



ANNUAL REPORT 2021

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.



We continue our focus on supporting our members and communities and we look forward to serving them in the future.

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Chairman / Chief Executive Officer's Report

The past two years have certainly provided some challenges for our society as we navigate the pandemic and its effects on the world. Like all of our members and our community, COVID has been a test of AWA's resilience and determination.

We have faced these challenges with an unwavering commitment to our members and the communities we serve and have navigated these times exceptionally well. Our focus has remained on being true to our member ethos and providing the safest possible environment for our staff and members, whilst also ensuring the continuation of our operations, which are classified as an essential service.

The end of this financial year also represents the end of an era as we bid a fond farewell to our longest serving CEO, Graeme Scannell who retired after 29 years of service to the organisation.

Graeme has overseen our growth and evolution from our origins at Point Henry Credit Co-operative, to becoming AWA Credit Union in 2002, leading the mergers with Yennora Credit Union (2006) and Geelong & District Co-op (2011) and culminating in 2015 with the creation of AWA Alliance Bank as a member of the Alliance Bank network in partnership with Bendigo and Adelaide Bank Ltd (BEN).

We are grateful for Graeme's leadership and contribution to AWA, its members and the community over this significant period of time and we thank him for his legacy.



Community Engagement

In keeping with our social values AWA continued to work closely with our community partners to provide financial support totalling \$160,648 throughout 2020/21.

The beneficiaries of these funds were:

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

A more detailed summary of these initiatives has been provided within the Community Report.

Strategic Partnerships

We continue to invest in the growth and success of our strategic partnerships and are very pleased to welcome the Kwinana Golf Club as a new strategic partner of AWA during 2020/21.

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

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

We are confident that these partnerships will deliver significant benefits to our communities, partners, and supporters who choose AWA for their banking needs.

Financial performance

Despite the challenges of the pandemic, AWA has been able to grow its banking business and sustain our strong contribution to the community.

AWA has grown its revenue by 11% to \$3.71m and effectively managed its costs.

Overall, the Total Comprehensive Income increased to \$469,933.

During 2020/21 AWA's loans portfolio grew by 12% to \$333m and the deposit portfolio grew by 23% to \$127m.

Our overall Total Footings now stand at \$460m, the highest in our history.

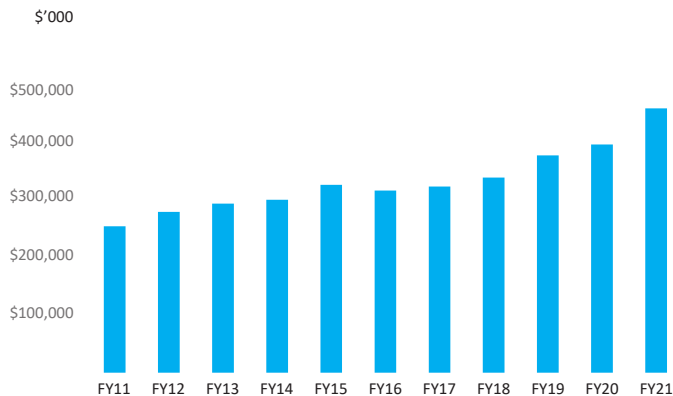
People

Our people continue to be AWA's greatest asset. Our team tackle the challenges of the pandemic head on with a focus on being there for our members and the community. They have served the organisation exceptionally well and we are genuinely grateful for their efforts and commitment.

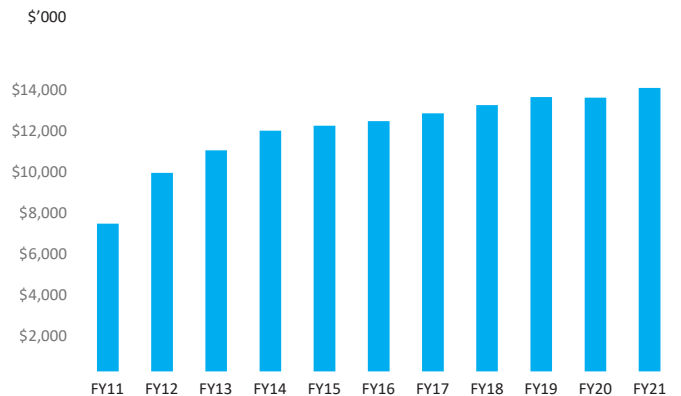
At the 2020 AGM we saw Andrew Dwyer retire from the Board after 3 years of Board service. Andrew was replaced by Elizabeth (Libby) White. We welcome Libby to the Board as a Director and also as a member of the Board Audit and Risk Committee.

During the past financial year we welcomed Gavin Heathcote as our new Chief Executive Officer as we farewelled Graeme Scannell and Ella Campbell. We thank Graeme and Ella for their contribution and wish them both well in the future.

Loans & Deposits



Members Equity



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



Conclusion

In delivering a strong performance in 2020/21, we remain well placed to navigate the uncertain environment ahead. Despite these challenging times, we continue our focus on supporting our members and communities and we look forward to serving them in the future.

Peter Richardson
Chairman

Gavin Heathcote
Chief Executive Officer

Community Report

Every challenge the community faces, from Mental Health to food insecurity, has been amplified in the last 18 months. Fortunately, AWA's partners go above and beyond to improve people's lives in our communities. Our continued support of these organisations has become more than just donating money. Banking may be the service we are known for, but making a difference is the motivation.

