costs		**(111)**	(58)
Depreciation and amortisation expense	4	**(89)**	(122)
Concessional loan discount on partnership loans		**(5)**	(226)
General administration expense		**(762)**	(681)
Profit before income tax expense		**322**	347
Income tax (expense) / benefit	5	**(62)**	(96)
Net profit/(loss) after tax attributable to Members		**260**	251
Items that are not reclassified subsequently to profit and loss:			
Revaluation of financial assets at fair value through other comprehensive income (FVOCI)		**138**	13
Total comprehensive income attributable to Members		**398**	264

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

STATEMENT OF FINANCIAL POSITION

For the year ended 30 June 2019

	Notes	2019	2018
		$'000	$'000
Current Assets			
Cash and cash equivalents	6	**2,789**	2,488
Financial assets	7	**8,702**	8,884
Trade receivables	8	**356**	268
Prepayments		**17**	13
Loans and advances	9	**-**	-
Total Current Assets		**11,864**	11,653
Non-Current Assets			
Loans and advances	9	**1,718**	1,620
Plant and equipment	10	**253**	251
Intangibles	11	**3**	-
Deferred tax assets	5	**237**	245
Total Non-Current Assets		**2,211**	2,116
TOTAL ASSETS		**14,075**	13,769
Current Liabilities			
Member withdrawable shares		**40**	41
Trade and other payables	12	**186**	176
Taxation liability / (receivable)	13	**(31)**	73
Employee benefits	14	**678**	684
Total Current Liabilities		**873**	974
Non-Current Liabilities			
Employee benefits	14	**15**	6
Total Non-Current Liabilities		**15**	6
TOTAL LIABILITIES		**888**	980
NET ASSETS		**13,187**	12,789
MEMBERS' EQUITY			
Reserves		**12,968**	12,710
Capital reserve account		**68**	66
Asset revaluation reserve		**151**	13
TOTAL MEMBERS' EQUITY		**13,187**	12,789

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2019

	Capital Reserve Account	Reserves	Asset Revaluation Reserve	Total
	$'000	$'000		$'000
Opening - 1 July 2017	64	12,461	-	12,525
Profit for the year	-	251	-	251
Transfer to/(from) reserves on redemption of shares	2	(2)	-	-
Transfer to/(from) reserves on asset revaluation	-	-	13	13
Closing – 30 June 2018	66	12,710	13	12,789
Opening - 1 July 2018	66	12,710	13	12,789
Profit for the year	-	260	-	260
Transfer to/(from) reserves on redemption of shares	2	(2)	-	-
Transfer to/(from) reserves on asset revaluation	-	-	138	138
Closing – 30 June 2019	68	12,968	151	13,187

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

STATEMENT OF CASH FLOWS

For the year ended 30 June 2019

	Notes	2019 $'000	2018 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		**280**	328
Fees and commissions received		**2,788**	3,043
Payments to suppliers and employees		**(2,826)**	(2,772)
Income tax (paid) / received		**(145)**	(53)
Net cash flows from/(used in) operating activities		**97**	546
CASH FLOWS FROM INVESTING ACTIVITIES			
Redemption of investments		**7,904**	14,500
Purchases of investments		**(7,584)**	(12,371)
Issue of partnership loans		**(95)**	(1,750)
Repayment of partnership loans		**73**	-
Payments for property, plant and equipment		**(94)**	(4)
Net cash flows from/(used in) investing activities		**204**	375
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash flows used in financing activities		**-**	-
Net cash increase/(decrease)		**301**	921
Cash at beginning of year		**2,488**	1,567
CLOSING CASH AT 30 JUNE	15	**2,789**	2,488

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. CORPORATE INFORMATION

AWA is a company incorporated and domiciled in Australia. The Members are the owners of the company.

AWA is a for-profit entity and the nature of the operations and principal activities of AWA are described in the Directors' Report.

The registered office is at 49-51 Malop Street, Geelong, VIC.

The financial report of AWA for the year ended 30 June 2019 was authorised for issuance in accordance with a resolution of the Board of Directors on 15 October 2019.

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 an historical cost basis.

The accounting policies adopted are consistent with industry standards.

