AWA Alliance Bank®

AWA Mutual Ltd

Annual Report 2023

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

With external economic conditions varying significantly during the previous 12 months, AWA has remained committed to supporting our Members through these changing and at time challenging circumstances.

On a daily basis our dedicated team demonstrate their commitment to our Members and communities and this has continued to be a feature of our service offering with outstanding results achieved in Member satisfaction and revenue growth all while maintaining overall sound financial performance.

AWA's consistently strong performance is highlighted in the following areas:

71% — **Member satisfaction – Net Promotor score**
Consistently outperforming banking sector average

89% — **Staff satisfaction**
Consistently high levels of employee engagement

$4.53m — **Total Revenue**
Increase of 13% over 2022 ($3.99m)

$440k — **Total Comprehensive Income**
Increase of 43% over 2022 ($310k)

$14.4m — **Total Member Funds**
Increase of 3% over 2022 ($13.9m)

For the past 54 years, since our formation as the Point Henry Credit Co-operative, your Directors have guided the organisation through a number of changes that have ensured we continue to act in our Members best interests.

The coming 12 months represent the opportunity for another exciting chapter in our evolution, with your Directors unanimously agreeing to recommend to Members, subject to regulatory and court approvals, that AWA proceed with a merger with Beyond Bank Australia Limited by way of a Scheme of Arrangement.

Subject to these approvals, we look forward to conducting a Member vote in early 2024.

Our People

Our team pride themselves on providing outstanding customer service as AWA's point of difference and our Member satisfaction survey results tell us they consistently go above and beyond for our Members, often supporting each other across our three locations in Geelong, Portland and Mandurah.

We would like to thank and acknowledge the amazing work AWA's people do for our Members every day.

This year we welcomed Sharna Hitchcock and farewelled Brandon Curtis and Stephanie Ash who we thank for their positive contribution to AWA and its Members.

Community Engagement

AWA continued its commitment to supporting the communities where we operate with a cumulative total **of over $2.1m since 2015**.

$205k In 2022-23 AWA provided $205,000 in financial support of our Philanthropic partners.

The beneficiaries of these funds this year again 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, interest rebates and revenue share from referred business.

$191k In 2022-23 this shared value totalled $191,000 paid to AWA's partners – consisting of $138,000 in revenue share plus a further $53,000 in 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
- Mandurah City Football Club
- Pinjarra Golf Club
- Kwinana Golf Club
- Sirovilla Incorporated

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 effectively balance the achievement of sound financial performance with competitive Member pricing and contribution to our communities.

Profitability:

$4.53m AWA has grown its revenue from $3.99m in 2021-22 to $4.53m in 2022-23 – an uplift of 13%.

$444k AWA achieved a total comprehensive income of $444k for 2022-23. Operating profit of $221.8k was achieved through revenue growth and careful cost management and was complimented with other comprehensive income totalling $222.8k.

Balance Sheet:

$470m As at 30 June 2023, AWA's loans portfolio was $327m and deposits totalled $123m.

$14.4m Members equity continued to be strong, increasing by 3% to $14.4m in total equity underpinning a sound balance sheet.

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

The future

During 2021-22, AWA's Alliance Bank partner, Bendigo and Adelaide Bank Limited (BEN) advised the AWA Board that due to a change in their strategy, the Alliance Agreement will not be renewed by BEN upon expiry in February 2025.

Throughout 2022-23, the Board completed a deliberate and planned process to evaluate a number of options. This review has now concluded with the AWA Board executing a Merger Implementation Agreement with Beyond Bank Australia Limited (Beyond) in September 2023.

The proposed merger with Beyond is to be via a Scheme of Arrangement and is subject to ASIC, Federal Court and AWA Member approval, together with APRA approval for the statutory transfer of AWA Member's deposits and loans from BEN to Beyond.

On the basis that regulatory and court approvals are obtained, your Board will unanimously recommend to Members via a Special General Meeting to be held in early 2024, that AWA merge with Beyond by way of a Scheme of Arrangement. The Board will write to Members specifically in relation to these proposed changes.

