AWA Mutual Ltd

Annual Report 2022

Empowering members and communities
to improve their financial wellbeing

Vision

We significantly contribute to an improved and sustainable future for our members and local communities.

Mission

Empower Members and Communities to Improve their Financial Wellbeing.

Table of Contents

Chairman / Chief Executive Officer's Report

As the world continues to adjust to life beyond the disruption of the COVID-19 pandemic, AWA has remained strong through these rapidly changing times.

Our commitment to our members and communities has sustained and strengthened in this time with AWA being a trusted and reliable constant with our dedicated team always being there to support our members and our community partners.

Through this support we have seen the organisation continue to thrive and achieve strong performance during the 2021-22 financial year.

70%

Member satisfaction – Net Promotor score
Significantly exceeding banking sector average

89%

Staff satisfaction – Culture score

$470m

Member balances
Our highest ever

$3.99m

Total Revenue

$310k

Total Comprehensive Income

Our People

These outcomes would not be possible without the dedication and hard work from our team in Mandurah, Portland and Geelong branches.

Our people continue to be AWA's greatest asset and they are telling us that AWA is a great place to work, with staff satisfaction scores reaching 89%.

This year we welcomed Matilda Angelovich and Stephanie Ash to the team as we farewelled David Johnson and Steve Jackson.

At the 2021 AGM Stevern Ward retired from the Board after 16 years of Board service. We thank Stevern, David and Steve for their contribution and wish them all the best for the future.

Community Engagement

AWA continued its commitment to supporting the communities where we operate.

$875k

Since 2015, AWA has provided philanthropic support to the community totalling over $875,000.

$204k

In 2021-22 AWA provided $204,860 in financial support of our community partners.

The beneficiaries of these funds this year were:

- Geelong – Give Where You Live Foundation
- Geelong – Geelong Connected Communities
- Mandurah – PEACH (People Employed at Alcoa Charity Help)
- Portland - United Way Glenelg

The Community Engagement section of our annual report features our partners and the impact of their work and our funding support.

Strategic Partnerships

AWA's strategic partnerships are a framework of shared value where our partners benefit from receiving social impact loans and revenue share from referred business.

$895k

Since the implementation of our strategic partnerships in 2015, AWA has provided over $895,000 in value to our partner organisations.

$160k

In 2021-22 this shared value totalled $160,622 in revenue share plus further benefits from interest rebates on social impact loans.

We now have Strategic Partnerships in place with the following Community organisations:

- East Belmont Cricket Club
- Geelong United Basketball
- Give Where You Live
- Ocean Grove Surf Life Saving Club
- East Geelong Golf Club
- Mandurah City Football Club
- Pinjarra Golf Club
- Kwinana Golf Club

We are confident that these partnerships not only deliver major benefits to our communities, but also to our partners and their supporters who choose AWA for their banking needs.

Financial performance

AWA has been able to continue to grow its banking business as well as its contribution to the community, raising our support in challenging times.

Profitability:

$3.99m AWA has grown its revenue from $3.71m in 2020-21 to $3.99m in 2021-22 – an uplift of 7.4%

$310k AWA achieved a total comprehensive income of $310k for 2021-22. Operating profit of $682k was achieved through revenue growth and careful cost management, offset by other comprehensive loss of $372k as a result of the accounting treatment for portfolio valuation movements of AWA's investments.

Balance Sheet:

$470m AWA's loans portfolio reached $345m and deposits totalled $125m.

Total member balances now total $470m, another record high for AWA.

$13.9m Members equity continued to be strong with $13.9m in total equity underpinning a sound balance sheet.

A complete financial summary is provided within the body of this report.

The future

AWA is a party to an agreement with Bendigo and Adelaide Bank (Bendigo) in operating the Alliance Bank network. The Alliance Agreement is scheduled to end in February 2025.

We have been advised that as part of Bendigo's strategy to reshape its business for the future, the bank is pursuing a strategy to become simpler, stronger and more efficient, which means the existing Alliance Agreement will not be renewed upon expiry.

AWA have been working closely and collaboratively with Bendigo to identify and consider a different operating model for our members into the future.

The AWA Board has also commenced a deliberate and planned process to evaluate other strategic options that may also be available to us in the ongoing delivery of our member value proposition.

The Board will continue to focus on outcomes that are in the best interests of the organisation and our members and will provide further communication with our members in the coming months as this process progresses.

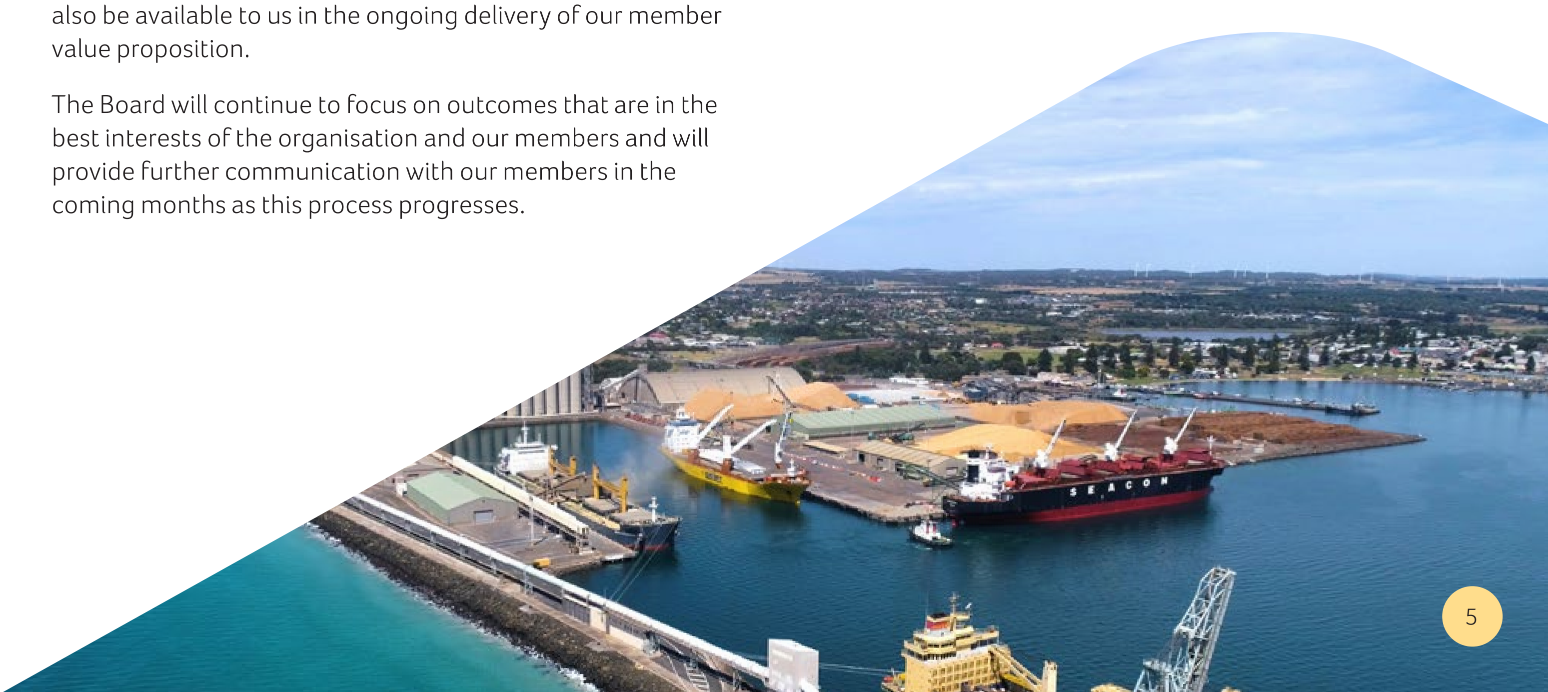
Conclusion

2021-22 has been another strong year for AWA, sustaining our positive impact for our members and the community.