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 AWA under ASIC Corporation Instrument 2016/191.

(b) Statement of Compliance

AWA has adopted AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* for financial years commencing from 1 July 2014.

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

(c) Changes in Accounting Policy and Disclosure

Other than those outlined at Note 1(r), the accounting policies adopted are consistent with those of the previous financial year.

(d) Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand. For the purposes of the 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.

(e) Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognised when AWA becomes a party to the contractual provisions of the financial instrument and are measured initially at cost adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Policy applicable from 1 July 2018

Classification of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss (FVPL)
- fair value through other comprehensive income (FVOCI)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(e) Financial Assets and Financial Liabilities (cont)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of loans and receivables, which is presented within other expenses.

Classifications are determined by both:
- the entity's business model for managing the financial asset and
- the contractual cash flow characteristics of the financial assets.

Subsequent measurement of financial assets

Financial assets at amortised costs
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:
- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. AWA's cash and cash equivalents, term deposits and trade receivables fall into this category of financial instruments.

Financial assets at Fair Value through Profit or Loss (FVPL)
Financial assets that are within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised as fair value through profit or loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL. AWA does not have any instruments in this category.

Fair Value through Other Comprehensive Income (FVOCI)
Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividends from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital. This category includes equity securities in a managed fund that were previously classified as 'available for sale' under AASB 139.

Strategic Partnership Loans
Loans and advances' captions in the statement of financial position include strategic partnership loans and advances. These are recognised at fair value in the financial statements on initial recognition and subsequently measured at amortised cost.

'Loans and advances' are non-derivative financial assets with fixed or determinable payments that were not quoted in an active market and that AWA did not intend to sell immediately or in the near term. Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after AWA changes its business model for managing financial assets. There were no changes to any of AWA's business models during the current year (Prior year: Nil).

Policy applicable before 1 July 2018

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

AWA 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.

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 Statement of Comprehensive Income. The losses arising from impairment are recognised in the income statement in impairment losses.

Strategic Partnership Loans

Financial assets - Strategic Partnership are loans whereby the interest rate incurred is less than market rate, and have been recognised at fair value in the financial statements on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(e) Financial Assets and Financial Liabilities (cont)

At initial recognition, the loan has been discounted using a rate based on the rate the borrower would pay to an unrelated lender for a loan with similar conditions. The benefit granted to strategic partners of the below-market rate of interest or other non-commercial terms is measured as the difference between the initial carrying value of the loan determined in accordance with AASB 139 and the proceeds received.

Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss are either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit; or (ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mismatch. Fair value movements are recognised in profit or loss.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities and are classified as held to maturity when AWA 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 Statement of Comprehensive Income. The losses arising from impairment are recognised in the income statement in impairment losses.

Available-for-sale equity investments

Available-for-sale equity investments are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Gains and losses on these assets are recognised in other comprehensive income and reported within the AFS reserve within equity, except for impairment losses, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss, and presented as reclassification adjustments within other comprehensive income. Interest calculated using the effective interest method and dividends are recognised in profit or loss within 'Revenue'.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.
Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Loan impairment

Policy applicable after 1 July 2018

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses - the 'expected credit loss model' (ECL). Instruments within the scope of the new requirements include loans and advances and other debt-type financial assets measured at amortised cost, trade receivables and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss. Refer Note 1(r) for further information.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(e) Financial Assets and Financial Liabilities (cont)

Policy applicable before 1 July 2018

AWA assesses impairment of all assets at each reporting date by evaluating conditions specific to AWA 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.

(f) 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:

▪ Leasehold Improvements	**7 years**
▪ Office Furniture and Equipment	**7 years**
▪ Motor Vehicles	**5 years**
▪ Computer Hardware	**4 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 Statement of Comprehensive Income.

(g) 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.

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.

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

▪ Computer software	3 years

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(h) 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 corporate bond 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 corporate bond rates with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Superannuation

Contributions are made by AWA to an employee's superannuation fund and are charged to the Statement of Comprehensive Income as incurred.

(i) Trade and Other Payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to AWA prior to the end of the financial year that are unpaid and arise when AWA 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.