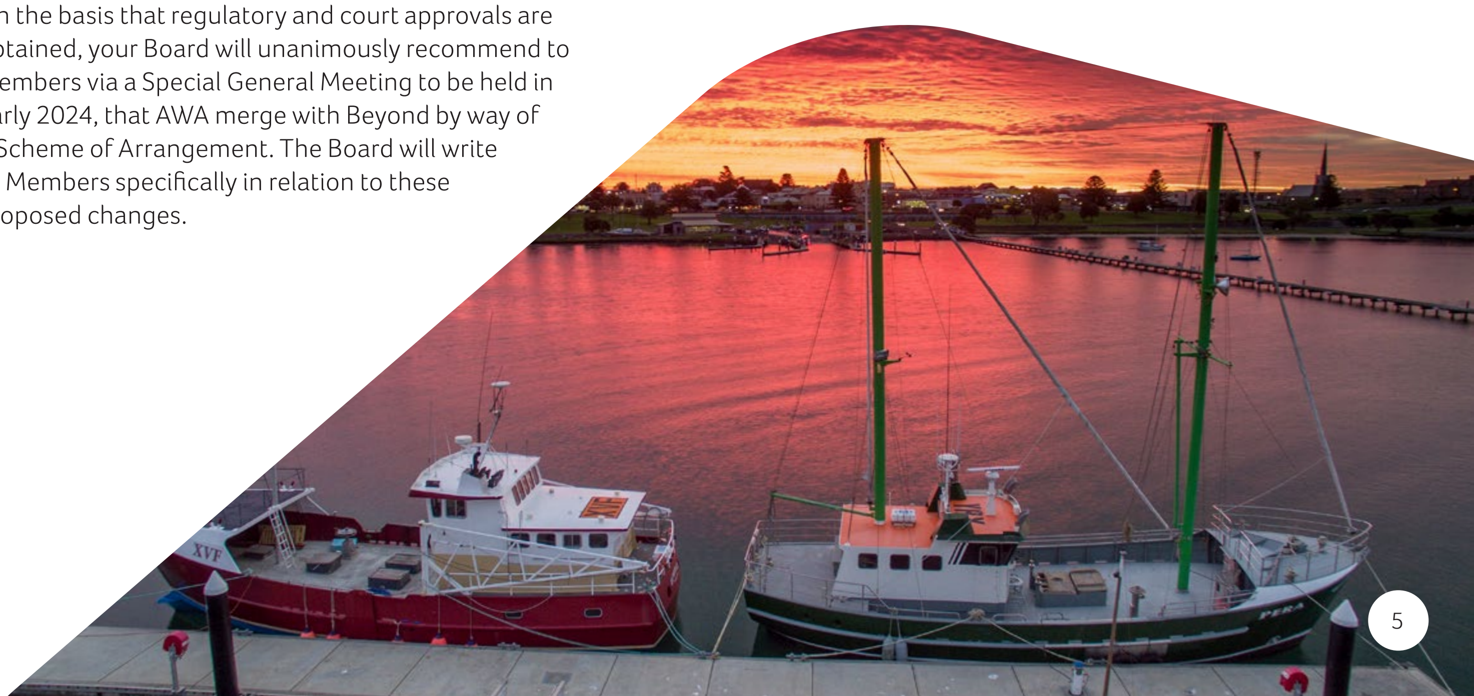
Conclusion

2022-23 has been another strong year for AWA, sustaining our positive impact for our Members and the community whilst concurrently evaluating the best option for our future.

We wish to acknowledge the contribution from our dedicated team in Geelong, Portland and Mandurah and look forward to continuing to provide excellence in service and support to our Members as we work towards the next exciting transition for our organisation.

Peter Richardson
Chairman

Gavin Heathcote
Chief Executive Officer



Community Report

Geelong Connected Communities

The structure of Geelong Connected Communities (GCC) and its broad range of grant programs support a really great cross section of initiatives in all parts of the Geelong community. From addressing disadvantage to supporting better sporting and cultural opportunities, it's a really rewarding program that's delivers on its mission to enhance the social and economic wellbeing of communities in the Geelong region.

Above: GSODA Junior Players ready to perform the Wizard of Oz.

Above: Road Safety Education Program being delivered to school students.

Since inception GCC has provided 806 grants totalling $2,263,348. This past year saw $116,073 invested into the region over 52 grants.

Some of the fantastic grants this year include:

- Support for the Sexual Assault and Family Violence Centre to provide gift cards for families would otherwise be without food and presents during the festive season.
- A Road Safety Education program delivered through local schools in a workshop format to teach students about road safety by providing tools, habits and motivation to take action and stay safe on the road as drivers and passengers.
- Grants for Geelong Food Relief Centre to support emergency food distribution and help eliminate food insecurity in the region.
- Support for the Geelong Society of Operatic & Dramatic Art (GSODA) junior players to help find a new permanent home and get them back on stage and performing again.
- Equipment for Tiny Dots Early Intervention who's Occupational Therapists provide advice to child care staff to help identify developmental delays, because early intervention leads to better outcomes.
- A grant to Hazara Community Geelong to support young people in a cultural showcase, working together with a choreographer to devise, rehearse and deliver a wonderful performance.
- GCC is the time clock sponsor for the Geelong Cross Country Club.

Above: Hazara Community Geelong on performance day.

PEACH

This year at PEACH (Personnel Employed at Alcoa Charity Help) saw an incredible moment when John Lawrence, the former treasurer for PEACH, was awarded the Order of Australia Medal for his service to the community through charitable organisations. John has been involved with PEACH since 2004 along with many other roles in the community and his award was truly deserved.

Above: John Lawrence.

Above: Nola Edwards (AWA) and John Martley (PEACH) proudly presenting 2 representatives at Calvary Youth Services with their grant.

Once again Alcoa employees were very generous with their donations allowing PEACH to support some amazing organisations in partnership with AWA.

Some of the recipients of grants from PEACH over the last year include:

Peel Community Kitchen who received $3,237 to purchase a new chest freezer. Peel community kitchen provide meals and support to the homeless, unemployed, families and the elderly living below the poverty line. In addition they provide outreach help to those that can't get to the kitchen.

Calvary Youth Services Mandurah Inc. who received $10,500 for facility improvements and promotional items. Calvary Youth Services provide crisis accommodation for 15-25 year old's who are homeless or at risk of homelessness.

Mandurah Regional Community Christmas Appeal who received $2,500 to go towards food hampers for families experiencing financial difficulties. The Mandurah Regional Community Christmas Appeal is a combined effort between a number of government and non-government agencies and church groups working together to cover the demand in the community.

Children's Leukaemia & Cancer research Foundation Inc. who received $24,000 to purchase laptops and screens for the back on track program. The back on track program will help to ensure children have the chance to get back to their education post treatment. The initiative will see specialist educators assigned to a child cancer patient, who will remain with the child for their entire treatment journey, tutoring and advocating at hospital level and with the school.

Bridge Builders Mandurah who received $16,144 to purchase new fridges and freezers. Bridge Builders reclaims safe surplus food from local farmers, manufacturers, distributors and retailers. The food is then distributed through the local community food centre that reaches over 6100 local families, seniors, students and others in need every year.

Left: Will Dobbs (AWA) and Lisa Dixon (PEACH) proudly presenting 2 representatives at Bridge Builders with their grant.

United Way Glenelg

Our partner United Way Glenelg (UWG) has had a very busy year.

Once again Shark Pitch was a huge success. Over 100 people joined the event virtually and another 40 at a viewing party. With AWA's matched funding, over $60,000 raised for 3 great pitchers:

- **Jolene from Funky Hearts** who raised just over $15,000 to support the community by providing a series of parenting and relationship workshops. The tools provided in the workshops help parents to be better placed to raise confident and motivated children.

  Project update: Funky Hearts has successfully installed its sound system, which is now ready for program delivery.

  The next priority is to secure the program syllabus, a task that is anticipated to be completed in the coming months. The timeline for this project has been extended due to challenges with volunteer availability, impacting daily operations. Consequently, the programming and scheduling of parenting and relationship workshops have been delayed.