This year AWA contributed

\$160,648

to our community partners.

Here are some of the accomplishments achieved through the extraordinary work of our partners.



The Give Where You Live Foundation

The support from AWA Alliance Bank over the 2020-2021 financial year helped the Give Where You Live Foundation invest \$2.6 million into the community, including \$1.65 million of grants addressing social disadvantage in the region.

AWA's Community Connections grants helped our community to reduce isolation and increase social connection through:

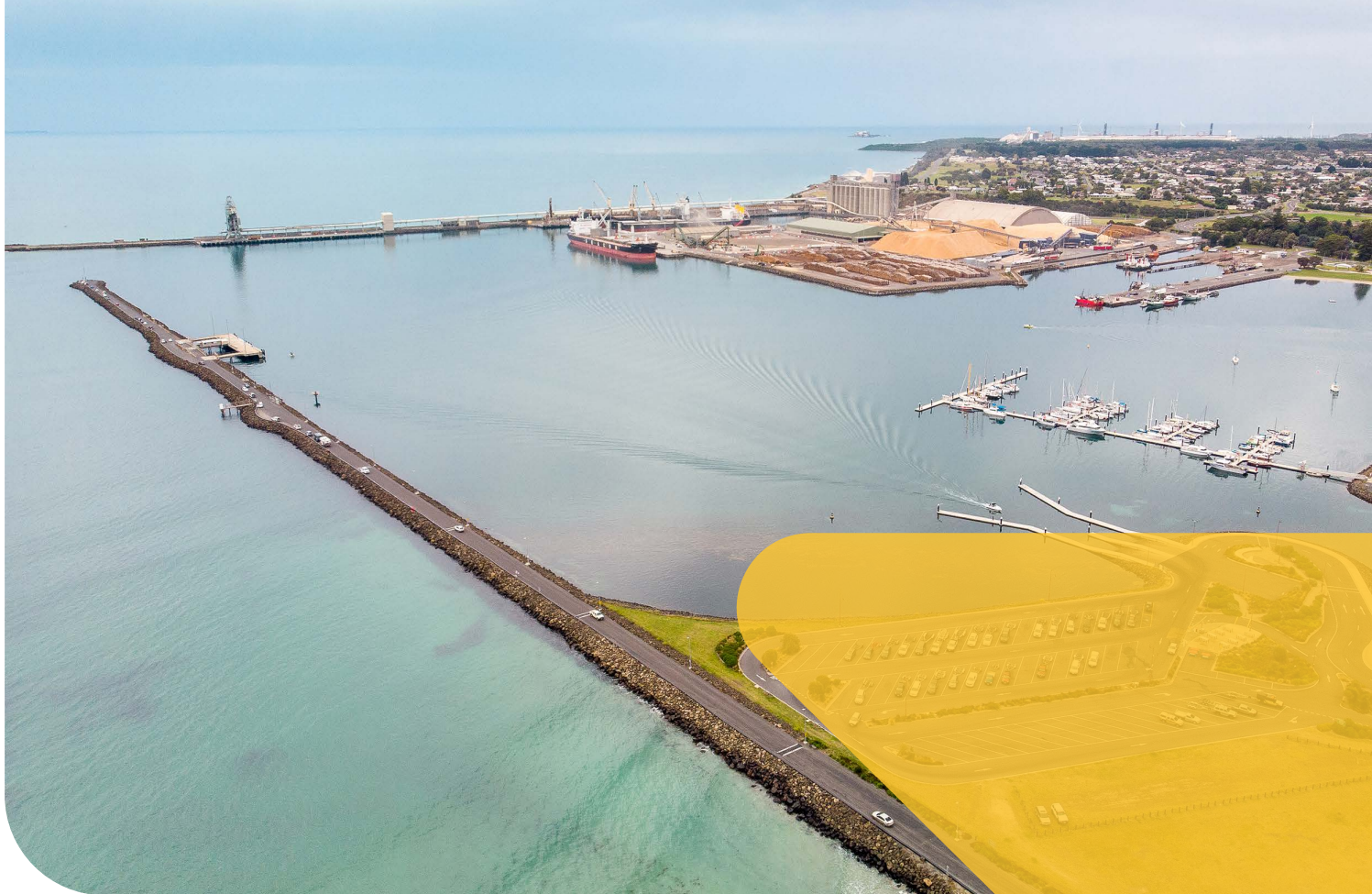
- Barwon Disability Resource Council
- Diversitat
- Norlane Community Initiatives
- Ocean Mind
- OneCare Geelong



Geelong Connected Communities

This year Geelong Connected Communities reached \$2 million of grants delivered to more than 300 community organisations over its 8 year history. The milestone is a significant achievement for the organisation and the 2,000 volunteers across 44 grassroots organisations they support.

As a major sponsor, AWA's contribution helped develop projects and programs in Health & Wellbeing, Community Projects and Disability. Part of their response to the COVID-19 Pandemic involved developing a free Mental Health First Aid short course to assist community organisations in supporting their communities through these challenging times.



United Way Glenelg

Last year United Way Glenelg established the COVID-19 impact fund to assist the community in responding, connecting and recovering during the pandemic. The fund quickly raised over \$60,000, including contributions from AWA, which enabled response through basic needs assistance, community spirit initiatives and personal safety protection items.

