

# ANNUAL REPORT

2021 / 2022



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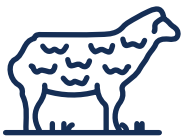




**2022**  
**AT A GLANCE**



**\$399,906**  
**SURPLUS**  
FINANCE



**75.3%**  
**DECLARED NWD**

NM	17.6%
CM	3.0%
AA	40.5%

INTEGRITY



**87,555 (+12.5%)**  
WOOLCLIP/TRACEABILITY



**14,472 REGISTERED**  
**CLASSERS**

WOOL CLASSING



**1.66M BALES**  
**SOLD (+3.06%)**  
AUCTION TRADING

# CHAIR'S REPORT

At the operational level, AWEX completed the financial year ended 30 June 2022 with a surplus of \$0.40mil (2021 \$0.97mil). Revenue was \$5.5mil (2021:\$5.27mil) comprising mainly bale label sales of \$2.7mil (2021 \$2.2mil), recognition of income for the first year of triennial registration of wool classers being \$1.5mil (2021 \$1.5mil), and various service fees of \$1.2mil (2021 \$1.087mil). Our reliance on a relatively small number of revenue streams is a business risk. Sales of bale labels are subject to market volatilities, and wool classer registrations are continuing their downward trend (-11% compared to 2019-21). Our focus on building adequate reserves, however, has resulted in cash and other financial assets reaching \$10.9mil at 30 June 2022. Our reserves policy is set to ensure there are sufficient funds to meet all our outstanding liabilities at any point in time, and a minimum level of coverage of forecast operating cash flows. A continued focus on a strong balance sheet and positive net cash flows will enable AWEX to continue to invest in products and services to its members and industry.

In recognition of the increase and size of the company's reserves, the Audit, Risk and Investment Committee, recommended and the Board approved the expansion of its investment policy to include more growth-oriented assets, with the appointment of Macquarie as its fund manager. The implementation of the revised policy has been spread over a longer time line with close monitoring of investment markets given recent significant falls and volatility.

The Board and management of AWEX reviewed and fine-tuned the strategy for 2022-25, with greater focus on developing our services to members and industry through collaboration, independence, integrity & integration of systems/data, and extended communication to enhance understanding of AWEX's vision for its future platforms.

In recent months, outcomes driven collaboration across industry with various stakeholders has escalated. Thank you to Jock Laurie, Chair, AWI, and John Roberts, CEO, AWI, for facilitating and encouraging engagement between AWI and AWEX. The working groups continue between AWEX and AWI to streamline on farm data capture (WoolClip/WoolQ amalgamation) resulting in WoolClip being the single electronic specification by the end of 2022, with rich data available for analysis. Another work stream involves the overhaul of the training and qualifications for all people involved in the shearing of sheep, and the handling, classing, and pressing of wool. The industry acknowledges the decline in the size of the workforce. But to resolve we need a coordinated, urgent program. A part of our strategic focus is to make the



**Significant negative global economic trends are creating a challenging market for Australian wool. Typical downward trends in demand for wool in latter part of the calendar year may be prolonged given the headwinds facing international markets, not least of which is the escalating war between Russia and the Ukraine. Inflationary trends, reduced energy supplies, labour shortages, and delays in supply chains, are daunting obstacles. An Australian wool industry that is more efficient in the use of available resources, more collaborative, and embraces proven innovations, has a greater prospect of surviving and prospering in the longer term.**

wool industry a place where people want to work. AWEX and AWI are working together with the goal to provide a well-structured training environment with good working conditions – the least we need to do to encourage people to remain or join our industry.

Traceability, animal welfare, quality assurance and data integrity – four key elements for the long term success of the Australian Wool Industry, is front and centre of increasing demand for provenance and integrity of source. As advised last year, AWEX received a traceability grant from the Federal Government of \$180k over 3 years. For, progress to date please refer to the CEO's Report.

WoolClip adoption has steadily increased to nearly 88,000 bales annually (YE June 2022) as compared with 78,000 for the equivalent period in 2021. The trend for the 2022/23 year to date is 44% up on last year (as at 14 September). The dedicated training program and one on one support managed by Fiona Raleigh and John Cox, is certainly escalating uptake of the program. WoolClip can be and should be an integral part of the more efficient capture of data and tracking of wool. With continuing great feedback from our growing user group, wool growers, wool classers, brokers, buyers and sellers, and other parties in the supply chain should adopt and support the use of WoolClip – it is an excellent, practical eb based and application platform.