Our dedicated team in Mandurah, Portland and Geelong look forward to continuing to provide excellence in service and support to our members as we navigate this constantly changing landscape together.

Peter Richardson
Chairman

Gavin Heathcote
Chief Executive Officer



Geelong Connected Communities

Geelong Connected Communities (GCC) is a team of dedicated community minded volunteers working across a broad range of community areas with a goal to help keep the Geelong region strong. By pooling the contributions of many businesses and institutions, GCC has created a trusted and well-organised structure, delivering grants that have a meaningful and powerful impact on the recipients and their people.

Since inception in 2013 GCC has distributed a total of $2,147,275 via 754 grants. This past year saw 38 grants distributed totalling $106,883. The grants were mostly distributed to small, volunteer-driven and not-for-profit entities and GCC has a target to provide 1,000 grants by 2025.

There are 10 pillars that grants are awarded under. Some address social causes and others are about building enhanced experiences for all of the Geelong community.

AWA's partnership with GCC sees grants awarded under the Health & Wellbeing pillar.

Right: Grant recipient, Lazarus House who support the homeless community, revealing the new roof over their outdoor seating area, allowing people to share meals and social connection sheltered from the weather.

A few highlights from this past year of GCC's support have been:

- The Mental Health First Aid program, which offered accredited training programs in identifying and responding to mental health needs. These courses were available free for anyone involved in local not-for-profit organisations.
- Read the Play is a local program that was delivered through junior sporting clubs. It focuses on mental health literacy, building knowledge about mental health and developing confidence in how, where and when to seek support.
- The Geelong Nepalese Association received a grant for uniforms that will support continued participation in soccer and other sport programs, connecting the Nepalese community socially with each other and the broader local community.

AWA is proud to be supporting GCC in the great work that they do in our community.

PEACH

PEACH (Personnel Employed at Alcoa Charity Help) is an Alcoa employee created and funded charity running since 1979. It's focussed on helping our local communities thrive and empowering change.

PEACH has no overheads, it's completely volunteer led and therefore 100% of employee's contributions are distributed to WA organisations. To date the local community has seen well in excess of $4m provided.

AWA has been partnering with PEACH since 2018, not just donating but also working side by side assessing applications and ensuring funds are dispersed where they are most needed.

Above: PEACH representatives Jaimie Martley and Lisa Dixon (top L-R), RDA volunteer Wayne Beardmore and AWA Alliance Bank Mandurah Branch Manager Nola Edwards (bottom L-R) with the RDA's new bus.

Above: Volunteers from the Foodbank store in Mandurah.

Below: (L-R) Nola Edwards from AWA Alliance Bank Mandurah, a Quambie Park patient, Janet Fiorenza the Facility Manager & Richard Yates from PEACH.

This past year has seen some fantastic organisations receive much needed funding. Just a few examples of this are:

Foodbank – Peel who were able to purchase a chiller fridge for fresh fruits and vegetables. Foodbank is WA's largest food relief organisation and acts as a pantry to charities and community groups.

Kids are Kids were able to upgrade their therapeutic sensory equipment. Kids are Kids is a not-for-profit helping children with developmental needs or disabilities and their families.

Grace Academy run by Adult & Teen Challenge WA were able to upgrade the hot water systems to address a hot water shortage. Grace academy is a 40 bed facility set on 250 acres that provides rehabilitation and detox programs.

Riding for the Disabled Murray Mandurah were able to purchase a new mini bus enabling children to be transported from local schools including those with wheelchair requirements. RDA provides a unique form of exercise and rehabilitation through fun equine activities and interventions.

Quambie Park were able to purchase new equipment for the facility. Quambie Park has a residential facility, independent living units and home care services. The residential facility also includes a wing for those suffering from dementia and other mental health illnesses.

United Way Glenelg

AWA's partner across the Portland region, United Way Glenelg (UWG), has been empowering local people to improve their lives for over 22 years including investing over $1.3m into the local community over this period.

AWA again supported the annual Shark Pitch event providing matched funding in support of community donations towards the three community organisations who pitched for support. The event was held online due to Covid restrictions and also allowing a global audience to participate, however didn't disappoint with a turnout of over 120 people from the community. The event raised over $54,000 for 3 fantastic organisations.

Wayne Barrett from Portland Community Garden reflected on the event:

> *"We live in a remarkable community and to receive $13,000 to support our community hub project is amazing particularly when the whole state is under such pressure with the pandemic. We believe creating this community hub will connect and strengthen our community. We are truly blessed to live in Glenelg Shire."*

In addition to the major Shark Pitch event UWG was able to continue to provide the Dolly Parton Imagination Library program, providing free books to children under 5 enrolled in the program. Winter care packages were distributed to older residents in need and community little FREE pantries were set up for those struggling to put food on the table.

UWG has set building blocks in the way of Health, Education and Financial Stability.

Right: Portland Community Garden.

Below: Wayne Barrett & Len Marshall, Works Manager at Portland Community Garden.

Above: Mick Doherty, Portland Yacht Club.

Nicole Carr from United Way Glenelg on the AWA partnership and Shark Pitch -

> *"AWA Alliance Bank have been significant in their strong support for the SharkPitch event since its inception, both financially and their encouragement and confidence in our ability to adapt the event in the past 2 years.*
>
> *The event is giving an innovative stage for organisations to share their story with the wider community, enabling them to build membership, educate and find new avenues for financial support.*
>
> *In the last 3 years, SharkPitch has raised over $156,000 for community projects.*
>
> - *Portland Community Garden are very excited to begin construction of their new community hub space, hoping to open up for new programs in the new year.*
> - *Edgerly Assist Living have completed the playground project design and scope. Expectation is that installation will occur in time for all Christmas family/ resident functions.*
> - *Portland Yacht Club are close to having their safety boat on the water in time for the summer sailing season. The boat, both designed and constructed locally will provide young people to enjoy water sports safely."*

Give Where You Live Foundation

The Give Where You Live Foundation (GWYL) has been helping those in need in the Geelong community for over 65 years.

Below: Members of AWA and GWYL teams supporting the Give Geelong Appeal during Footy Colours Day.

Above: Pictured is Ocean Mind Founder & CEO Rachel Parker with participant Declan.

Declan has not only connected with new people, including mentors and other young people experiencing similar challenges but he's learned a new skill and found a community where he is encouraged to thrive.

"I've met a bunch of new people. Ocean Mind has just made me a lot happier overall." said Declan, who is now part of the Ocean Mind surf club and loves his new hobby.

GWYL works to raise funds from within the Geelong community and uses those funds to support projects and initiatives across the wider Geelong region. Some being managed by the foundation itself and others via community partners, ensuring the funding is going where it is needed most.

This year was another successful year at GWYL with a total of $2.6 million being invested into the Geelong community, including $1.6 million in grants alone.

GWYL and AWA's partnership is multi-faceted with an important element being financial contribution towards Survive & Thrive grants which seek to reduce life inhibiting crisis by:

- Supporting immediate basic needs, and
- Supporting the building of resilience and sense of belonging and acceptance as protective factors.