(j) Provisions

Provisions are recognised when AWA 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 AWA 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 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.

(k) 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 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 AWA's right to receive the payment is established.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(k) Revenue Recognition (cont)

Shared Margin Revenue

The relationship agreement held by AWA with BEN provides for a share of interest, fee and commission revenue earned by AWA. 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 AWA's current fee schedule and commission revenue is based on the agreements in place with third parties. All margin revenue is recorded as non-interest income when AWA's right to receive the payment is established.

(l) Comparative Figures

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

(m) 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.

(n) 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 Statement of Financial Position.

Cash flows are included in the 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(o) Nature and Purpose of Members' Funds

Reserves

Any unappropriated profit/loss from AWA's operations is transferred to/from the Reserves. The Reserves contain amounts of retained profits that have been set aside by the Directors for the purpose of funding future operations of AWA.

Capital

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 Reserve Account represents the shares redeemed by Members. Member shares for existing and new Members of AWA are shown as liabilities.

(p) Derecognition of Financial Assets and Liabilities

A financial asset is derecognised where:

- the rights to receive cash flows from the asset have expired, or
- AWA 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) AWA has transferred substantially all the risks and rewards of the asset, or (b) AWA has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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.

(q) Significant Accounting Judgements, Estimates, and Assumptions

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

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

AWA assesses impairment of all assets at each reporting date by evaluating conditions specific to AWA 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(r) New, revised or amending Accounting Standards and Interpretations adopted

There are new Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. AWA's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to AWA, are set out below.

AASB 9 Financial Instruments

Financial Instruments
AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

When adopting AASB 9, AWA has applied transitional relief and opted not to restate prior periods. Differences arising from the adoption of AASB 9 in relation to classification, measurement, and impairment have not been adjusted on implementation as they have been assessed to be not material.

The adoption of AASB 9 has impacted the following areas:

Classification and measurement of AWA's financial assets

AASB 9 allows for three classification categories for financial assets – amortised cost, FVOCI and FVPL. Classification is based on the business model in which a financial asset is managed and the related contractual cashflows. AASB 9 eliminates previous categories of held to maturity, loans and receivables and available for sale. Classification of financial liabilities is largely unchanged. Refer to the table below for a reconciliation of changes in classification and measurement of financial instruments on adoption of AASB 9.

	Measurement Category		**Carrying Amount**		
	Original AASB 139 category	**New AASB 9 category**	**Closing balance 30 Jun 2018 (AASB 139)**	**Adoption of AASB 9**	**Opening balance 1 Jul 2018 (AASB 9)**
Assets					
Cash and cash equivalents	Amortised Cost	Amortised Cost	2,488	-	2,488
Trade Receivables	Amortised Cost	Amortised Cost	268	-	268
Term Deposits	Held to Maturity	Amortised cost	7,800	-	7,800
Interest Bearing Securities	Available for Sale	FVOCI	1,084	-	1,084
Partnership Loans	Amortised cost	Amortised cost	1,620	-	1,620
Total financial assets			**13,260**	-	**13,260**
Liabilities					
Payables	Amortised Cost	Amortised Cost	176	-	176
Total financial liabilities			**176**	-	**176**

Impairment of AWA's financial assets

AWA's assets carried at amortised cost are subject to AASB 9's new expected credit loss model. The impairment allowance is determined by use of a simplified approach and records the loss allowance at the amount equal to the expected lifetime credit losses as 12 months expected credit losses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(r) New, revised or amending Accounting Standards and Interpretations adopted (cont)

AASB 15 Revenue from Contracts with Customers

AASB 15 *Revenue from Contracts with Customers* replaces AASB 118 *Revenue*. The new standard has been applied as at 1 July 2018 using the modified retrospective approach. Under this method, the cumulative effect of initial application is recognised as an adjustment to the opening balance of retained earnings at 1 July 2018 and comparatives are not restated.

The adoption of AASB 15 has had an impact on financial planning commission revenue. Commission revenue is in the form of commission generated on successful referral of a member for financial planning services to Bridges. This commission is recognised at a point in time on referral of the member which reflects when AWA has fulfilled their performance obligation. On the date of initial application of AASB 15, 1 July 2018, there was no impact to retained earnings of AWA.