- **Airlie & Ashton from Portland Little Athletics** who raised over $18,000 for upgrades to their tracks. In particular, specialized rubber tops were needed on the run-ups for long-jump and triple-jump.

  Project Update: Portland Little Athletics Club have installed a state-of-the-art blue synthetic rubber surface over a solid concrete foundation. This upgrade has significantly improved the safety of their high jump area, reducing the risk of slips and potential accidents for our athletes during their run-ups. This achievement aligns perfectly with their commitment to creating a secure and supportive environment for aspiring young athletes.

- **Leanne & John from Say No 2 Family Violence** who raised over $28,000 which was to deliver educational programs to students, teachers and parents on sexploitation and family violence, a growing concern in the community.

  Project update: Esteemed Australian authority, Melinda Tankard Reist, renowned for her advocacy against the harmful effects of sexualization on young individuals, and Daniel Principe, a dedicated educator and youth advocate representing Collective Shout, conducted a series of workshops in the Glenelg Shire.

  The primary objective of the workshops is to confront the critical issue of the sexualization of young people. Designed to provide students, educators, and community members with essential insights and effective strategies to address this concern. The sessions made a significant contribution to equipping our community with valuable knowledge and tools to navigate this important issue.

Above: The smiling faces at Funky Hearts excited to receive the funds raised from the 2022 Shark Pitch event.

"The unwavering financial support from AWA Alliance Bank, generously extended through both the SharkPitch event and the Winter School Shoe program, has been instrumental in propelling the impactful work of United Way Glenelg. Their commitment to our mission has helped create positive ripples of change within our community, proving that when compassion and resources align, lives are transformed."

Nicole Carr, Executive Officer, UWG

In addition to the Shark Pitch event, UWG celebrated an impressive milestone of sending its 40,000th book through the Dolly Parton Imagination Library program. The program started in 2013 and aims to put a new, age-appropriate book in the hands of enrolled children every month.

The Little FREE Pantries continue to run strong and have been an excellent addition to supporting those in the community struggling with food insecurity. With 24/7 access families can comfortably take when they need and give back when they can afford to. The pantries get stocked with non-perishable essentials such as long life milk, rice, pasta, sauces, tinned foods, toiletries, nappies etc.

Christmas time can be a tough time for some especially for the older community who can be quite isolated but UWG were able to spread the Christmas cheer by providing 200 hampers to those in need. The hampers included handwritten cards and letters, a Christmas cake, a grocery voucher and a butcher voucher. The Christmas Hampers are in addition to the Winter Care Packages that are delivered to the homes of older residents.

With funding from AWA, UWG was able to launch the winter schools fund that provided vouchers to families in need that could be used to purchase weather appropriate school shoes. Close to 50 families were supported through this new initiative

Bundarra Primary School was able to create an innovative sensory room for students that provides a safe, quiet and calm space enabling the students to regulate their emotions, and return to the classroom ready to learn. The room has proven to be a huge success.

These are just a few examples of the great things happening in their space.

www.unitedwayglenelg.com.au

Give Where You Live Foundation

The Give Where You Live Foundation (GWYL) has had another amazing year with over $2.6 million being invested into the greater Geelong community.

As cost-of-living pressures continue to affect families in many ways, across the Geelong region demand for food relief has continued to increase.

This year with support from AWA as a Platinum Partner, the Foundation has supported:

- Over **51,000** people to access **food relief** assistance and reduce food insecurity.
- Over **468,000 meals** to support food relief and reduce food insecurity.
- Over **1,600** people experiencing **homelessness**.
- Over **3,900** people to reduce **social isolation**.
- Over **8,400** people assisted with prevention and early intervention efforts related to family violence, sexual assault, addiction, mental health, and family breakdown.

Above: AWA staff supporting the Feed Geelong Appeal.

Below: AWA staff and member Paul McKenna participating in the Surf Coast Trek.

Above: Gavin Heathcote CEO of AWA, Meg Price acting CEO of GWYL, Deanne Linde Manager of Bellarine, Living & Learning Centre.

2023 Survive & Thrive Grants Impact

This year the GWYL Survive & Thrive grant round provided over **$420,000** to 15 local organisations to help create a fairer community across the Geelong region.

Over $200,000 of these grants were directed towards supporting food security as demand for food relief services in the G21 region has continued to surge with increasing demand across our community.

Some of the great organisations that received grants are:

Bellarine Living and Learning Centre – a not-for-profit neighbourhood house open since 1984. Funding will be used to support the Food Bank and Food Security Programs.

The Outpost – exists to provide support to people experiencing housing instability, addiction, or mental health challenges through the provision of food and material aid. Funding will be used to provide food and operational costs to ensure that The Outpost doors remain open 365 days of the year.

"The cost of living is rising and we are seeing more and diverse people coming through our doors, that we haven't seen before, that are now struggling to put food on the table.

They are bringing their children, they are bringing their families. The people that come through our doors are new and emerging every day."

Amy Flint, Vice President, The Outpost

Farm My School – a not-for-profit association, working to transform unused land within schools into regenerative market gardens providing food to the local community. Funding received will be used to launch the pilot program at Bellarine Secondary College.

The Power In You Project – a Geelong non-profit organisation helping people affected by addiction, mental health and justice-related challenges to achieve lasting change in their lives. With their 7 day a week program they support participants in taking back control of their lives and to become positive, contributing members of the community.

Community Partnerships

Geelong United Basketball

Geelong United Basketball is an amalgamation of Basketball Geelong and the Corio Bay Stingrays. Joining forces in 2019, the two clubs came together to better service the region's basketball community. Combining competitions and pathways programs, the pool of resources and staff has now grown into one of the largest associations in not only Victoria but Australia. Boasting a large junior program, as well as producing several high-level professional athletes, Geelong United Basketball continues to grow as they push to 1000 community teams and over 500 pathways players. In 2023, Geelong United Basketball launched its new website. *www.geelongunitedbasketball.com.au* is a one-stop shop for all the basketball news and information relevant to Greater Geelong.