2022 Survive & Thrive Grants Impact

This year the GWYL Survive & Thrive grants distributed over $525,000 to 23 organisations from the G21 region, who received grants of up to $40,000. The impact of these grants is significant, as demonstrated below.

Grant recipients, such as the following organisations, have been able to make a difference with this support:

- **Ocean Mind** – who deliver therapeutic surfing interventions for young people to build skills, confidence and connection to the community.
- **Samaritan House** – who provide men experiencing homelessness with the knowledge and skills to help them secure long-term accommodation.
- **Cultura** – which will support new arrivals to Geelong as part of the Humanitarian Settlement Program.
- **Barwon Disability Resource Council (BDRC)** – as well as individual advocacy work and crisis support, BDRC support people with disability to strengthen their community connections, reduce social isolation and build self-advocacy skills.

120,000	**48,940**	**854**	**8,550**	**885**	**261**
Meals provided to support food relief & reduced food insecurity.	People supported to access food relief assistance & reduce food insecurity.	People experiencing homelessness provided assistance.	People assisted with prevention & early intervention efforts related to family violence, sexual assault, addiction, mental health, & family breakdown.	People supported to increase capacity & coping strategies.	People supported to reduce social isolation.

Community Partnerships

Geelong United Basketball

Geelong United Basketball is a not-for-profit organization that aims to inspire lifelong physical activity through the sport of Basketball. Basketball participation continues to grow and prosper in the region with over 6,200 weekly participants now playing across 7 venues each week.

Through AWA's partnership, Geelong United Basketball has been able to establish and operate from its home base, the AWA Alliance Bank Stadium in Crows Road Belmont since November 2017.

East Belmont Cricket Club

One of Geelong's strongest cricket clubs and AWA's most successful community partner, East Belmont Cricket Club continue to go from strength to strength. The growth in women's cricket in Geelong has been phenomenal, with EBCC having three senior and two junior teams, it is recognised as a leader of women's cricket in the Barwon region.

All teams enjoy the use of the updated facilities that were made possible by the AWA partnership and we look forward to supporting the club with a new electronic scoreboard installed in readiness for the coming season.

Ocean Grove Surf Life Saving Club

The 2021-22 season was a significant one for Ocean Grove Surf Lifesaving Club with well over 110,000 visitors enjoying the beach. The club provided over 6,500 volunteer patrol hours and performed 112 rescues in keeping the beach safe for our community.

The Club reached over 2,740 members during the year and is continuing to grow. The nippers and seniors both claimed a state championship title.

With the easing of Covid restrictions, members are finally enjoying the full benefits of the new facilities that were supported by the AWA partnership.

Mandurah City Football Club

Mandurah City Football Club is a strong performing club in the Peel region with close to 500 registered players. Its home ground is Genesis Care Stadium which is one of the premier football stadiums in the league. It's a family orientated club that aims to provide a place to gather and support the enjoyment of football at all levels.

2022 was an extremely successful year for the club and they now look forward to the 2023 season where they will push for promotion into the National Premier League.

This year AWA commenced a partnership with Mandurah City Football Club. The initial goal for the partnership is to enable the purchase of equipment for the club.

East Geelong Golf Club

East Geelong Golf Club will soon be celebrating its 100th year and has recently completed a Facilities Master Plan with the aid of Waypoint and the City of Greater Geelong which will assist in the long term sustainability of the club. The club has recently added new beginner programs, grown its women's membership base and installed the MiClub operational golf system.

AWA has proudly commenced a partnership with East Geelong Golf Club to continue to support the club as it enters its next 100 years.

Kwinana Golf Club

Kwinana Golf Club is set in picturesque native woodlands with an abundance on wildlife and has been a successful club for over 60 years. It has extensive facilities including licensed bar, pro-shop, and large function room for events.

AWA has a strong partnership with Kwinana Golf Club which this year enabled the purchase of a new sprayer for the club.

Pinjarra Golf Club

Pinjarra Golf Club was established in 1912 and is still an exciting and vibrant club with approximately 475 members. It hosts a range of major events including the Ladies Amateur Open and Men's Amateur Open, the WA 2 Ball Ambrose Championships and Ladies Charity and Open days.

This year the partnership with AWA enabled the purchase of a new ride on greens mower for the club. AWA was proud to support the club in its Ladies Open Day and Bushfire Charity Golf Day which raised $2,700.

Director's Report

Your Directors present their report on AWA Mutal Ltd for the financial year ended 30 June 2022.
The company is 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, MAICD. Self-employed Consultant	Member of the Board of Directors since 1996, Deputy Chair – AWA 2002-2017. Chair – AWA 2017 - current. Member – People Committee.
Neville J Pearce Director	BEng (Civil & Structural), MBA, GAICD, Fellow Engineers of Aust., CPEng, NER, RPEng, MASI, Fellow Institute Managers & Leaders (FIML) Executive Manager of Service Delivery – East Gippsland Water	Member of the Board of Directors since 2013. Deputy Chair – AWA 2020 – current. Chair – Board, Audit & Risk Committee.
Brian R Virtue Director	Retired HR Consultant	Member of the Board of Directors since 1971 (resigned 1973, re-elected 1982). Chair – AWA 1983-2017. Member – Board, Audit & Risk Committee.
Richard P Lyle Director	B Com, CPA, MAICD Self-employed Consultant	Member of the Board of Directors since 2000 (resigned 2001, re-elected 2005). Deputy Chair – AWA 2017-2020. Chair – Partnerships Committee.
Sean M O'Neill Director	B Com, CPA, MAICD Tax Accountant – Kelly & Associates	Member of the Board of Directors since 2016. Member – Partnerships Committee.
Adrian Hart Director	MBA, MAICD, Member – Project Management Institute Self-employed Consultant	Member of the Board of Directors since 2017. Member – Partnerships Committee.
Elaine C Carbines AM Director	BA, Dip Ed, GAICD, FIPAA(Vic), Deputy Chair – Barwon Water, Deputy Chair – G-Force, Deputy Chair – Ports Victoria, Director – IMPACT Institute Advisory Board, Director – Northern Futures.	Member of the Board of Directors since 2019. Chair – People Committee.
Elizabeth (Libby) White Director	B Com, CPA, GAICD, Director (Chair) – United Way West Australia	Member of the Board of Directors since 2020. Member – Board Audit & Risk Committee.
Stevern J Ward Director	Retired Work Execution Co-ordinator	Member of the Board of Directors since 2006. Chair – People Committee. (Resigned October 2021)

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

Name	Qualification	Experience
Gavin Heathcote Secretary/Chief Executive Officer	B Bus (Banking & Finance), GAICD. Director & Chair of Finance Audit & Risk Committee – Leisure Networks.	Chief Executive Officer and Secretary of AWA Mutual Ltd since 2021.