Another significant milestone will be the imminent launch of RFIDs in bale labels across all of industry. At the time of writing this report, the majority of industry is very supportive of the adoption of RFIDs in bales commencing in January 2023 with the transition out of old stock by July 1, 2023. Together with WoolClip, eBale (RFID) information will streamline the flow of bale information, increase accuracy, including avoiding duplication of bale numbers, reduce input times, provide data for analysis, and numerous other benefits. Further enhancements will progressively be made as adoption and user feedback grows. This is a 21st century tool designed to make life easier and less costly for all. The AWEX team are ready, willing, and able to provide support and training to you.

SustainaWOOL (SWIS), the 100% Australian quality assurance and integrity scheme, has completed its 3rd full year within the AWEX fold. Dr Paul Swan has largely completed the technical aspects and broadening of SWIS, together with capturing more key partners in the supply chain. At the time of writing, the Board has requested a detailed review to determine the next steps for this essential Australian wool integrity scheme. Membership by participants in all parts of the supply chain is vital to attain its ongoing adoption and recognition of this Australian scheme.

I want to acknowledge the many people who work very hard to make AWEX a success in its own right – both people within the company and our external partners. I wish to thank in particular Josh Lamb as Australian Council of Wool Exporters and Processors, and Rowan Woods as the President of the National Council of Wool Selling Brokers Australia, for their positive and constructive approach to the NWD 9.3 review, providing the AWEX Board with valuable feedback on key issues associated with proposed changes – including the ‘unintended consequences’. The category of ‘CM – Ceased Mulesing’ must be addressed in the next review – it is an anomaly and distortion which undermines the integrity of NWD and hence transparency in wool clip source.

I also wish to acknowledge and thank all members of the Board for their commitment and contributions.

Two board members will complete their terms at the Annual General Meeting: Ed Storey, President of WoolProducers Australia; and John Colley, elected by Brokers. On behalf of AWEX, I thank them for applying their extensive industry knowledge, commercial acumen and passion for the wool industry to provide a constructive contribution to the continued growth of AWEX as an essential industry player. In particular I would note Ed’s key role as Chair of the Audit, Risk & Investment Committee (ARIC). He has guided the development and implementation of a more growth-oriented investment

policy as additional reserves have permitted, with an appropriate robust process to select an external investment manager. ARIC has also overseen the process to review and select a new external auditor. I wish to acknowledge and thank the firm of Thomas Davis & Co for its long term auditing of AWEX’s financial statements. In particular, thank you to Jeff Ryan, Partner at Thomas Davis for the independent, thorough and dedicated annual audit process.

I also wish to congratulate and thank the staff of AWEX so ably led by our CEO, Mark Grave – on their commitment to delivering consistent, reliable and accurate information and services to our members. The AWEX team is such a capable, experienced group of people, dedicated to their roles, the company and the industry – a very special team of people.

As I complete my second and final term as Chair of AWEX, I would like to welcome Andreas Clark as a new independent director of AWEX and my successor as Chair, subject to Board endorsement. The Remuneration Committee undertook an extensive thorough process to long list, short list, then finally recommend to the Board, the appointment of Andreas.

Andreas, a qualified lawyer (Masters of Law, ANU, Bachelor of Economics at Flinders University), has solid experience in senior roles in leading a complex multinational organisation with an extensive stakeholder base in the Australian wine industry. His most recent executive tenure was with Wine Australia from 2006-2021. Andreas was Trade Manager, then COO followed by his appointment as CEO of Wine Australia (2013-2021). His role included overseeing export programs with emphasis on gaining greater global market access for Australian wine. Prior to joining Wine Australia, Andreas worked at the Department of Foreign Affairs and Trade as a diplomat in Canberra and Brunei. He utilised his legal training post university degrees as a lawyer with two prominent legal firms then as legal counsel for an ASX listed company. I wish Andreas well in the role of Chair.

I have enjoyed my time immensely as Chair of AWEX – it has certainly been a privilege to hold this position. I wish AWEX and the Australian wool industry every success in selling nature’s best fibre to the world.

A handwritten signature in black ink, appearing to read 'Robyn Clubb'.

**Robyn Clubb AM**  
Chair

October 2022

# CEO'S REPORT

## 2021/22 IN REVIEW

*The last two years of working and operating under COVID restrictions have proven the value of AWEX's investment in systems, and the resilience and importance of agricultural industries to the health of the Australian economy.*

Australia has endured and emerged from a COVID impacted era with the sheep and wool industries markets proving to be resilient and strengthened as a result.

A series of significant events have impacted agriculture over the last year, including the concerns raised over the potential of a FMD outbreak, and more recently the major rain events effecting the east coast of Australia and farming communities. Rain events have been devastating in regional communities causing, among other things, significant loss of crops, damage to major assets including transport infrastructure, delays in shearing and livestock welfare concerns.