East Belmont Cricket Club

A power club of the Geelong Cricket Association, with eight senior and seven junior sides both male and female. Their practice facilities, change rooms and electronic scoreboard are the envy of all clubs in the district. All of this would not have been possible without the support of the AWA Alliance Bank partnership, which has placed the club in a strong financial position.

As a strategic partner EBCC are a shining example of what member support of the partnership can deliver to a club in the way of new infrastructure.

Ocean Grove Surf Life Saving Club

November 18th 2023 marks 75 years since Ocean Grove SLSC officially affiliated with the Victorian Centre as a Surf Life Saving Club. It's now one of the largest and most popular Surf Life Saving Clubs in Victoria with close to 3000 members. The 22/23 season saw 117 rescues with over 6100 volunteer patrol hours. Demand for nipper places is at an all-time high. Season highlights included a team of club members volunteering with flood relief in Northern Victoria in October and hosting the Senior State Championships in late February, with OGSLSC taking out first position again.

Mandurah City Football Club

In 2022, Mandurah City F.C introduced a Girls Soccer Development Program, and the inaugural season was a resounding success with the enthusiastic participation of 3 junior girls teams. Soccer has now become one of the most popular team sports among girls and women in Australia. As we continue to witness this growth Mandurah City FC are continuing to expand their Female Football Development Program. In 2024 Mandurah City FC will showcase 5 junior girls' teams and 3 women's teams with the future prospect of gaining a position into the NPL Women's League.

The primary goal is to create a nurturing and inclusive sporting environment while simultaneously nurturing elite talent, potentially paving the way for careers in the sport.

This past year the partnership with AWA enabled the club to have 3 external speakers, new projector and 3 internal TV's installed bringing the match day experience to whole new level. We look forward to seeing what the future holds at Mandurah City FC.

Kwinana Golf Club

The Kwinana Golf Club has been a partner with AWA since 2020. The partnership has enabled the club to purchase a Toro Greens master mower and new Toro sprayer unit which are both essential in keeping the club in pristine condition. The most important part of the partnership for the club is that their members have been given an opportunity to make use of AWA's services and help them reach their personal goals.

Pinjarra Golf Club

Pinjarra Golf Club offers terrific views and challenging play for golfers at every skill level. Well-groomed fairways and greens keep Pinjarra Golf Club difficult yet friendly. Pinjarra Golf Club is a terrific choice for your regular rounds of golf or a new destination for you and friends when visiting Pinjarra.

The club, established in 1912, is an exciting and vibrant country/outer metropolitan golf club which hosts regular tournaments. Annual major open events include the Ladies Amateur Open and Men's Amateur Open both scheduled for October. In 2016 a new event, the WA 2 Ball Ambrose Championships, was included in the golfing calendar and has proved to be very popular and has now become a regular feature.

Sirovilla Incorporated

Australia, including our region, is experiencing an affordable housing crisis. This crisis is impacting a number of vulnerable cohorts in our community. For over fifty years, Sirovilla has sought to provide safe, secure and affordable housing for independent seniors.

The greatest celebration this year has been the successful tenanting of their 16 units at Point Lonsdale, known as the Eric Tolliday Units. Through AWA's partnership, Sirovilla has invested significant funds into refurbishing those units to ensure local people remain in their local communities.

Director's Report

Your Directors present their report on AWA for the financial year ended 30 June 2023.
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 Finance Manager – Anam Cara House	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 CEO – Anam Cara House.	Member of the Board of Directors since 2017. Member – Partnerships Committee.
Elaine C Carbines AM Director	BA, Dip Ed, GAICD, FIPAA, Hon PhD (Deakin) 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.

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 – 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		Board Audit & Risk Committee		People Committee		Partnerships Committee		Period of Appointment			
	H	A	H	A	H	A	H	A	Board	Board Audit & Risk	People Comm.	P'ships Comm.
Peter Richardson	11	10	–	–	3	3	–	–	Full Year		Full Year	
Neville Pearce	11	11	4	4	3	2	–	–	Full Year	Full Year	Full Year	
Brian R Virtue	11	11	4	4	–	–	–	–	Full Year	Full Year		
Richard P Lyle	11	11	–	–	–	–	2	2	Full Year			Full Year
Sean O'Neill	11	11	–	–	–	–	2	2	Full Year			Full Year
Adrian Hart	11	10	–	–	–	–	2	2	Full Year			Full Year
Elaine C Carbines	11	9	–	–	3	3	–	–	Full Year		Full Year	
Elizabeth White	11	11	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 $221,809 for the year ended 30 June 2023 (2022: $682,264). After recognising the significant changes in fair value of its investment portfolio, AWA recorded a total comprehensive income result of $444,624 for the year ended 30 June 2023 (2022: $310,257).

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 2021-22 BEN advised the AWA 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 completed a deliberate and planned process to evaluate a number of options and this review concluded in August 2023.

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

Following the Board review regarding business model options post the Alliance Bank conclusion, the Board executed a Merger Implementation Agreement with Beyond Bank Australia Limited (Beyond) in September 2023.

The proposed merger is to be via a Scheme of Arrangement and is subject to ASIC, Federal Court and AWA member approval, together with APRA approval for the statutory transfer of AWA member's deposits and loans from BEN to Beyond.

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 2023

Andrew Frewin Stewart
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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 2023 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 2023
- 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.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 of the financial statements, which discloses AWA Mutual Limited is an agent of Bendigo and Adelaide Bank Limited (BEN) and operates under an Alliance Agreement. During the year ended 30 June 2022, BEN notified AWA Mutual Limited and other members of the Alliance Bank model that it would be withdrawing the Alliance Agreement in March 2025.

During the year ended 30 June 2023 the board explored a number of options. Subsequent to year end, the board signed a Merger Implementation Agreement (MIA) with Beyond Bank Australia Limited (Beyond). The MIA sets out the conditions for the parties to proceed with a Scheme of Arrangement (the Scheme). The proposed merger is subject to ASIC, Federal Court and AWA member approval, together with APRA approval for the statutory transfer of AWA member's deposits and loans from BEN to Beyond. If the Scheme is approved, Beyond Bank Australia Limited will acquire all of the member shares and control of AWA as a going concern. If the Scheme is not approved, AWA will continue as an Alliance Bank as it explores other options.