Directors' Meeting Attendance

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

Director	Board		Audit & Risk Committee		People Committee		Partnerships Committee		Period of Appointment			
	H	A	H	A	H	A	H	A	Board	Audit & Risk	People Comm.	P'ships Comm.
Peter Richardson	11	11	–	–	5	5	–	–	Full Year		Full Year	
Neville J Pearce	11	11	4	4	2	2	–	–	Full Year	Full Year	Part Year	
Brian R Virtue	11	10	3	3	3	3	–	–	Full Year	Part Year	Part Year	
Richard P Lyle	11	10	–	–	–	–	5	5	Full Year			Full Year
Stevern J Ward	4	3	–	–	3	2	–	–	Part Year		Part Year	
Sean O'Neill	11	10	1	1	–	–	3	3	Full Year	Part Year		Part Year
Adrian Hart	11	11	–	–	–	–	5	5	Full Year			Full Year
Elaine C Carbines	11	11	–	–	2	2	2	2	Full Year		Part Year	Part Year
Elizabeth White	11	10	4	4	–	–	–	–	Full Year	Full Year		

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 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 Ltd (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

AWA recorded a profit after income tax expense of $682,264 for the year ended 30 June 2022 (2021: $37,366 loss).

During the year ended 30 June 2022, AWA recontracted concessional loan agreements with strategic partners, whereby the interest rate on such loans was recontracted from a below-market interest rate to a commercial interest rate.

The directors have concluded such loan agreements with strategic partners no longer meet the definition of a concessional loan, therefore the way in which these loans are accounted for has changed. The change in accounting treatment resulted in $201,704 of other income relating to the unwinding of concessional loan discounts to strategic partners.

Had AWA not recontracted its concessional loan agreements to commercial interest rates, AWA would have recorded $50,480 of other income relating to the unwinding of concessional loan discounts instead of $201,704. This increased AWA's profit before income tax expense by $151,224.

In addition, following the external economic impacts of the COVID-19 Coronavirus, AWA experienced significant changes in the fair value of its investment portfolio from the previous year, resulting in an other comprehensive loss for the year of $372,007 (2021: $535,122 other comprehensive income).

After recognising the significant changes in fair value of its investment portfolio, AWA recorded a total comprehensive income result of $310,257 for the year ended 30 June 2022 (2021: $497,756).

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

During the year BEN advised the board that due to a change in their strategy, the Alliance Agreement will not be renewed by BEN upon expiry in February 2025.

The board have commenced a deliberate and planned process to evaluate a number of options and expect an outcome of this process to occur before the end of the 2022-2023 financial year.

There were no other significant changes in the state of affairs of the company that occurred during the financial year, other than those referred to elsewhere in this report.

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:

- the operations of the company;
- the results of those operations; or
- the state of affairs of the company.

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

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
Chairman

Neville Pearce
Deputy Chair

Dated: 18 October 2022

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

Independent auditor's report to the members of AWA Mutual Limited

Our opinion

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

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

What we have audited

AWA Mutual Limited's financial report comprises the:

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

Basis for opinion

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

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

Other information

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

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

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

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

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

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

Independence

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

Directors' responsibility for the financial report

The directors of AWA Mutual Limited are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Simplified Disclosures and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing AWA Mutual Limited's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or cease operations, or have no realistic alternative but to do so.

Auditor's responsibility for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

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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 AWA Mutual Limited'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 AWA Mutual Limited'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 AWA Mutual Limited 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.

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, 3550
Dated this 18th day of October 2022

Adrian Downing
Lead Auditor

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

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03 5443 0344

Lead auditor's independence declaration under *section 307C of the Corporations Act 2001* to the Directors of AWA Mutual Limited

As lead auditor for the audit of AWA Mutual Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated this 18th day of October 2022

Adrian Downing
Lead Auditor

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

	Note	2022 $	2021 $
Revenue from contracts with customers	5	3,124,639	2,869,854
Other revenue and income	5	444,669	651,952
Finance income	5	421,131	192,255
Expenses			
Salaries and employee benefits expense		(1,620,805)	(1,795,365)
Occupancy and associated costs		(89,472)	(83,866)
Depreciation and amortisation expense	6	(189,321)	(262,721)
General administration expense	6	(239,515)	(315,144)
Computer system costs		(108,497)	(109,620)
Community contributions and donations		(204,860)	(160,648)
Other expenses	6	(645,065)	(840,347)
Finance costs	6	(44,693)	(167,946)
Profit/(loss) before income tax expense		848,211	(21,596)
Income tax expense	7	(165,947)	(15,770)
Profit/(loss) after income tax expense for the year		682,264	(37,366)
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss			
Unrealised net gain/(loss) on financial assets at fair value through OCI		(372,007)	535,122
Other comprehensive income/(loss) for the year, net of tax		(372,007)	535,122
Total comprehensive income for the year		310,257	497,756

Refer to Note 4 for detailed information on restatement of comparatives.

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

AWA Mutual Limited
Statement Of Financial Position
As at 30 June 2022

	Note	2022 $	2021 $
Assets			
Current assets			
Cash and short-term deposits	9	2,712,399	2,579,312
Trade and other receivables	10	347,828	367,465
Loans and advances	11	596,725	678,760
Investments	12	4,000,000	3,000,000
Prepaid expenses		21,239	13,776
Total current assets		7,678,191	6,639,313
Non-current assets			
Loans and advances	11	2,473,156	3,234,101
Deferred tax assets	8	415,774	342,087
Investments	12	4,638,848	4,867,548
Property, plant and equipment	13	198,188	267,355
Investment property	14	9,014	22,877
Right-of-use assets	15	1,121,735	1,182,447
Intangibles assets	16	5,676	11,351
Total non-current assets		8,862,391	9,927,766
Total assets		16,540,582	16,567,079
Liabilities			
Current liabilities			
Trade and other payables	17	315,466	417,873
Current tax liability	18	51,049	221,669
Member withdrawable shares		41,990	41,840
Employee benefit liabilities	19	877,062	869,790
Lease liabilities	20	107,906	100,103
Total current liabilities		1,393,473	1,651,275
Non-current liabilities			
Employee benefit liabilities	19	34,730	57,540
Lease liabilities	20	1,112,294	1,169,471
Provisions	21	30,135	29,100
Total non-current liabilities		1,177,159	1,256,111
Total liabilities		2,570,632	2,907,386
Net assets		13,969,950	13,659,693
Equity			
Fair value reserve of financial assets at FVOCI		(366,882)	126,381
Capital redemption reserve		72,550	71,070
General reserve		14,264,282	13,462,242
Total equity		13,969,950	13,659,693

Refer to Note 4 for detailed information on restatement of comparatives.

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

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

	Capital redemption reserve $	Fair value reserve of financial assets at FVOCI $	General reserve $	Total equity $
Balance at 1 July 2020	69,220	93,271	12,999,446	13,161,937
Loss after income tax expense for the year	-	-	(37,366)	(37,366)
Other comprehensive income for the year, net of tax	-	535,122	-	535,122
Total comprehensive income/(loss) for the year	-	535,122	(37,366)	497,756
Transfer (from)/to capital redemption reserve	1,850	-	(1,850)	-
Transfer (from)/to general reserve	-	(502,012)	502,012	-
Balance at 30 June 2021	71,070	126,381	13,462,242	13,659,693

	Capital redemption reserve $	Fair value reserve of financial assets at FVOCI $	General reserve $	Total equity $
Balance at 1 July 2021	71,070	126,381	13,462,242	13,659,693
Profit after income tax expense for the year	-	-	682,264	682,264
Other comprehensive income/(loss) for the year, net of tax	-	(372,007)	-	(372,007)
Total comprehensive income/(loss) for the year	-	(372,007)	682,264	310,257
Transfer (from)/to capital redemption reserve	1,480	-	(1,480)	-
Transfer (from)/to general reserve	-	(121,256)	121,256	-
Balance at 30 June 2022	72,550	(366,882)	14,264,282	13,969,950

Refer to Note 4 for detailed information on restatement of comparatives.