An ongoing (trail) fee is paid to AWA dependent on the amount of client fees charged to members. Ongoing trail payments are recognised on receipt as there is insufficient detail readily available to estimate the most likely amount of income without a high probability of a significant reversal in a subsequent period. The receipt of ongoing commission income is outside the control of AWA, and is a significant judgement area.

(s) New, revised or amending Accounting Standards and Interpretations not yet effective

There are new Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. AWA's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to AWA, are set out below.

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

AWA will adopt this standard from 1 July 2019 and has performed a detailed impact assessment of AASB 16. In summary, the impact of AASB 16 adoption is expected to give rise to a Right of Use Asset of $203,740 and a corresponding Lease Liability of $230,626.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

3. REVENUE

	2019 $'000	2018 $'000
Income on investments	**323**	264
Interest income on partnership loans	**56**	35
Shared margin income	**2,229**	2,049
Concessional loan discount on partnership loans	**26**	45
Other fee income	**335**	628
Total revenue	**2,969**	3,021

4. EXPENSES

Depreciation and amortisation

	2019 $'000	2018 $'000
Plant and equipment	**19**	44
Leasehold improvements	**70**	70
Computer software	**9**	8
	89	122

5. INCOME TAX

The major components of income tax are:

Statement of Comprehensive Income

	2019 $'000	2018 $'000
Current income tax		
Current income tax expense – current years profit	**54**	154
Deferred tax expense		
Decrease (increase) in the deferred tax asset account	**8**	(58)
Total income tax expense / benefit reported in the Statement of Comprehensive Income	**62**	96

The prima facie tax payable on profit is reconciled to the income tax expense in the accounts as follows:

	2019 $'000	2018 $'000
Accounting profit before income tax	**322**	347
Prima facie tax payable on profit before income tax at 27.5%	**54**	154
Decrease (increase) in the deferred tax asset account	**8**	(58)
Add – Non-deductible entertainment expenses	**-**	-
	62	96
Income tax expense reported in the Statement of Comprehensive Income	**62**	96

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 $'000	2018 $'000
Statement of Financial Position		
Deferred tax assets comprise of:		
Employee provisions	**191**	190
Unamortised loan discount	**44**	50
Accrued expenses	**2**	5
	237	245

6. CASH AND CASH EQUIVALENTS

Deposits at call	**2,789**	2,488
	2,789	2,488

7. FINANCIAL ASSETS

Term Deposits – at amortised cost	**5,000**	7,800
Interest Bearing Securities – at FVOCI	**1,618**	1,084
Equities – at FVOCI	**2,084**	-
	8,702	8,884

8. TRADE RECEIVABLES

Sundry debtors	**298**	183
Interest receivable	**58**	85
	356	268

9. LOANS AND ADVANCES

Partnership loans - current	**-**	-
Partnership loans – non-current	**1,718**	1,620
Total loans and advances	**1,718**	1,620

At the end of the Financial Year, AWA had loans outstanding from Strategic Partners totalling $1.718m ($1.620m in 2018), which have been recorded at fair value on initial recognition for the purpose of the financial statements.

These loans meet the definition of a financial instrument and therefore are within the scope of AASB 9 like any other loan.

Strategic Partners have the ability to repay their loan by way of revenue earned on business referrals. This is calculated on the volume of business referrals and the nature of the product and is used to offset interest and/or principal repayments on their loan.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	$'000	$'000

10. PLANT AND EQUIPMENT

Leasehold improvements

	2019 $'000	2018 $'000
At cost	**619**	538
Provision for depreciation	**(399)**	(329)
Total leasehold improvements	**220**	209

Plant and equipment

	2019 $'000	2018 $'000
At cost	**239**	229
Provision for depreciation	**(206)**	(187)
Total plant and equipment	**33**	42
Total written down value	**253**	251

Reconciliation of carrying amount - plant and equipment for the financial year

Leasehold improvements

	2019 $'000	2018 $'000
Carrying amount at beginning of year	**209**	279
Additions	**81**	-
Depreciation	**(70)**	(70)
Carrying amount at end of year	**220**	209