Based on the financial information available at balance date and up until the date of signing the financial statements, the directors conclude the application of the going concern basis of accounting remains appropriate.

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.

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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.

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.

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(03) 5443 0344

Auditor’s responsibility for the audit of the financial report

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 2023

Adrian Downing
Lead Auditor

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
ABN: 65 684 604 390
afs@afsbendigo.com.au
(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 2023, I declare that, to the best of my knowledge and belief, there have been:

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

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated this 18th day of October 2023

Adrian Downing
Lead Auditor

AWA Mutual Limited
Statement Of Profit Or Loss And Other Comprehensive Income
For the year ended 30 June 2023

	Note	2023 $	2022 $
Revenue			
Revenue from contracts with customers	4	3,741,580	3,124,639
Other revenue and income	4	371,830	444,669
Finance income	4	415,720	421,131
Expenses			
Salaries and employee benefits expense		(1,902,894)	(1,620,805)
Occupancy and associated costs		(77,092)	(89,472)
Depreciation and amortisation expense	5	(196,351)	(189,321)
General administration expense	5	(203,967)	(239,515)
Computer system costs		(109,608)	(108,497)
Community contributions and donations		(205,000)	(204,860)
Other expenses	5	(1,003,014)	(645,065)
Restructure costs	5	(547,052)	-
Finance costs	5	(42,969)	(44,693)
Profit before income tax expense		241,183	848,211
Income tax expense	6	(19,374)	(165,947)
Profit after income tax expense for the year		221,809	682,264
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		222,815	(372,007)
Other comprehensive income/(loss) for the year, net of tax		222,815	(372,007)
Total comprehensive income for the year		444,624	310,257

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 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	7	1,285,624	2,712,399
Trade and other receivables	8	339,935	347,828
Loans and advances	9	619,585	596,725
Investments	11	6,000,000	4,000,000
Prepaid expenses		21,409	21,239
Total current assets		8,266,553	7,678,191
Non-current assets			
Loans and advances	9	1,919,617	2,473,156
Deferred tax assets	10	357,629	415,774
Investments	11	5,504,879	4,638,848
Plant and equipment	12	144,456	198,188
Investment property	13	18,569	9,014
Right-of-use assets	14	1,067,420	1,121,735
Intangible assets	15	1,537	5,676
Total non-current assets		9,014,107	8,862,391
Total assets		17,280,660	16,540,582
Liabilities			
Current liabilities			
Trade and other payables	16	546,589	315,466
Current tax liability	17	-	51,049
Member withdrawable shares		40,730	41,990
Employee benefit liabilities	18	445,642	877,062
Lease liabilities	19	120,751	107,906
Provisions	20	547,052	-
Total current liabilities		1,700,764	1,393,473
Non-current liabilities			
Employee benefit liabilities	18	51,241	34,730
Lease liabilities	19	1,082,874	1,112,294
Provisions	20	31,207	30,135
Total non-current liabilities		1,165,322	1,177,159
Total liabilities		2,866,086	2,570,632
Net assets		14,414,574	13,969,950
Equity			
Fair value reserve of financial assets at FVOCI		(93,974)	(366,882)
Capital redemption reserve		75,040	72,550
General reserve		14,433,508	14,264,282
Total equity		14,414,574	13,969,950

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 2023

	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

	Capital redemption reserve $	Fair value reserve of financial assets at FVOCI $	General reserve $	Total equity $
Balance at 1 July 2022	72,550	(366,882)	14,264,282	13,969,950
Profit after income tax expense for the year	-	-	221,809	221,809
Other comprehensive income for the year, net of tax	-	222,815	-	222,815
Total comprehensive income for the year	-	222,815	221,809	444,624
Transfer (from)/to capital redemption reserve	2,490	-	(2,490)	-
Transfer (from)/to general reserve	-	50,093	(50,093)	-
Balance at 30 June 2023	75,040	(93,974)	14,433,508	14,414,574

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

AWA Mutual Limited
Statement Of Cash Flows
For the year ended 30 June 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Receipts from fees and commission revenue		4,339,523	3,732,304
Payments to suppliers and employees		(4,042,393)	(3,374,793)
Interest received		366,752	116,539
Dividends received		221,885	185,371
Finance costs on lease liability		(41,897)	(43,658)
Income taxes paid		(13,118)	(245,833)
Net cash from operating activities		830,752	369,930
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	17,500
Purchase of property, plant and equipment		-	(1,650)
Proceeds from redemption of investments at amortised cost		-	1,000,000
Purchase of investments at amortised cost		(2,000,000)	(2,000,000)
Proceeds from sale of investments at fair value through OCI		969,022	602,480
Purchase of investments at fair value through OCI		(1,645,673)	(910,209)
Proceeds from repayment of loans and advances		780,679	1,643,916
Issue of loans and advances		(250,000)	(487,771)
Net cash used in investing activities		(2,145,972)	(135,734)
Cash flows from financing activities			
Proceeds from sale of shares		160	340
Payments of member withdrawable shares		(1,420)	(190)
Payment of principal elements of lease payments		(110,295)	(101,259)
Net cash used in financing activities		(111,555)	(101,109)
Net increase/(decrease) in cash and cash equivalents		(1,426,775)	133,087
Cash and cash equivalents at the beginning of the financial year		2,712,399	2,579,312
Cash and cash equivalents at the end of the financial year	7	1,285,624	2,712,399

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 2023 were authorised for issue in accordance with a resolution of the directors on 18 October 2023.

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.

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.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless otherwise stated.

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

AWA is an agent of Bendigo and Adelaide Bank Limited (BEN) and operates under an Alliance Agreement. During the year ended 30 June 2022, BEN notified AWA that they were not renewing the Alliance Agreement upon its expiry in March 2025.