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

	Note	2022 $	2021 $
Cash flows from operating activities			
Interest received		116,539	78,837
Receipts from fees and commission revenue		3,917,675	3,809,690
Payments to suppliers and employees		(3,374,793)	(3,360,547)
Finance costs		(43,658)	(45,565)
Income taxes paid		(245,833)	(38,392)
Net cash from operating activities		369,930	444,023
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		17,500	-
Proceeds from redemption of investments at amortised cost		1,000,000	-
Purchase of investments at amortised cost		(2,000,000)	(1,000,000)
Proceeds from sale of investments at fair value through OCI		602,480	4,090,161
Purchase of investments at fair value through OCI		(910,209)	(4,328,165)
Purchase of property, plant and equipment		(1,650)	(47,184)
Purchase of intangible assets		-	(6,851)
Net cash used in investing activities		(1,291,879)	(1,292,039)
Cash flows from financing activities			
Proceeds from repayment of loans and advances		1,643,916	1,910,167
Issue of loans and advances		(487,771)	(1,627,764)
Proceeds from sale of shares		340	900
Payments of member withdrawable shares		(190)	-
Payment of principal elements of lease payments		(101,259)	(95,043)
Net cash from financing activities		1,055,036	188,260
Net increase/(decrease) in cash and cash equivalents		133,087	(659,756)
Cash and cash equivalents at the beginning of the financial year		2,579,312	3,239,068
Cash and cash equivalents at the end of the financial year	9	2,712,399	2,579,312

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

Note 1. Corporate information

The financial statements of AWA Mutual Limited ("AWA") for the year ended 30 June 2022 were authorised for issue in accordance with a resolution of the directors on 18 October 2022.

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

The registered office and principal place of business of AWA is 4-51 Malop Street, Geelong, Victoria.

Further information on the nature of the operations and principal activity of AWA is provided in the directors' report. Information on AWA's related party relationships is provided in Note 24.

Note 2. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

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

The following Accounting Standards and Interpretations are most relevant to AWA:

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

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

Accounting standards issued but not yet effective

The following accounting standards and interpretations issued by the AASB are not yet mandatorily applicable to AWA and adoption of these standards is not expected to have a material impact on AWA:

AASB 2020-1: *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current* (applicable for reporting periods commencing on or after 1 January 2023).

AASB 2020-3: *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments* (applicable for reporting periods commencing on or after 1 January 2022).

AASB 17: *Insurance Contracts* (applicable for reporting periods commencing on or after 1 January 2023).

AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (applicable for reporting periods beginning commencing on or after 1 January 2025).

AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* (applicable for reporting periods beginning on or after 1 January 2023).

Basis of preparation

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

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

Note 2. Significant accounting policies (continued)

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

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

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

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

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

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

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Current and non-current classification
Assets and liabilities are presented in the Statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

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

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

Note 2. Significant accounting policies (continued)

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

Impairment losses are recognised in the statement of profit or loss and other comprehensive income as an expense.

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

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

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

General reserve
Any unappropriated profit/loss from AWA'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 AWA.

Fair value reserve of financial assets at FVOCI
Changes in the fair value arising on translation of investments that are classified as financial assets at fair value through OCI are recognised in other comprehensive income and accumulated in the fair value reserve of financial assets at FVOCI within equity. Amounts are reclassified to profit or loss when the associated assets are sold or impaired, unless the amount relates to an equity instrument which AWA has irrevocably classified at fair value through OCI in which case the realised gains are transferred to retained earnings without recycling to profit or loss.

Fair value measurement
AWA measures financial instruments at fair value at each reporting date. Fair value related disclosures for financial instruments that are measured at fair value are disclosed in Note 12.

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

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

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

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

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

Note 2. Significant accounting policies (continued)

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

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

Comparatives
Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year.

When AWA retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period, in addition to the minimum comparative financial statements, must be disclosed. Refer to Note 4 for details of restatements to comparatives.

Note 3. Critical accounting judgements, estimates and assumptions

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

Judgements

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

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

Classification of lease arrangements as lessor
As lessor, AWA is required to classify each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the tenant. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than the form of the contract. AWA has classified its sublease arrangement as an operating lease on the basis that:

- the lease does not transfer ownership of the underlying asset to the lessee by the end of the lease term
- the lease term is not for the major part of the economic life of the underlying asset
- the underlying asset is not of a specialised nature
- at inception date, the present value of the lease amounts were substantially less than the fair value of the underlying asset.

Impairment of non-financial assets
AWA assesses impairment of all non-financial 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.

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

Strategic partner loans
Included in loans and advances are strategic partner loans which are classified as commercial or concessional. AWA holds strategic partnership agreements with various community groups, which allow strategic partners to repay their loan balance by way of revenues earned on business referrals. This is calculated based on the volume of business referrals and the nature of the product and is used to offset interest and/or principal repayments on their loans.

Commercial strategic partner loans
Commercial strategic partner loans are provided at market interest rates and do not contain deferred repayments income-contingent repayments terms and conditions. The directors have applied significant judgement and concluded the terms and conditions of commercial loans issued to strategic partners do not meet the definition of a concessional loan.

Concessional strategic partner loans
Concessional strategic partner loans are provided at below-market interest rates. The directors have applied considerable judgement and concluded the terms and conditions of concessional loans issued to strategic partners meet the definition of a concessional loan. Accordingly, such loans and advances are measured at fair value at balance date.

Estimates and assumptions

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

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences and tax losses to the extent that management considers that it is probable that future taxable profits will be available to utilise those temporary differences and tax losses. In completing this assessment, management have considered board approved budgets and short to medium term forecasts, prevailing market conditions, and the period over which recognised tax losses are expected to be utilised.

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

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

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

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

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

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

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

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

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

To determine the incremental borrowing rate, AWA:

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

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

Estimation of concessional loan discount and unwinding of discount over loan term
When AWA enters into a contractual commitment to provide a concessional loan (i.e. at a below market interest rate), AWA estimates the 'concessional loan discount' by comparing the discounted interest rate to an estimated market interest rate applicable to the borrower's circumstances. When calculating the discount, AWA estimates future cash flows in accordance with each concessional (strategic partner) loan agreement, including estimating repayments and interest costs based on facts and circumstances known at balance date. Differences between estimated future cash flows at balance date and actual cash flows are recognised prospectively as the change occurs. The concessional loan discounted is expensed as a finance cost at the commencement of the loan, before being unwound over the term of the loan as finance income.

Note 4. Restatement of comparatives

During the year AWA identified a prior period accounting error in relation to the recognition and measurement of it's right-of-use assets and lease liabilities.

As a practical expedient, AASB 16 permits AWA, by class of underlying assets, not to separate non-lease components from lease components, and instead account for such lease components and any associated non-lease components as a single lease component.

However, as part of the initial transition to AASB 16 on 1 July 2019, it was identified this practical expedient was applied by AWA inconsistently across it's property lease portfolio which did not comply with the requirements of AASB 16. Whilst the right-of-use asset and lease liability calculations for each individual lease were correct, the practical expedient was applied inconsistently amongst each lease arrangement.

Following the inconsistent application of the practical expedient, AWA withdrew its election to apply the abovementioned practical expedient and remeasured its right-of-use assets and lease liabilities by excluding non-lease components across its lease portfolio.