The majority of our support goes to the annual event, Shark Pitch, where Portland comes together to support the life-changing work of grassroots organisations. AWA's contribution provided matched funding to each organisation spring boarding generous pledgers to raise an incredible \$60,000 collectively. The beneficiaries were:

- Leadership Great South Coast - Indigenous War Memorial Mural Project
- Rotary Club of Portland – Beats Cycle For Hope
- Kyeema Support Services, Portland. – My Place Portland



Personnel Employed at Alcoa Charity Help (PEACH)

PEACH is an employee funded charity supporting more than 250 organisations for over 40 years, contributing more than \$4 million. This year they continued to help the Peel region thrive with 100% of the contributions distributed to local organisations, including:

- Fishability Inc.
- Men's Shed, Mandurah
- Peel Community Legal Services
- Salvation Army Thrift shop
- Peel Community Legal Services

In addition to these activities, AWA also allows staff to make employee grants to organisations they nominate, take time during work hours to donate blood & volunteer work time to a community organisation. These extra initiatives contributed a further \$3,058 to the community.

Director's Report

Your directors present their report on AWA for the financial year ended 30 June 2021.
The Company is a company registered under the Corporations Act 2001.

Information On Directors

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

Name	Qualifications	Experience
Peter Richardson Chairman	B Com, CPA, Dip Tm, Grad Dip Tax. 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) General Manager of Infrastructure & Water Resources – Western Water	Member of the Board of Directors since 2013. Vice-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 - People Committee.
Richard P Lyle Director	B Com, CPA, MAICD Self-employed Consultant	Member of the Board of Directors since 2000 (resigned 2001, re-elected 2005). Deputy Chair - AWA 2017-2020. Chair - Partnerships Committee.
Stevrn J Ward Director	Retired Work Execution Co-ordinator	Member of the Board of Directors since 2006. Chair - People Committee.
Sean M O'Neill Director	B Com, ASA Tax Accountant – Kelly & Associates	Member of the Board of Directors since 2016, Member - Board Audit & Risk Committee.
Adrian Hart Director	MBA, MAICD, Member – Project Management Institute, Director – Leisure Networks, Self-employed Consultant	Member of the Board of Directors since 2017. Member - Partnerships Committee.
Elaine C Carbines AM Director	BA, Dip Ed, GAICD, FIPAA(Vic), Deputy Chair – Barwon Water, Deputy Chair - G-Force, Deputy Chair - Ports Victoria, Director - IMPACT Institute Advisory Board.	Member of the Board of Directors since 2019. Member - Partnerships Committee.
Elizabeth (Libby) White Director	B Com, CPA, GAICD, 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
Graeme N Scannell Secretary/Chief Executive Officer	B Com, CPA	Chief Executive Officer of AWA Mutual Ltd/AWA Credit Union Ltd since 1991, Secretary of AWA Mutual Ltd/AWA Credit Union Ltd since 1992.



Directors' Meeting Attendance

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

Director	Board		BARC		PC*		PC**		Period of Appointment			
	H	A	H	A	H	A	H	A	Board	BARC	PC*	PC**
Peter Richardson	12	12	-	-	6	6	-	-	Full Year		Full Year	
Neville Pearce	12	12	6	6	6	5	-	-	Full Year	Full Year		
Brian R Virtue	12	12	-	-	6	6	-	-	Full Year		Full Year	
Richard P Lyle	12	11	-	-	-	-	5	5	Full Year			Full Year
Stevern J Ward	12	12	-	-	6	6	-	-	Full Year		Full Year	
Sean O'Neill	12	12	6	6	-	-	-	-	Full Year	Full Year		
Adrian Hart	12	12	-	-	-	-	5	5	Full Year			Full Year
Elaine C Carbines	12	11	-	-	-	-	5	5	Full Year			Full Year
Andrew Dwyer	3	3	2	1	-	-	-	-	Part Year	Part Year		
Elizabeth White	9	9	4	4	-	-	-	-	Part Year	Part Year		

BARC - Board Audit and Risk Committee

PC* - People Committee

PC** - Partnerships Committee

Directors' benefits

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

Indemnifying officer or auditor

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

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

Principal activities

The principal activities of the company are to act as an agent for BEN to provide retail financial services on behalf of BEN to AWA members in the form of taking deposits and giving financial accommodation as prescribed by the constitution.

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

Operating results

The total comprehensive income of AWA for the year after providing for income tax was \$469,933 (2020 - \$33,133).

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. However following the economic impacts of Covid-19 coronavirus, the company realised significant improvements in its investment portfolio from the previous year, which was partially offset by an increase in provisions for expected credit losses relating to the company's loans and advances.

Significant changes in state of affairs

There were no other significant changes in the state of affairs of the company during the 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

Subsequent to year-end, the State Government has revised social isolation measures as appropriate based on the level of community transmission of the Covid-19 coronavirus. As an essential business, the company has continued to operate whilst complying with such isolation measures.

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

Likely developments and results

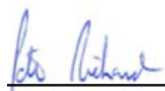
No matter, circumstance, or likely development in the operations has arisen since the end of the financial year that has significantly affected or may significantly affect:

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

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

Auditors' independence

The auditors have provided the declaration of independence to the board as prescribed by the Corporations Act 2001. This report is made in accordance with a resolution of the board of Directors and is signed for and on behalf of the Directors by :-



Peter Richardson
Chairman



Neville Pearce
Vice-Chairman

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

Report on the audit of the financial statements

Opinion

We have audited the financial report of AWA Mutual Limited's (the company), which comprises:

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

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 the company's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001*.

Basis for opinion

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

We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (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.