During the year ended 30 June 2023 the board explored a number of options. Subsequent to year end, the board signed a Merger Implementation Agreement (MIA) with Beyond Bank Australia Limited (Beyond). The MIA sets out the conditions for the parties to proceed with a Scheme of Arrangement (the Scheme). The proposed merger is subject to ASIC, Federal Court and AWA member approval, together with APRA approval for the statutory transfer of AWA member's deposits and loans from BEN to Beyond. If the Scheme is approved, Beyond Bank Australia Limited will acquire all of the member shares and control of AWA as a going concern. If the Scheme is not approved, AWA will continue as an Alliance Bank as it explores other options.

Based on the financial information available at balance date and up until the date of signing the financial statements, the directors conclude the application of the going concern basis of accounting remains appropriate.

Functional and presentation currency and rounding

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.

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.

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.

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 detailed below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
There were no new or amended Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory and had a material impact during the current reporting period.

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 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).

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.

Note 2. Significant accounting policies (continued)

All other liabilities are classified as non-current.

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

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 Fair Value through Other Comprehensive Income (FVOCI)
Changes in the fair value arising on translation of investments that are classified as financial assets at FVOCI 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 FVOCI 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 23.

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.

Note 2. Significant accounting policies (continued)

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.

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.

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. 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 FVOCI investments and movements in fair value are recognised directly in equity.

Classification of lease arrangements as lessor
As a 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.

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

Lease term and option to extend under AASB 16
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 2023, 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.

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.

Commercial (strategic partner) loans
Commercial (strategic partner) loans are provided at market interest rates and do not contain deferred or income contingent repayment terms and conditions. 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. 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.

Significant changes in credit risk associated with loans and advances
When loans and advances are 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.

Recognition of restructure provision
The directors have applied significant judgement and recognised a restructure provision at 30 June 2023 on the basis that at balance date, AWA had:

- a detailed formal plan to undertake a change in management structure for key management personnel, which is considered an event that falls under the definition of restructuring
- raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The directors therefore concluded AWA has a constructive obligation to undertake the change in management structure 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.

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

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.

Measurement of 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.

Measurement of 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.

Measurement of 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.

Measurement of restructuring provision
A restructure provision has been made for the anticipated costs associated with a management restructure for key management personnel, which consists of estimated staff restructuring costs to be incurred as a result of the management restructure. AWA has measured the restructure provision at the amount AWA expects to pay when the restructure is complete, which incorporates future salary levels.

Note 4. Revenue and other income

Revenue from contracts with customers

	2023 $	2022 $
Shared margin income	3,741,580	3,124,639

Note 4. Revenue and other income (continued)

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

	2023 $	2022 $
Timing of revenue recognition		
Services transferred over time	3,741,580	3,124,639

Other revenue and income

	2023 $	2022 $
Dividend income	221,885	185,371
Fee income	34,981	32,813
Rental income	36,137	35,000
Commission income	78,827	184,959
Other sources of income	-	6,526
Total other revenue and income	371,830	444,669

Finance income

	2023 $	2022 $
Interest on term deposits	170,065	24,607
Interest on partnership loans	196,687	83,359
Unwinding of concessional loan discount on partnership loans	-	201,704
Gain on remeasurement of provision for expected credit losses	48,968	111,461
Total finance income	415,720	421,131

Accounting policy for revenue and other income
The company recognises revenue and other income 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 shared margin revenue is recorded when AWA’s right to receive the payment is established.

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.

Note 4. Revenue and other income (continued)

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

Concessional (strategic partnership) loans were recontracted during the year ended 30 June 2022, with interest rates reset to market interest rates. Accordingly, the unwinding of concessional loan discount on concessional (strategic partnership loans) was recognised in full during the year ended 30 June 2022.

Note 5. Expenses

	2023 $	2022 $
Profit before income tax includes the following specific expenses:		
Depreciation and amortisation expense		
Plant and equipment		
Computer equipment	286	286
Office equipment	7,665	7,665
Leasehold improvements	41,302	43,151
Motor vehicles	4,479	6,083
	53,732	57,185
Investment property		
Sub-leased investment property	21,969	14,699
Right-of-use assets		
Leased branch premises	116,511	111,762
	116,511	111,762
Intangible assets		
Computer software	4,139	5,675
	4,139	5,675
Total depreciation and amortisation expense	196,351	189,321

General administration expense

	2023 $	2022 $
Marketing and promotional costs	1,886	18,438
Board, governance and recruitment costs	150,360	153,754
Member communication costs	30,957	35,926
Travel and accommodation costs	20,764	31,397
Total general administration expense	203,967	239,515

Note 5. Expenses (continued)

Other expenses

	2023 $	2022 $
Document storage costs	61,272	52,990
Subscription costs	7,334	10,868
Insurance, legal and audit costs	454,408	118,866
Partner revenue share	138,354	164,198
Bank fees and charges	308,211	298,143
Loss on sale of investment	33,435	-
Total other expenses	1,003,014	645,065

Restructure costs

	2023 $	2022 $
Restructure costs associated with change in management structure	547,052	-
Total restructure costs	547,052	-

Finance costs

	2023 $	2022 $
Lease liabilities	41,897	43,658
Make-good on lease premises (unwinding of present value discount)	1,072	1,035
Total finance costs	42,969	44,693

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.

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.

Note 5. Expenses (continued)

Restructure costs
During the year ended 30 June 2023 AWA prepared a detailed formal plan to undertake a change in management structure for key management personnel. At balance date, the directors concluded AWA had created a valid expectation in those affected that it would carry out the management restructure as AWA had announced the main features of the plan to those affected by it.

The directors therefore concluded AWA has a constructive obligation to undertake the change in management structure at balance date. Restructure costs consist of estimated staff restructuring costs to be incurred, which are recognised as a provision at 30 June 2023.

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.