Accordingly, adjustments were required to comparative figures, including the opening statement of financial position at 1 July 2020, being the opening balance of the previous reporting period. Whilst the prior period accounting error did not have a material impact on AWA's net assets or net profit, it did impact on AWA's gross asset and liability position.

Statement of financial position at the start of the earliest comparative period

Extract	30/06/2020 $ Reported	$ Adjustment	1/07/2020 $ Restated
Assets			
Non-current assets			
Deferred tax assets	249,980	(2,880)	247,100
Investment property	22,865	(4,754)	18,111
Right-of-use assets	1,527,732	(232,611)	1,295,121
Total assets	15,919,659	(240,245)	15,679,414
Liabilities			
Current liabilities			
Lease liabilities	113,869	(19,377)	94,492
Non-current liabilities			
Lease liabilities	1,472,943	(229,064)	1,243,879
Total liabilties	2,765,918	(248,441)	2,517,477
Net assets	13,153,741	8,196	13,161,937
Equity			
General reserve	12,991,250	8,196	12,999,446
Total equity	13,153,741	8,196	13,161,937

Note 4. Restatement of comparatives (continued)

Statement of financial position at the end of the earliest comparative period

Extract	30/06/2021 $ Reported	$ Adjustment	30/06/2021 $ Restated
Assets			
Non-current assets			
Deferred tax assets	354,094	(12,007)	342,087
Investment property	29,346	(6,469)	22,877
Right-of-use assets	1,410,419	(227,972)	1,182,447
Total assets	16,813,527	(246,448)	16,567,079
Liabilities			
Current liabilities			
Lease liabilities	108,472	(8,369)	100,103
Non-current liabilities			
Lease liabilities	1,443,569	(274,098)	1,169,471
Total liabilties	3,189,853	(282,467)	2,907,386
Net assets	13,623,674	36,019	13,659,693
Equity			
General reserve	13,426,223	36,019	13,462,242
Total equity	13,623,674	36,019	13,659,693

Extract	30/06/2021 $ Reported	$ Adjustment	30/06/2021 $ Restated
Expenses			
Occupancy and associated costs	(83,870)	4	(83,866)
Depreciation and amortisation expense	(291,064)	28,343	(262,721)
Other expenses	(840,493)	146	(840,347)
Finance costs	(176,403)	8,457	(167,946)
Loss before income tax expense	(58,546)	36,950	(21,596)
Income tax expense	(6,643)	(9,127)	(15,770)
Loss after income tax expense	(65,189)	27,823	(37,366)
Other comprehensive income for the year, net of tax	535,122	-	535,122
Total comprehensive income for the year	469,933	27,823	497,756

Note 5. Revenue

Revenue from contracts with customers

Disaggregation of revenue
Set out below is the disaggregation of AWA's revenue from contracts with customers:

	2022 $	2021 $
Shared margin income	3,124,639	2,869,854

	2022 $	2021 $
Timing of revenue recognition		
Services transferred over time	3,124,639	2,869,854
Total revenue from contracts with customers	3,124,639	2,869,854

Other revenue and income

	2022 $	2021 $
Dividend income	185,371	182,892
Fee income	32,813	33,600
Rental income	35,000	28,158
Commission revenue	184,959	323,541
Government subsidies	-	37,500
Other sources of revenue	6,526	16,261
Total revenue and other income	444,669	621,952

Finance income

	2022 $	2021 $
Interest on term deposits	24,607	24,385
Interest on partnership loans	83,359	93,867
Unwinding of concessional loan discount on partnership loans	201,704	74,003
Gain on remeasurement of provision for expected credit losses	111,461	-
Total finance income	421,131	192,255

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

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

Shared margin revenue
The relationship agreement held by AWA with Bendigo and Adelaide Bank Ltd 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 Alliance Banks current fee schedule and commission are based on the agreements in place. All margin revenue is recorded as non-interest income when AWA's right to receive the payment is established.

Note 5. Revenue (continued)

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

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

Unwinding of concessional loan discount on partnership loans
AWA's loans and advances include concessional (strategic partnership) loans, which are provided on more favourable terms than the borrower could obtain in the market place. AWA's concessional loans have two components; a 'market-based loan' as well as a 'concessional loan' component. The concessional component represents the opportunity cost AWA has forgone by providing the loan at a discounted rate. The discount component of the concessional loan is immediately recognised as an expense when AWA has a contractual commitment to provide the loan at a below-market interest rate. The loan discount component, which was expensed on initial recognition, is unwound over the life of the loan, which is recorded as finance income.

Note 6. Expenses

	2022 $	2021 $
Profit/(loss) before income tax includes the following specific expenses:		
Depreciation and amortisation expense		
Plant and equipment		
Computer equipment	286	286
Office equipment	7,665	8,030
Leasehold improvements	43,151	108,678
Motor vehicles	6,083	7,424
	57,185	124,418
Investment property		
Sub-leased investment property	14,699	24,063
Right-of-use assets		
Leased branch premises	111,762	110,091
	111,762	110,091
Intangible assets		
Computer software	5,675	4,150
	5,675	4,150
Total depreciation	189,321	262,721

Note 6. Expenses (continued)

General administration expense

	2022 $	2021 $
Marketing and promotional costs	18,438	60,003
Board, governance and recruitment costs	153,754	197,875
Member communication costs	35,926	29,662
Travel and accommodation costs	31,397	27,604
Total general administration expense	239,515	315,144

Other expenses

	2022 $	2021 $
Document storage costs	52,990	30,670
Subscription costs	10,868	9,234
Insurance, legal and audit costs	118,866	82,112
Partner revenue share	164,198	175,887
Bank fees and charges	298,143	358,625
Loss on remeasurement of provision for expected credit losses	-	183,819
	645,065	840,347

Finance costs

	2022 $	2021 $
Lease liabilities	43,658	45,716
Make-good on lease premises (unwinding of present value discount)	1,035	999
Concessional loan discount	-	121,231
Total finance costs	44,693	167,946

Accounting policy for expenses
Depreciation of property, plant and equipment
Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Computer equipment	4 years
Office equipment	7 years
Leasehold improvements	7 years
Motor vehicles	5 years

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

Note 6. Expenses (continued)

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

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

Recognition of concessional loan discount
AWA's loans and advances include concessional (strategic partnership) loans, which are provided on more favourable terms than the borrower could obtain in the market place. AWA's concessional loans have two components; a 'market-based loan' as well as a 'concessional loan' component. The concessional component represents the opportunity cost AWA has forgone by providing the loan at a discounted rate. The discount component of the concessional loan is immediately recognised as an expense when AWA has a contractual commitment to provide the loan at a below-market interest rate. The loan discount component, which was expensed on initial recognition, is unwound over the life of the loan, which is recorded as finance income.

Note 7. Income tax expense

	2022 $	2021 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit/(loss) before income tax expense	848,211	(21,596)
Tax at the statutory tax rate of 25% (2021: 26%)	212,053	(5,615)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Other assessable income	-	14,862
Non-deductible expenses	923	303
Non-assessable income	(34,662)	(13,001)
	178,314	(3,451)
Adjustment to deferred tax to reflect change of tax rate in future periods	-	14,164
Under provision in respect to prior years	(12,367)	5,057
Income tax expense	165,947	15,770

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

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

Note 8. Deferred tax assets

	2022 $	2021 $
Non-current assets		
Deferred tax asset comprises:		
Unamortised loan discount	-	50,384
Provision for expected credit losses	18,090	45,955
Accrued expenses	6,568	35,889
Employee provisions	227,330	228,650
Lease liability	362,328	446,620
Net unrealised gains on financial assets at fair value through OCI	122,294	-
Provisions	7,534	7,275
	744,144	814,773
Deferred tax liability comprises:		
Net unrealised losses on financial assets at fair value through OCI	-	(42,127)
Unamortised loan discount	(43)	-
Right-of-use asset	(324,665)	(423,222)
Investment property	(3,662)	(7,337)
	(328,370)	(472,686)
Net deferred tax asset	415,774	342,087

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

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

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

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Note 8. Deferred tax assets (continued)

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

Note 9. Cash and short-term deposits

	2022 $	2021 $
Current assets		
Cash at bank and deposits on hand	2,712,399	2,579,312

Accounting policy for 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.