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

Other information

The directors are responsible for the other information. The other information comprises the Chairman/Chief Executive Officer's Report and the Community Report, which is included in the company's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibility for the financial report

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

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

Auditor's responsibility for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- 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 19th day of October 2021



Adrian Downing
Lead Auditor

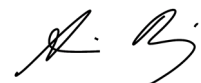
Lead auditor's independence declaration under *section 307C of the Corporations Act 2001* to the Directors of AWA Mutual Limited

As lead auditor for the audit of AWA Mutual Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

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



Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated this 19th day of October 2021



Adrian Downing
Lead Auditor

AWA Mutual Limited

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2021

	Note	2021 \$	2020 \$
Revenue from contracts with customers	4.1	2,869,854	2,461,001
Other income	4.2	651,952	606,182
Finance income	4.3	192,255	277,053
Salaries and employee benefits expense		(1,795,365)	(1,627,165)
Occupancy and associated costs		(83,870)	(60,166)
Computer system costs		(109,620)	(106,448)
Depreciation and amortisation expense	5.1	(291,064)	(298,903)
Finance costs	5.2	(176,403)	(139,226)
Community contributions and donations		(160,648)	(290,822)
General administration expense	5.3	(315,144)	(339,279)
Other expenses	5.4	(840,493)	(459,558)
Profit / (Loss) before income tax		(58,546)	22,669
Income tax expense	6	(6,643)	(10,822)
Profit / (Loss) after income tax		(65,189)	11,847
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Gain/(loss) on financial assets at fair value through OCI		535,122	(44,980)
Other comprehensive income for the year		535,122	(44,980)
Total comprehensive income for the year		469,933	(33,133)

AWA Mutual Limited

Statement of Financial Position

As at 30 June 2021

	Note	2021 \$	2020 \$
Current assets			
Cash and short-term deposits	7	2,579,312	3,239,068
Trade and other receivables	8	367,465	291,383
Loans and advances	9	678,760	739,003
Current tax assets	10	-	61,762
Investments	11	3,000,000	2,000,000
Prepaid expenses		13,776	13,100
Total current assets		6,639,313	6,344,316
Non-current assets			
Loans and advances	9	3,234,101	3,503,489
Deferred tax assets	10	354,094	249,980
Investments	11	4,867,548	3,918,039
Property, plant and equipment	12	267,355	348,738
Investment property	13	29,346	22,865
Right of use assets	14	1,410,419	1,527,732
Intangible assets	15	11,351	4,500
Total non-current assets		10,174,214	9,575,343
Total assets		16,813,527	15,919,659
Current liabilities			
Trade and other payables	16	417,873	319,126
Current tax liability	10	221,669	-
Member withdrawable shares		41,840	40,940
Employee benefit liabilities	17	869,790	750,360
Lease liability	18	108,472	113,869
Total current liabilities		1,659,644	1,224,295
Non-current liabilities			
Employee benefit liabilities	17	57,540	40,580
Lease liability	18	1,443,569	1,472,943
Provisions	19	29,100	28,100
Total non-current liabilities		1,530,209	1,541,623
Total liabilities		3,189,853	2,765,918
Net assets		13,623,674	13,153,741
Members' funds			
Capital redemption reserve		71,070	69,220
General reserve		13,426,223	12,991,250
Fair value reserve of financial assets at FVOCI		126,381	93,271
Total members' funds		13,623,674	13,153,741

AWA Mutual Limited

Statement of Changes in Equity

For the year ended 30 June 2021

	Capital redemption reserve	General reserve	Fair value reserve of financial assets at FVOCI	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2019	67,600	12,969,367	149,907	13,186,874
Profit for the year	-	11,847	-	11,847
Other comprehensive income	-	-	(44,980)	(44,980)
Total comprehensive income	-	11,847	(44,980)	(33,133)
Transfer (from)/to capital redemption reserve	1,620	(1,620)	-	-
Transfer (from)/to general reserve	-	11,656	(11,656)	-
Balance at 30 June 2020	69,220	12,991,250	93,271	13,153,741
Loss for the year	-	(65,189)	-	(65,189)
Other comprehensive income	-	-	535,122	535,122
Total comprehensive income/(loss)	-	(65,189)	535,122	469,933
Transfer (from)/to capital redemption reserve	1,850	(1,850)	-	-
Transfer (from)/to general reserve	-	502,012	(502,012)	-
Balance at 30 June 2021	71,070	13,426,223	126,381	13,623,674

AWA Mutual Limited

Statement of Cash Flows

For the year ended 30 June 2021

	Note	2021 \$	2020 \$
Cash flows from operating activities			
Interest received		78,837	239,498
Receipts from fees and commission revenue		3,809,690	3,348,626
Payments to suppliers and employees		(3,360,547)	(2,950,938)
Finance costs		(54,172)	(57,608)
Income taxes paid		(38,392)	(18,096)
Net cash provided by operating activities		435,416	561,482
Cash flows from investing activities			
Purchase of property, plant and equipment		(47,184)	(221,433)
Proceeds from redemption of investments at amortised cost		-	5,500,000
Purchase of investments at amortised cost		(1,000,000)	(2,500,000)
Proceeds from sale of investments at fair value through OCI		4,090,161	1,158,228
Purchase of investments at fair value through OCI		(4,328,165)	(1,418,961)
Purchase of intangible assets		(6,851)	(3,323)
Net cash provided by / (used in) investing activities		(1,292,039)	2,514,511
Cash flows from financing activities			
Proceeds from repayment of loans and advances		1,910,167	1,620,105
Issue of loans and advances		(1,627,764)	(4,138,566)
Proceeds from member withdrawable shares		-	930
Payments of member withdrawable shares		900	(270)
Payment of principal elements of lease payments		(86,436)	(108,091)
Net cash provided by / (used in) financing activities		196,867	(2,625,892)
Net increase / (decrease) in cash held		(659,756)	450,101
Cash and cash equivalents at the beginning of the financial year		3,239,068	2,788,967
Cash and cash equivalents at the end of the financial year	7	2,579,312	3,239,068