Note 6. Income tax expense

	2023 $	2022 $
Reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	241,183	848,211
Tax at the statutory tax rate of 25%	60,296	212,053
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	1,059	923
Non-assessable income	(41,981)	(34,662)
	19,374	178,314
Under provision in respect to prior years	-	(12,367)
Income tax expense	19,374	165,947

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 7. Cash and cash equivalents

	2023 $	2022 $
Current assets		
Cash at bank	985,624	2,412,399
Deposits at call	300,000	300,000
	1,285,624	2,712,399

Note 7. Cash and cash equivalents (continued)

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 8. Trade and other receivables

	2023 $	2022 $
Current assets		
Accrued shared margin income	294,455	264,902
Accrued interest and other income	-	10,950
Accrued commission income	44,640	71,976
Income tax receivable	840	-
	339,935	347,828

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 9. Loans and advances

	2023 $	2022 $
Current assets		
Commercial loans	109,104	214,920
Commercial (strategic partner) loans	533,871	454,163
Provision for expected credit losses	(23,390)	(72,358)
	619,585	596,725
Non-current assets		
Commercial loans	729,784	876,484
Commercial (strategic partner) loans	1,189,833	1,596,672
	1,919,617	2,473,156
	2,539,202	3,069,881

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.

Note 9. Loans and advances (continued)

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 10. Deferred tax assets

	2023 $	2022 $
Non-current assets		
Deferred tax asset comprises:		
Provision for expected credit losses	5,848	18,090
Accrued expenses	6,568	6,568
Employee provisions	124,221	227,330
Lease liability	335,022	362,328
Net unrealised gains on financial assets at fair value through OCI	31,324	122,294
Other provisions	7,760	7,534
Provision for restructure expenses	136,763	-
Carry forward capital losses	3,830	-
	651,336	744,144
Deferred tax liability comprises:		
Unamortised loan discount	-	(43)
Right-of-use asset	(295,537)	(324,665)
Investment property	1,830	(3,662)
	(293,707)	(328,370)
Net deferred tax asset	357,629	415,774

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.

Note 10. Deferred tax assets (continued)

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.

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 11. Investments

	2023 $	2022 $
Current		
Financial assets at amortised cost		
Term deposits	6,000,000	4,000,000
	6,000,000	4,000,000
Non-current		
Financial assets at fair value through OCI		
Equity instruments	2,711,304	2,517,769
Debt instruments	2,793,575	2,121,079
Total non-current financial assets at fair value through OCI	5,504,879	4,638,848
Total investments	11,504,879	8,638,848

Accounting policy for investments
The directors recognise term deposits and floating rate notes at amortised cost, and 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 22 for further information about AWA's accounting policies for financial assets.

Note 12. Plant and equipment

	2023 $	2022 $
Non-current assets		
Leasehold improvements - at cost	738,841	738,841
Less: accumulated depreciation	(628,350)	(587,048)
Net carrying amount	110,491	151,793
Motor vehicles - at cost	22,394	22,394
Less: accumulated depreciation	(11,570)	(7,091)
Net carrying amount	10,824	15,303
Computer equipment - at cost	130,632	130,632
Less: accumulated depreciation	(130,632)	(130,346)
Net carrying amount	-	286
Office equipment - at cost	83,496	83,496
Less: accumulated depreciation	(60,355)	(52,690)
Net carrying amount	23,141	30,806
Total plant and equipment	144,456	198,188

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 2022	151,793	15,303	286	30,806	198,188
Additions	-	-	-	-	-
Depreciation expense	(41,302)	(4,479)	(286)	(7,665)	(53,732)
Balance at 30 June 2023	110,491	10,824	-	23,141	144,456

Accounting policy for 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 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 plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Note 13. Investment property

	2023 $	2022 $
Non-current assets		
Sub-leased investment property - at cost	110,349	78,825
Less: accumulated depreciation	(91,780)	(69,811)
	18,569	9,014

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

	2023 $	2022 $
Opening balance	9,014	22,877
Remeasurement	31,524	836
Depreciation expense	(21,969)	(14,699)
Closing balance	18,569	9,014

	2023 $	2022 $
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	22,009	20,417
	22,009	20,417

AWA has sub-leased a portion of its leased premises, with a sub-lease term of 1 year. 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 $36,137 (2022: $35,000).

Accounting policy for investment property
Investment property comprises a sub-leased portion of a building which AWA leases in accordance with AASB 16: *Leases* (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 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 and is subsequent measured at cost less accumulated depreciation under AASB 140 and is assessed for impairment under AASB 136.

Note 14. Right-of-use assets

	2023 $	2022 $
Non-current assets		
Leased building premises	1,516,388	1,454,192
Less: accumulated depreciation	(448,968)	(332,457)
	1,067,420	1,121,735

Note 14. Right-of-use assets (continued)

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

	2023 $	2022 $
Depreciation charge related to right-of-use assets	116,511	111,762
Finance costs on lease liability	41,897	43,658
	158,408	155,420

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 2022	1,121,735	1,121,735
Remeasurement	62,196	62,196
Depreciation expense	(116,511)	(116,511)
Balance at 30 June 2023	1,067,420	1,067,420

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 15. Intangible assets

	2023 $	2022 $
Non-current assets		
Computer software - at cost	27,424	27,424
Less: accumulated amortisation	(25,887)	(21,748)
	1,537	5,676

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 2022	5,676	5,676
Amortisation expense	(4,139)	(4,139)
Balance at 30 June 2023	1,537	1,537

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.

Note 16. Trade and other payables

	2023 $	2022 $
Sundry creditors and other accrued expenses	256,498	214,656
Amounts payable to the Australian Taxation Office	290,091	100,810
	546,589	315,466

Note 16. Trade and other payables (continued)

	2023 $	2022 $
Financial liabilities at amortised cost classified as trade and other payables:		
Trade and other payables	546,589	315,466
Less amounts payable to the Australian Taxation Office	(290,091)	(100,810)
	256,498	214,656

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 17. Current tax liability

	2023 $	2022 $
Current liabilities		
Current tax liability	-	51,049

Note 18. Employee benefit liabilities

	2023 $	2022 $
Current liabilities		
Employee benefits - annual leave	157,318	361,098
Employee benefits - long service leave	288,324	513,492
Employee benefits - purchased leave	-	2,472
	445,642	877,062
Non-current liabilities		
Employee benefits - long service leave	51,241	34,730
	496,883	911,792

Accounting policy for employee benefit liabilities

Short-term employee benefits
The current portion for this provision includes the total amount accrued for annual leave entitlements, purchased leave and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the company does not expect the full amount of annual leave, purchased leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

Note 18. Employee benefit liabilities (continued)

Long-term employee benefits
The company classifies employees' long service leave entitlements as long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the company's obligation for long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for long-term employee benefits, the net change in the obligation is recognised in profit or loss classified under employee benefits expense.