Note 10. Trade and other receivables

	2022 $	2021 $
Current assets		
Accrued shared margin revenue	264,902	256,264
Accrued interest and other revenue	10,950	19,523
Accrued commission revenue	71,976	91,678
	347,828	367,465

Accounting policy for trade and other receivables
Accrued shared margin revenue includes amounts due from customers for services performed in the ordinary course of business.

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

Note 11. Loans and advances

	2022 $	2021 $
Current assets		
Commercial loans	214,920	547,244
Commercial (strategic partner) loans	454,163	-
Concessional (strategic partner) loans	-	315,335
Provision for expected credit losses	(72,358)	(183,819)
	596,725	678,760
Non-current assets		
Commercial loans	876,484	1,129,340
Commercial (strategic partner) loans	1,596,672	-
Concessional (strategic partner) loans	-	2,104,761
	2,473,156	3,234,101
	3,069,881	3,912,861

Accounting policy for loans and advances

Commercial loans
Commercial loans comprise loans and advances provided to customers on market terms. The terms and conditions of commercial loans are negotiated between AWA and the customer within each loan agreement. AWA seeks to obtain collateral for loans and advances or where impractical will secure such loans and advances with a guarantor. All loans and advances are reviewed and approved by the board.

Commercial (strategic partner) loans
Commercial (strategic partner) loans comprise loans and advances provided to strategic partners on market terms. AWA holds Strategic Partnership Agreements with various community groups, which allow strategic partners to repay their loan balance by way of revenues earned on business referrals.

Concessional (strategic partner) loans
Concessional (strategic partner) loans comprise loans and advances provided to strategic partners on more favourable terms than the borrower could obtain in the market place. AWA holds Strategic Partnership Agreements with various community groups, which allow strategic partners to repay their loan balance by way of revenues earned on business referrals.

Provision for expected credit losses
When a commercial or concessional loan is issued, the board recognises a provision for expected credit losses from default events that are possible within the next 12 months. If there is a significant increase in credit risk following the initial assessment, AWA recognise a provision for expected credit losses equal to the lifetime expected credit losses for each relevant loan and advance.

Note 12. Investments

	2022 $	2021 $
Current		
Financial assets at amortised cost		
Term deposits	4,000,000	3,000,000
	4,000,000	3,000,000
Non-current		
Financial assets at fair value through OCI		
Equity instruments	2,517,769	2,753,073
Debt instruments	2,121,079	2,114,475
Total non-current financial assets at fair value through OCI	4,638,848	4,867,548
Total investments	8,638,848	7,867,548

Accounting policy for investments
The directors recognise term deposits and floating rate notes at amortised cost, and its listed equity shares and convertible notes at fair value through other comprehensive income. Where applicable, fair values are assigned to such investments based on quoted prices using Level 1 of the fair value hierarchy. Refer to Note 23 for further information about AWA's accounting policies for financial assets.

Note 13. Property, plant and equipment

	2022 $	2021 $
Non-current assets		
Leasehold improvements - at cost	738,841	738,841
Less: Accumulated depreciation	(587,048)	(543,897)
Net carrying amount	151,793	194,944
Motor vehicles - at cost	22,394	46,452
Less: Accumulated depreciation	(7,091)	(11,434)
Net carrying amount	15,303	35,018
Computer equipment - at cost	130,632	140,413
Less: Accumulated depreciation	(130,346)	(139,841)
Net carrying amount	286	572
Office equipment - at cost	83,496	81,846
Less: Accumulated depreciation	(52,690)	(45,025)
Net carrying amount	30,806	36,821
Total property, plant and equipment	198,188	267,355

Note 13. Property, plant and equipment (continued)

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

	Leasehold improvements $	Motor vehicles $	Computer equipment $	Office equipment $	Total $
Balance at 1 July 2021	194,944	35,018	572	36,821	267,355
Additions	-	-	-	1,650	1,650
Disposals	-	(13,632)	-	-	(13,632)
Depreciation expense	(43,151)	(6,083)	(286)	(7,665)	(57,185)
Balance at 30 June 2022	151,793	15,303	286	30,806	198,188

Accounting policy for property, plant and equipment
Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Leasehold improvements	7 years
Motor vehicles	5 years
Computer equipment	4 years
Office equipment	7 years

The useful lives of plant and equipment are consistent with the previous reporting period.

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

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

Note 14. Investment property

	2022 $	2021 $
Non-current assets		
Sub-leased investment property - at cost	78,825	77,988
Less: accumulated depreciation	(69,811)	(55,111)
	9,014	22,877

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	2022 $	2021 $
Opening balance	22,877	18,111
Additions	836	28,829
Depreciation expense	(14,699)	(24,063)
Closing balance	9,014	22,877

Note 14. Investment property (continued)

	2022 $	2021 $
Maturity analysis		
The future minimum undiscounted lease payments receivable under non-cancellable operating leases in aggregate and for each of the following periods is as follows:		
not later than 12 months	20,417	32,000
later than 12 months but less than two years	-	18,667
	20,417	50,667

AWA has sub-leased a portion of its leased premises, with a sub-lease term of 3.33 years. AWA has classified the sub-lease arrangement as an operating lease as the sub-lease does not transfer substantially all the risks and rewards incidental to ownership of the underlying asset.

Rental income recognised by the company during the year is $35,000 (2021: $28,158).

Accounting policy for investment property
Investment property comprises a sub-leased portion of a building which AWA leases in accordance with AASB 16. The sub-lease is held to generate long-term rental yields, with the tenant lease being held on an arm's length basis.

AWA initially measures the underlying leased asset in accordance with AASB 16 *Leases* before applying judgement in separately identifying the investment property recognised under AASB 140: *Investment Property*. The investment property is initially measured at cost under AASB 16 *Leases* and is subsequent measured at cost less accumulated depreciation under AASB 140 and is assessed for impairment under AASB 136.

Note 15. Right-of-use assets

	2022 $	2021 $
Non-current assets		
Leased building premises	1,454,192	1,403,142
Less: accumulated depreciation	(332,457)	(220,695)
	1,121,735	1,182,447

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

	2022 $	2021 $
Depreciation charge related to right-of-use assets	111,762	110,091
Finance costs on lease liability	43,658	45,716
	155,420	155,807

Note 15. Right-of-use assets (continued)

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

	Leased building premises $	Total $
Balance at 1 July 2021	1,182,447	1,182,447
Additions	51,050	51,050
Depreciation expense	(111,762)	(111,762)
Balance at 30 June 2022	1,121,735	1,121,735

AWA's lease portfolio consists of branch premises, which have lease terms ranging from 16 to 17 years.