AWA Mutual Limited

Notes to the Financial Statements

For the year ended 30 June 2021

1. Corporate information

The financial statements of AWA Mutual Limited ("AWA") for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 19 October 2021.

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.

2. Significant accounting policies

2.1 Basis of preparation

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

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

2.2 Summary of significant accounting policies

(a) 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.

(b) Financial instruments - initial recognition and subsequent measurement

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

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as 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 through 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.

AWA Mutual Limited

Notes to the Financial Statements

For the year ended 30 June 2021

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(b) Financial instruments - initial recognition and subsequent measurement (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 short-term deposits, trade and other receivables and loans and advances.

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

Financial assets at fair value through OCI (debt instruments)

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

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

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

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

Upon initial recognition, 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.

AWA Mutual Limited

Notes to the Financial Statements

For the year ended 30 June 2021

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

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

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

Derecognition

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

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

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

Impairment of financial assets

AWA recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that AWA expects to receive, discounted at an approximation of the original effective interest rate (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.

(ii) *Financial liabilities*

Initial recognition and measurement

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

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

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.

AWA Mutual Limited

Notes to the Financial Statements

For the year ended 30 June 2021

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

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

Derecognition

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

(c) 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:

Computer equipment	4 years
Office equipment	7 years
Furniture and fittings	7 years
Motor vehicles	5 years

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

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

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

(d) Investment property

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

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

(e) Leases

Lease recognition

AWA as lessee

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

AWA Mutual Limited

Notes to the Financial Statements

For the year ended 30 June 2021

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(e) Leases (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.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date, as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses. Where lease agreements include a requirement to restore the site to its original condition, an estimate of those costs is included in the right-of-use asset and is depreciated over the lease term.

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

AWA Mutual Limited

Notes to the Financial Statements

For the year ended 30 June 2021

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost.

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

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

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

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

Computer software	3 years
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Intangible assets are amortised on a straight-line basis.

(g) 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 unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

(h) Borrowing costs

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

AWA Mutual Limited

Notes to the Financial Statements

For the year ended 30 June 2021

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(i) Provisions and employee benefits liabilities

General

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.

Wages, salaries and sick leave

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

Long service leave and annual leave

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

Superannuation

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

Make-good provision

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.

(j) 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.

(k) 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.

AWA Mutual Limited

Notes to the Financial Statements

For the year ended 30 June 2021

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(k) Revenue from contracts with customers (continued)

Shared margin revenue

The relationship agreement held by AWA with Bendigo and Adelaide Bank Ltd provides for a share of interest, fee and commission revenue earned by AWA. Interest margin share is based on a funds transfer methodology which recognises that income is derived from deposits held, and that loans granted incur a funding cost. Fees are based on AWA Alliance Banks current fee schedule and commission are based on the agreements in place. All margin revenue is recorded as non-interest income when AWA's right to receive the payment is established.

(l) Interest income

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

(m) Dividend income

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

(n) Taxes

Current income tax

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

Deferred tax

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or
- 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:

AWA Mutual Limited

Notes to the Financial Statements

For the year ended 30 June 2021

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(n) Taxes (continued)

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

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

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

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.

Goods and services tax (GST)

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

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

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

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

(o) 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 establishes the number of members that resigned during the reporting period and transfers 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.

AWA Mutual Limited

Notes to the Financial Statements

For the year ended 30 June 2021

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(o) Nature and purpose of members' funds (continued)

General reserve

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

Fair value reserve of financial assets at FVOCI

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

(p) 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 9 and 21.

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

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

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

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

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

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.

(q) 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.

AWA Mutual Limited

Notes to the Financial Statements

For the year ended 30 June 2021

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(r) New Accounting Standards for application in future periods

Accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable and their potential impact on the corporation when adopted in future periods is discussed below:

- AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* replaces the current Tier 2 Reduced Disclosure Requirements (RDR) framework with the Simplified Disclosure Regime (SDR) (applicable to annual reporting periods beginning on or after 1 July 2021).

No material impact on the recognition and measurement of amounts recognised in the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income and Statement of Cash Flows is expected as a result of the change in the basis of preparation.

3. Significant accounting judgements, estimates and assumptions

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

(a) Judgements

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

Classification of and valuation of investments

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

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.

Impairment of non-financial assets

AWA assesses impairment of all assets at each reporting date by evaluating conditions specific to AWA and to the particular asset that may lead to impairment. These include product performance, technology, economic and political environments and future product expectations. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves value in use calculations, which incorporate a number of key estimates and assumptions.

Classification of lease arrangements as lessor

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

AWA Mutual Limited

Notes to the Financial Statements

For the year ended 30 June 2021

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

(a) Judgements (continued)

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.

(b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. 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.