The company's obligation for long term employee benefits are presented as non-current liabilities in the Statement of Financial Position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current liabilities.

Note 19. Lease liabilities

	2023 $	2022 $
Current liabilities		
Lease liability	160,953	148,892
Unexpired interest	(40,202)	(40,986)
	120,751	107,906
Non-current liabilities		
Lease liability	1,244,463	1,298,508
Unexpired interest	(161,589)	(186,214)
	1,082,874	1,112,294
	1,203,625	1,220,200

	2023 $	2022 $
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	160,954	148,892
later than 12 months but less than five years	804,767	595,568
greater than 5 years	439,695	702,940
Less future interest charges	(201,791)	(227,200)
	1,203,625	1,220,200

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.

Note 19. Lease liabilities (continued)

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.

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 20. Provisions

	2023 $	2022 $
Current liabilities		
Provision for restructure expenses	547,052	-
Non-current liabilities		
Make-good on lease premises	31,207	30,135
	578,259	30,135

Note 20. Provisions (continued)

Movements in carrying amounts

	Provision for restructure expense $	Make-good on lease premises $	Total $
Balance at 1 July 2022	-	30,135	30,135
Arising during the year	547,052	1,072	548,124
Balance at 30 June 2023	547,052	31,207	578,259

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.

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.

Restructure provision
During the year ended 30 June 2023 AWA prepared a detailed formal plan to undertake a change in management structure for key management personnel. At balance date, the directors concluded AWA had created a valid expectation in those affected that it would carry out the management restructure as AWA had announced the main features of the plan to those affected by it.

The directors therefore concluded AWA has a constructive obligation to undertake the change in management structure at balance date. The provision for restructure expenses consists of estimated staff restructuring costs to be incurred. The provision is expected to be utilised over the next 12 months.

Note 21. Cash flow information

Reconciliation of operating profit to net cash flows from operating activities:

	2023 $	2022 $
Profit after income tax expense for the year	221,809	682,264
Adjustments for:		
Depreciation and amortisation of non current assets	196,351	189,320
Loss on sale of investments	33,435	-
Unwinding of concessional loan discount	-	(201,704)
Unwinding of make-good provision	1,072	1,035
	230,858	(11,349)
Changes in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	8,733	19,637
(Increase)/decrease in prepaid expenese	(171)	(7,463)
(Increase)/decrease in deferred tax asset	58,145	(24,594)
Increase/(decrease) in trade payables and other	231,124	(102,408)
Increase/(decrease) in employee benefit liabilities	(414,909)	(15,538)
Increase/(decrease) in current tax liability	(51,889)	(170,620)
Increase/(decrease) in provisions	547,052	-
Net cash from operating activities	830,752	369,929

Note 22. Capital commitments

AWA has no material capital commitments contracted for at 30 June 2023 but not yet capitalised in the financial statements (30 June 2022: 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	2023 $	2022 $
Financial assets			
Cash and cash equivalents at amortised cost	7	1,285,624	2,712,399
Trade and other receivables at amortised cost	8	339,935	347,828
Loans and advances at amortised cost	9	2,539,202	3,069,881
Investments at amortised cost	11	6,000,000	4,000,000
Investments at fair value through other comprehensive income	11	5,504,879	4,638,848
Total financial assets		15,669,640	14,768,956
Financial instruments			
Trade and other payables at amortised cost	16	256,498	214,656
Lease liabilities at amortised cost	19	1,203,625	1,220,200
Total financial liabilities at amortised cost		1,460,123	1,434,856

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

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.

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.

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.

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

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 cash equivalents, trade and other receivables, loans and advances and some investments.

Financial assets at FVOCI (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 FVOCI, 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 FVOCI (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 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.

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

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
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.

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 O'Neill
- Ms E White

The senior management team of AWA during the year were:

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

Note 24. Related party transactions (continued)

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:

	2023 $	2022 $
Total compensation paid to key management personnel	899,198	846,968

At 30 June 2023 AWA recognised a provision for restructure expenses and recorded restructure costs in profit or loss of $547,052 (2022: nil) for the year then ended, which consists of estimated staff restructuring costs that are to be incurred by AWA once the change in management structure for key management personnel is complete.

Such staff restructuring costs provided for by AWA in connection with the change in management structure are not included in total compensation of key management personnel as key management personnel have not received any compensation associated with the change in management structure for the year ended 30 June 2023.

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. (2022: nil)

Note 26. Auditor remuneration

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

	2023 $	2022 $
Audit and assurance services		
Audit of the financial report	38,220	25,500
Non-audit services		
Preparation of financial statements	1,990	1,815
Other accounting services and advice	14,160	1,850
Assistance with tax services and preparation of tax return	4,100	4,000
Total non-audit services	20,250	7,665
Total remuneration of auditors	58,470	33,165

Note 27. Events after the reporting period

Subsequent to year end, the board signed a Merger Implementation Agreement (MIA) with Beyond Bank Australia Limited. The MIA sets out the conditions for the parties to proceed with a Scheme of Arrangement (the Scheme). The proposed merger is subject to ASIC, Federal Court and AWA member approval, together with APRA approval for the statutory transfer of AWA member's deposits and loans from BEN to Beyond. If the Scheme is approved, Beyond Bank Australia Limited will acquire all of the member shares and control of AWA as a going concern. If the Scheme is not approved, AWA will continue as an Alliance Bank as it explores other options.

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

AWA Mutual Limited
Directors' Declaration
30 June 2023

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 49, are in accordance with the *Corporations Act 2001* and:

- comply with Australian Accounting Standards - Simplified Disclosure Requirements, and
- give a true and fair view of the company's financial position as at 30 June 2023 and of its performance for the year ended on that date.

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

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

Peter Richardson
Chair

Neville Pearce
Director

18 October 2023

Contact us

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