Plant and equipment

	2019 $'000	2018 $'000
Carrying amount at beginning of year	**42**	79
Additions	**10**	7
Depreciation	**(19)**	(44)
Carrying amount at end of year	**33**	42

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	$'000	$'000

11. INTANGIBLES

Computer software

Computer software at cost	**23**	20
Provision for amortisation	**(20)**	(20)
Total written down value	**3**	-

Reconciliation of carrying amount - computer software for the financial year

Carrying amount at beginning of year	**-**	8
Additions	**3**	-
Disposals	**-**	-
Amortisation	**-**	(8)
Carrying amount at end of year	**3**	-

12. TRADE AND OTHER PAYABLES

Trade and other creditors	**185**	176
	185	176

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

13. TAXATION LIABILITY

(Income tax Receivable)/Provision for Income Tax	**(68)**	23
GST Payable	**37**	50
	(31)	73

14. EMPLOYEE BENEFITS

Long service leave - current	**394**	403
Long service leave – non-current	**15**	6
Annual Leave - current	**284**	281
	693	690

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	$'000	$'000

15. STATEMENT OF CASH FLOWS

Reconciliation of cash

Cash balance comprises:		
Cash deposits at call	**2,789**	2,488
Closing cash and cash equivalents at end of financial year	**2,789**	2,488

16. EXPENDITURE COMMITMENTS

Lease expenditure commitments		
Operating leases (non-cancellable)		
not later than 1 year	**191**	188
later than 1 and not later than 5 years	**283**	248
later than 5 years	**31**	-
Aggregate lease expenditure contracted for at balance date	**505**	436

Non-cancellable operating leases are for Branch and Head Office premises with original lease terms for up to 7 years. The leases have an allowance for fixed or CPI increments and options for renewal ranging from 5 to 7 years.

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. Contributions by AWA of 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 14.9 (2018: 15.33).

Loan Commitments

AWA had commitments for loans where the agreement had been signed prior to the end of the financial year, however the funds not been drawn down as at 30 June totalling $1.5m (2018: $1.78m).

17. SUBSEQUENT EVENTS

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	$'000	$'000

18. KEY MANAGEMENT PERSONNEL

(a) Details of key management personnel

The Directors of AWA during the year were:

Mr P Richardson (Chairman)
Mr R Lyle (Vice-Chairman)
Mr B Virtue
Mr N Pearce
Mr S O'Neill
Mr S Ward
Mr A Dwyer
Mr A Hart

The Senior Management of AWA during the year were:

Mr G Scannell (Chief Executive Officer)
Ms L Jones (Finance & Compliance Manager)
Ms E Stepins (Loans Manager)
Mr P Brennan (Marketing & Operations Manager)
Mrs A Keiller (Special Projects Manager)

(b) Key management personnel compensation

	2019 $'000	2018 $'000
Short term and post-employment benefits	**1,346**	1,352
	1,346	1,352

(c) Transactions with Other Related Parties

Other transactions between related parties include deposits from and loans to directors and other KMP related entities or close family members of directors and other KMP. The policy for receiving deposits from or approving loans to related parties is that all transactions are carried out on the same terms and conditions which applied to ordinary members.

19. RELATED PARTY DISCLOSURES

See Note 18 (b) for disclosure on compensation payments made to key management personnel. There have been no other transactions with related parties.

Shareholding

Each key management personnel holds one $10 redeemable preference share in AWA.

20. CONTINGENT LIABILITIES

The company had no contingent liabilities as at 30 June 2019.

DIRECTORS' DECLARATION

AWA Mutual Limited
ABN 31 087 651 652

In accordance with a resolution of the directors of AWA Mutual Ltd, we state that:

1) In the opinion of the directors:
   a) The financial statements and notes of AWA Mutual Ltd for the financial year ended 30 June 2019 are in accordance with the *Corporations Act 2001,* including:
      i) Giving a true and fair view of the entity's financial position as at 30 June 2019 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.

Peter Richardson
Chairman

Dated this 15 October 2019

AWA Alliance Bank®

50th

FINANCIAL REPORT

1969-2019

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