Long service leave provision

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

Estimation of useful lives of assets

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

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

Lease term and option to extend under AASB 16

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

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.

AWA Mutual Limited

Notes to the Financial Statements

For the year ended 30 June 2021

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

(b) Estimates and assumptions (continued)

As at 30 June 2021, all options for additional periods were included in the measurement of the lease liability as AWA is reasonably certain that such lease arrangements will be extended. The lease term is reassessed if an option is actually exercised (or not exercised) or if AWA becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Borrowing rate under AASB 16

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

To determine the incremental borrowing rate, AWA:

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

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 building 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.

Concessional (partnership) loans

Included in loans and advances are concessional (partnership) loans, which are provided on more favourable terms than the borrower could obtain in the market place. AWA holds strategic partnership agreements with various community groups, which allow strategic partners to repay their loan balance by way of revenues earned on business referrals. 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 loan.

When a contractual commitment to provide the loan at a below-market interest rate is entered into, AWA estimates the 'concessional loan' discount by comparing the discounted rate to an estimated market rate applicable to the borrower's circumstances. The concessional loan discount is expensed as a finance cost at the commencement of the loan, before being unwound over the term of the loan as finance income.

AWA Mutual Limited

Notes to the Financial Statements

For the year ended 30 June 2021

	2021	2020
	\$	\$
4. Revenue		
4.1 Revenue from contracts with customers		
<i>Disaggregated revenue information</i>		
Set out below is the disaggregation of AWA's revenue from contracts with customers:		
Type of service:		
- Shared margin income	2,869,854	2,461,001
Total revenue from contracts with customers	<u>2,869,854</u>	<u>2,461,001</u>
Timing of revenue recognition:		
- Services transferred over time	2,869,854	2,461,001
Total revenue from contracts with customers	<u>2,869,854</u>	<u>2,461,001</u>
4.2 Other revenue and income		
- Dividend income	182,892	150,233
- Fee income	33,600	34,218
- Rental income	28,158	24,000
- Commission revenue	323,541	344,838
- Government subsidies	67,500	50,000
- Other sources of revenue	16,261	2,893
	<u>651,952</u>	<u>606,182</u>
4.3 Finance income		
- Interest on term deposits	24,385	67,212
- Interest on partnership loans	93,867	123,593
- Unwinding of concessional loan discount on partnership loans	74,003	86,248
	<u>192,255</u>	<u>277,053</u>
5. Expenses		
5.1 Depreciation and amortisation expense		
Property, plant and equipment:		
- Computer equipment	286	286
- Office equipment	8,030	5,715
- Leasehold improvements	108,678	109,698
- Motor vehicles	7,424	9,919
	<u>124,418</u>	<u>125,618</u>
Investment property	30,452	39,198
Right-of-use assets:		
- Leased branch premises	132,045	132,243

AWA Mutual Limited

Notes to the Financial Statements

For the year ended 30 June 2021

	2021	2020
	\$	\$
5. Expenses (continued)		
5.1 Depreciation and amortisation expense		
Intangible assets:		
- Computer software	4,149	1,844
Total depreciation and amortisation expense	291,064	298,903
5.2 Finance costs		
- Lease liabilities	54,173	57,608
- Make-good on lease premises (unwinding of present value discount)	999	965
- Concessional loan discount	121,231	80,653
	176,403	139,226
5.3 General administration expense		
- Marketing and promotional costs	60,003	72,861
- Board, governance and recruitment costs	197,875	181,075
- Member communication costs	29,662	47,562
- Travel and accommodation costs	27,604	37,781
	315,144	339,279
5.4 Other expenses		
- Document storage costs	30,816	25,839
- Subscription costs	9,234	8,701
- Insurance, legal and audit costs	82,112	77,480
- Partner revenue share	175,887	121,361
- Bank fees and charges	358,625	226,177
- Expected credit losses	183,819	-
	840,493	459,558
6. Income tax expense		
Accounting profit before income tax	(58,546)	22,669
Prima facie tax payable on profit before income tax at 26% (2020: 27.5%)	(15,222)	6,234
Add/(Less) tax effect of:		
- Other assessable income	14,862	1,684
- Non-deductible expenses	303	302
- Non-assessable income	(13,001)	(13,750)
	(13,058)	(5,530)
Adjustment to deferred tax to reflect change of tax rate in future periods	14,164	16,352
Under provision in respect to prior years	5,537	-
Income tax expense attributable to the company	6,643	10,822

AWA Mutual Limited

Notes to the Financial Statements

For the year ended 30 June 2021

		2021	2020
7.	Cash and short-term deposits	\$	\$
<i>CURRENT</i>			
	Deposits at call	2,579,312	3,239,068
		<u>2,579,312</u>	<u>3,239,068</u>
8.	Trade and other receivables		
<i>CURRENT</i>			
	Accrued shared margin revenue	256,264	211,330
	Accrued interest and other revenue	91,678	52,263
	Accrued commission revenue	19,523	27,790
		<u>367,465</u>	<u>291,383</u>
9.	Loans and advances		
<i>CURRENT</i>			
	Concessional (partnership) loans	315,335	208,031
	Commercial loans	547,244	530,972
	Provision for expected credit losses	(183,819)	-
		<u>678,760</u>	<u>739,003</u>
<i>NON-CURRENT</i>			
	Concessional (partnership) loans	2,104,761	2,581,608
	Commercial loans	1,129,340	921,881
		<u>3,234,101</u>	<u>3,503,489</u>
	Total loans and advances	<u>3,912,861</u>	<u>4,242,492</u>

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

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.