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

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

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

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

Make good provision
All lease agreements contain a provision for make good requiring AWA to return leased buildings into their original condition prior to the commencement of the lease. All make good provisions have been estimated and have been separately disclosed from the lease liability.

Note 16. Intangibles assets

	2022 $	2021 $
Non-current assets		
Computer software - at cost	27,424	36,924
Accumulated amortisation	(21,748)	(25,573)
	5,676	11,351

Note 16. Intangibles assets (continued)

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

	Computer software $	Total $
Balance at 1 July 2021	11,351	11,351
Amortisation expense	(5,675)	(5,675)
Balance at 30 June 2022	5,676	5,676

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

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

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

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

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

Computer software	3 years

Intangible assets are amortised on a straight-line basis.

Note 17. Trade and other payables

	2022 $	2021 $
Sundry creditors and other accrued expenses	214,656	334,579
Amounts payable to the Australian Taxation Office	100,810	83,294
	315,466	417,873

	2022 $	2021 $
Financial liabilities at amortised cost classified as trade and other payables:		
Trade and other payables	315,466	417,873
Less amounts payable to the Australian Taxation Office	(100,810)	(83,294)
	214,656	334,579

Note 17. Trade and other payables (continued)

Accounting policy for 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.

Note 18. Current tax liability

	2022 $	2021 $
Current liabilities		
Current tax liability	51,049	221,669

Note 19. Employee benefit liabilities

	2022 $	2021 $
Current liabilities		
Employee benefits - annual leave	361,098	400,092
Employee benefits - long service leave	513,492	456,966
Employee benefits - paid special leave	-	12,732
Employee benefits - purchased leave	2,472	-
	877,062	869,790
Non-current liabilities		
Employee benefits - long service leave	34,730	57,540
	911,792	927,330

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

Long service leave and annual leave
AWA does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. AWA recognises a liability for long service leave and annual leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

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

Note 20. Lease liabilities

	2022 $	2021 $
Current liabilities		
Lease liability	148,892	142,943
Unexpired interest	(40,986)	(42,840)
	107,906	100,103
Non-current liabilities		
Lease liability	1,298,508	1,462,460
Unexpired interest	(186,214)	(292,989)
	1,112,294	1,169,471
	1,220,200	1,269,574

	2022 $	2021 $
Maturity analysis		
The future minimum undiscounted lease payments payable under lease agreements in aggregate and for each of the following periods is as follows:		
not later than 12 months	148,892	142,943
later than 12 months but less than five years	595,568	571,769
greater than 5 years	702,940	890,691
Less future interest charges	(227,200)	(335,829)
	1,220,200	1,269,574

Accounting policy for lease liabilities
AWA as lessee

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

AWA's lease portfolio includes leased buildings, which have lease terms ranging from 16 to 17 years.

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

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

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

Note 20. Lease liabilities (continued)

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

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

AWA as lessor

AWA sub-leases excess capacity in one of its leased building premises. Upon entering into each contract as a lessor, AWA assesses if the lease is a finance or operating lease.

The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases. AWA has concluded its sub-lease arrangements meet the definition of an operating lease. AWA applies judgement to separately identify the investment property from the right-of-use asset.

Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (for example legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Note 21. Provisions

	2022 $	2021 $
Non-current liabilities		
Make-good on lease premises	30,135	29,100
Movements in carrying amounts		
Opening balance	29,100	28,100
Arising during the year	1,035	1,000
Closing balance	30,135	29,100

Lease make good

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

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

Accounting policy for provisions

Provisions are recognised when AWA has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When 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 a provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

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

Note 22. Capital commitments

AWA has no material capital commitments contracted for at 30 June 2022 but not yet capitalised in the financial statements (30 June 2021: nil).

Note 23. Financial risk management and financial instruments

AWA's financial instruments consist mainly of deposits with banks, investments, accounts receivable and payable, loans and advances, and lease liabilities.

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

	Note	2022 $	2021 $
Financial assets			
Cash and cash equivalents at amortised cost	9	2,712,399	2,579,312
Trade and other receivables at amortised cost	10	347,828	367,465
Loans and advances at amortised cost	11	3,069,881	3,912,861
Investments at amortised cost	12	4,000,000	3,000,000
Investments at fair value through other comprehensive income	12	4,638,848	4,867,548
Total financial assets		14,768,956	14,727,186
Financial instruments			
Trade and other payables at amortised cost	17	214,656	334,579
Lease liabilities at amortised cost	20	1,220,200	1,269,574
Total financial liabilities at amortised cost		1,434,856	1,604,153

AWA has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk (including currency, price, cash flow and fair value interest rate).

Credit risk
Credit risk is the risk of financial loss to AWA if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from AWA receivables from customers.

AWA has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history.

Liquidity risk
Liquidity risk is the risk that AWA will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. AWA's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to AWA's reputation.

AWA believes its sound relationship with Bendigo and Adelaide Bank Limited mitigates liquidity risk significantly.

Market risk
Market risk is the risk that changes in market prices - e.g. foreign exchange rates, interest rates, and equity prices - will affect AWA's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The primary goal of AWA's investment in equity and interest bearing securities is to hold the investments for the long term for strategic purposes.

Note 23. Financial risk management and financial instruments (continued)

Accounting policy for financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

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

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

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

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

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

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

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

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

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

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

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

AWA's loans and advances include concessional (partnership) loans, which are provided on more favourable terms than the borrower could obtain in the market place. AWA's concessional loans has two components; a 'market-based loan' as well as a 'concessional loan' component. The concessional component represents the opportunity cost AWA has forgone by providing the loan at a discounted rate. The discount component of the concessional loan is immediately recognised as an expense when AWA has a contractual commitment to provide the loan at a below-market interest rate. The loan discount component, which was expensed on initial recognition, is unwound over the life of the loan, which is recorded as finance income.

Note 23. Financial risk management and financial instruments (continued)

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

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

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

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

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

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

- 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 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.

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

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

Financial liabilities

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

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

AWA's financial liabilities include trade and other payables and lease liabilities.

Note 23. Financial risk management and financial instruments (continued)

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

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

Note 24. Related party transactions

Details of key management personnel

The directors of AWA during the year were:

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

The senior management team of AWA during the year were:

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

Transactions with related parties
Refer to key management personnel disclosure on compensation payments made to key management personnel. Other transactions between related parties include deposits from and loans to directors and other key management personnel related entities or close family members of directors and other key management personnel.

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 apply to ordinary members. Each key management personnel holds one $10 redeemable preference share in AWA.

Compensation of key management personnel of the company:

	2022 $	2021 $
Total compensation paid to key management personnel (including superannuation)	846,968	812,011

There have been no other transactions with related parties.

Note 25. Contingent liabilities and assets

The directors are not aware of any contingent liabilities or assets as at the date of signing this financial report.

Note 26. Auditor remuneration

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

	2022 $	2021 $
Audit and assurance services		
Audit of the financial report	25,500	23,430
Non-audit services		
Preparation of financial statements	1,815	1,650
Other accounting services	1,850	1,500
Total non-audit services	3,665	3,150
Total remuneration of auditors	29,165	26,580

Note 27. Events after the reporting period

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect AWA's operations, the results of those operations, or AWA's state of affairs in future financial years.

AWA Mutual Limited
Directors' Declaration
30 June 2022

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

The financial statements and notes, as set out on pages 19 to 50, are in accordance with the *Corporations Act 2001* and:

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

In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Peter Richardson
Chair

Neville Pearce
Director

18 October 2022

Contact us

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