When a 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 equal to the lifetime expected credit losses for each relevant loan and advance. At 30 June 2021, following the economic impacts of COVID-19, the board noted there had been a significant increase in credit risk for two loans and advances and therefore recognised a provision for expected credit losses.

AWA Mutual Limited

Notes to the Financial Statements

For the year ended 30 June 2021

10. Tax	Note	2021 \$	2020 \$
ASSETS/(LIABILITIES)			
<i>CURRENT</i>			
Current tax asset/(liability)		(221,669)	61,762
<i>NON-CURRENT</i>			
Deferred tax asset comprises:			
- Unamortised loan discount		50,384	40,120
- Provision for expected credit losses		45,955	-
- Accrued expenses		35,889	20,944
- Employee provisions		228,650	205,644
- Lease liability		388,010	412,571
- Provisions		7,275	7,306
		<u>756,163</u>	<u>686,585</u>
Deferred tax liability comprises:			
- Net unrealised gains on financial assets at fair value through OCI		(42,127)	(33,449)
- Right-of-use asset		(352,605)	(397,211)
- Investment property		(7,337)	(5,945)
		<u>(402,069)</u>	<u>(436,605)</u>
Net deferred tax asset		<u>354,094</u>	<u>249,980</u>
11. Investments			
<i>CURRENT</i>			
<i>Financial assets at amortised cost</i>			
- Term deposits	21	3,000,000	2,000,000
<i>NON-CURRENT</i>			
<i>Financial assets at fair value through OCI</i>			
- Equity instruments		2,753,073	2,198,033
- Interest bearing securities		2,114,475	1,720,006
Total non-current financial assets at fair value through OCI	21	<u>4,867,548</u>	<u>3,918,039</u>
Total investments		<u>7,867,548</u>	<u>5,918,039</u>

AWA Mutual Limited

Notes to the Financial Statements

For the year ended 30 June 2021

12. Plant and equipment	2021	2020
	\$	\$
<i>NON-CURRENT</i>		
<i>Computer equipment</i>		
At cost	140,413	140,413
Accumulated depreciation	(139,841)	(139,555)
Net carrying amount	572	858
<i>Office equipment</i>		
At cost	81,846	80,595
Accumulated depreciation	(45,025)	(56,578)
Net carrying amount	36,821	24,017
<i>Leasehold improvements</i>		
At cost	738,841	805,314
Accumulated depreciation	(543,897)	(508,773)
Net carrying amount	194,944	296,541
<i>Motor vehicles</i>		
At cost	46,452	53,604
Accumulated depreciation	(11,434)	(26,282)
Net carrying amount	35,018	27,322
<i>Total plant and equipment</i>		
At cost	1,007,552	1,079,926
Accumulated depreciation	(740,197)	(731,188)
Net carrying amount	267,355	348,738

Movements in carrying amounts

	Computer equipment	Office equipment	Leasehold improvement	Motor vehicles	Total
	\$	\$	\$	\$	\$
Opening net book value	858	24,017	296,541	27,322	348,738
Additions	-	20,834	7,081	22,394	50,309
Disposals	-	-	-	(7,274)	(7,274)
Depreciation expense	(286)	(8,030)	(108,678)	(7,424)	(124,418)
Net book value at 30 June	572	36,821	194,944	35,018	267,355

13. Investment property	2021	2020
	\$	\$
<i>NON-CURRENT</i>		
<i>Sub-leased investment property</i>		
At cost	98,996	62,063
Accumulated depreciation	(69,650)	(39,198)
Net carrying amount	29,346	22,865

AWA Mutual Limited

Notes to the Financial Statements

For the year ended 30 June 2021

13. Investment property (continued)	2021 \$	2020 \$
<i>Maturity analysis</i>		
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	32,000	18,451
- later than 12 months but less than two years	18,667	-
	50,667	18,451

Movements in carrying amounts

	Sub-leased investment \$	Total \$
Opening net book value	22,865	22,865
Additions	36,933	36,933
Depreciation expense	(30,452)	(30,452)
Net book value at 30 June	29,346	29,346

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

Rental income recognised by the company during the year is \$28,158 (2020: \$24,000).

14. Right-of-use assets	2021 \$	2020 \$
<i>NON-CURRENT</i>		
Leased building premises		
Right-of-use asset	1,674,706	1,659,975
Accumulated depreciation	(264,287)	(132,243)
Net carrying amount	1,410,419	1,527,732
<i>Amounts recorded in profit or loss</i>		
Amounts recorded in profit or loss relating to the company's right-of-use assets include:		
- Depreciation charge related to right-of-use assets	132,045	132,243
- Finance costs on lease liability	54,173	57,608
	186,218	189,851

AWA Mutual Limited

Notes to the Financial Statements

For the year ended 30 June 2021

14. Right-of-use assets (continued)

Movements in carrying amounts

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

	Leased building premises \$	Total \$
Opening net book value	1,527,732	-
Addition to right-of-use asset	14,732	14,732
Depreciation expense	(132,045)	(132,045)
Net book value at end of year	1,410,419	(117,313)

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

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.

	2021 \$	2020 \$
15. Intangible assets		
<i>Computer software</i>		
At cost	36,924	25,924
Accumulated amortisation	(25,573)	(21,424)
Net carrying amount	11,351	4,500

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 \$
Opening net book value	4,500	4,500
Amortisation expense	(4,149)	(4,149)
Net book value at 30 June	351	351

AWA Mutual Limited

Notes to the Financial Statements

For the year ended 30 June 2021

		2021	2020
	Note	\$	\$
16. Trade and other payables			
Sundry creditors and other accrued expenses		334,579	245,698
Amounts payable to the Australian Taxation Office		83,294	73,428
		<u>417,873</u>	<u>319,126</u>
<i>Financial liabilities at amortised cost classified as trade and other payables:</i>			
Trade and other payables:			
- total current		417,873	319,126
Less amounts payable to the Australian Taxation Office		(83,294)	(73,428)
Financial liabilities as trade and other payables	21	<u>334,579</u>	<u>245,698</u>
17. Employee benefit liabilities			
<i>CURRENT</i>			
Employee benefits - annual leave		400,092	323,840
Employee benefits - long service leave		456,966	426,520
Employee benefits - paid special leave		12,732	-
		<u>869,790</u>	<u>750,360</u>
<i>NON-CURRENT</i>			
Employee benefits - long service leave		57,540	40,580
Total employee benefit liabilities		<u>927,330</u>	<u>790,940</u>
18. Lease liabilities			
<i>CURRENT</i>			
Lease liability		121,700	167,592
Unexpired interest		(13,228)	(53,723)
		<u>108,472</u>	<u>113,869</u>
<i>NON-CURRENT</i>			
Lease liability		1,736,558	1,769,967
Unexpired interest		(292,989)	(297,024)
		<u>1,443,569</u>	<u>1,472,943</u>
Total lease liabilities	21	<u>1,552,041</u>	<u>1,586,812</u>

The leases relate to building premises which have lease terms ranging from 16 to 17 years. The lease agreements each contain two five-year options, which AWA is reasonably certain to exercise, with such optional terms included in the measurement of the lease liability. Payments are made monthly in advance. There are no purchase options contained in lease agreements.

AWA Mutual Limited

Notes to the Financial Statements

For the year ended 30 June 2021

		2021	2020	
		\$	\$	
19.	Provisions			
<i>NON-CURRENT</i>				
	Make-good on lease premises	29,100	28,100	
<i>Movements in carrying amounts</i>				
		Make-good on lease premises	Total	
		\$	\$	
	Opening net book value	28,100	28,100	
	Arising during the year	1,000	1,000	
	Net book value at 30 June	29,100	29,100	
20.	Capital Commitments			
AWA has no material capital commitments contracted for at 30 June 2021 but not yet capitalised in the financial statements.				
21.	Financial risk management			
AWA's financial instruments consist mainly of deposits with banks, investments, accounts receivable and payable, loans and advances, and lease liabilities.				
The carrying amounts of each category of financial instruments, measured in accordance with the accounting policies disclosed at Note 2, are as follows:				
<i>Financial assets</i>				
Financial assets at amortised cost:				
	- cash and short-term deposits	7	2,579,312	3,239,068
	- trade and other receivables	8	367,465	291,383
	- loans and advances	9	3,912,861	4,242,492
	- investments	11	3,000,000	2,000,000
			7,280,326	6,533,875
Financial assets at fair value through other comprehensive income:				
	- investments	11	4,867,548	3,918,039
	Total financial assets		12,147,874	10,451,914
<i>Financial liabilities</i>				
Financial liabilities at amortised cost:				
	- trade and other payables	16	334,579	245,698
	- lease liabilities	18	1,552,041	1,586,812
	Financial liabilities at amortised cost		1,886,620	1,832,510

AWA Mutual Limited

Notes to the Financial Statements

For the year ended 30 June 2021

21. Financial risk management (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).

AWA's senior management oversees the management of risks arising from financial instruments. The board of directors reviews and sets policies for managing such risks.

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.

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

Liquidity risk

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

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

Market risk

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

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

22. Related party disclosures

22.1 Details of key management personnel

The directors of AWA during the year were:

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

AWA Mutual Limited

Notes to the Financial Statements

For the year ended 30 June 2021

22. Related party disclosures (continued)

22.1 Details of key management personnel (continued)

The senior management team of AWA during the year were:

- Mr G Heathcote (Chief Executive Officer) (Appointed: June 2021)
- Ms L Jones (Finance & Compliance Manager)
- Ms E Stepins (Loans Manager)
- Mr P Brennan (Operations Manager)
- Mrs A Keiller (Special Projects Manager)
- Mr G Scannell (Chief Executive Officer) (Retired: June 2021)

22.2 Transactions with related parties

Refer to Note 22.3 for 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.

22.3 Compensation of key management personnel of the company

Total compensation paid to key management personnel

2021	2020
\$	\$
725,985	766,123

23. Contingent liabilities and assets

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

24. Subsequent events

Subsequent to year-end, the State Government has revised social isolation measures as appropriate based on the level of community transmission of the COVID-19 Coronavirus. As an essential business, AWA has continued to operate whilst complying with such isolation measures.

The directors are not aware of any other significant events occurring after the reporting period which may affect either AWA's operations or results of those operations or AWA's state of affairs.

Awa Mutual Limited

Directors' Declaration

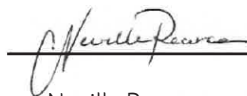
In accordance with a resolution of the directors of AWA Mutual Limited, the directors declare that:

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

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



Peter Richardson
Chairman



Neville Pearce
Vice-Chairman


Dated 19 October 2021



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