For the wool industry these outcomes coupled with a general shortage of skilled labour in all industries, nationally, will affect the timing of wool production as well as wool quality, length and vegetable matter content. It is expected that flystrike will be prevalent due to the climatic conditions.

These potential and tangible crisis' are driving agriculture to be more vigilant and as an outcome traceability is a key topic of consideration of every conversation, in every agricultural industry.

I am confident the Australian wool industry is poised to take advantage of and deliver on traceability in a shorter timeframe than other industries. The Australian wool industry has a long rich history of data exchange. The significant difference in 2022, is the flexibility and affordability of technology to capitalise on decades of investment and improve the transparency and integrity of data to support Australia's wool customers.

For AWEX a key theme and strategy over the next 5 years is collaboration. Collaboration within the wool industry and externally to leverage technology and skills to create greater efficiencies and benefits for all wool industry stakeholders.



## AWEX COMMENCES 30TH YEAR

I am proud to say that AWEX has commenced its 30th year since being established in August 1993. This is an outstanding achievement by any measure, made only possible through the support of our talented staff and dedicated members who believe in AWEX's objects and see value in the broad range of services AWEX provides.

*The Australian Wool Exchange Limited (AWEX) is a not-for-profit member-based organisation that exists to:*

- *Establish and provide an internationally competitive system for the fair, efficient and informed trading of Australian wool,*
- *Encourage competition,*
- *Facilitate self-regulation amongst market participants, and*
- *Develop and implement innovations, for the benefit of all wool market participants.*

As a first and significant step towards collaboration, AWEX and Australian Wool Innovation (AWI) announced our agreement to work together by capturing on-farm data via WoolClip and providing wool growers the opportunity to transfer their data to 'WoolQ' to leverage the analytic and benchmarking tools on offer.

This announcement should pave the way for both organisations to work more closely together on various complementary areas in the future including traceability, sustainability and training and education of the next generation of skilled wool industry personnel.

## TRACEABILITY

Traceability works best when the data journey starts at the point of origin, on-farm. This is the single source of truth and it opens up opportunities to generate provenance profiles for wool growers, bring growers and their customers closer together and, if needed, create a truly traceable product. With the adoption of technology the industry will become more efficient in the transfer of wool data, it will significantly reduce errors in data capture and wool movements across the country.

An added benefit, in the event of an exotic animal Disease (EAD) incursion, will be the ability for the industry and Government agencies to rapidly and accurately detect and isolate impacted products. The speed of detection will be critical to the wool trade and the confidence our customers have in Australian wool.

Traceability systems will enhance Australia's reputation as the leading wool producing country of quality and traceable wool fibre. Australia's wool customers are advocating the need for Australia to adopt technology and traceability to improve logistics systems for their processing warehouses.

## IT

Traceability relies on well-developed systems. AWEX has invested significant resources over the past seven years in developing modern cloud-based systems to support the services that AWEX provides now and into the future.

The first stage of this development was the delivery of WoolClip, an on-farm data capture platform that synchronises web and app. WoolClip is fundamental to the commencement of the data journey from the farm.

WoolClip provides wool growers and classers an integrated system that captures on-farm wool data. On-farm wool information includes the shearing details, mobs, bales and the National Wool Declaration (NWD). Ultimately, WoolClip creates a permanent record which can create an e-specification and can share this in both data and pdf form direct to the broker of choice. The system has been designed to be simple to use providing benefits to the wool pipeline with timely and error free delivery of data to the warehouses.

*WoolClip has also been built to deliver eBale functionality providing the capability to track movements of bales through the wool pipeline.* Enhancements to WoolClip will continue to evolve with user feedback being used to improve the system delivering further functionality.

Other developed systems include the E3 system which was completed and rolled out late in 2022. E3 is the wool trade system underpinning AWEX's market analysis, data services and wool quality operations. The system provides AWEX with a single integrated platform delivering the core functionality required to provide services to wool trade organisations.

This investment has ensured AWEX's systems are hosted in a secure environment that has the latest security and redundancy capabilities. With the new core systems in place AWEX will focus on projects that can take advantage of these systems to deliver improved and new functionality to the wool industry.

System security is both topical and essential to protect the privacy of all. AWEX takes security very seriously and has a number of measures to protect and monitor the health of our systems and data that we hold in confidence. This investment is essential for any IT and Integrity Systems company and will continue.

AWEX invests heavily in its systems and this will continue to ensure they continue to meet the requirements and expectations of the wool industry. The objective of any systems investment by AWEX is to be able to deliver relevant platforms that meet the demands of wool industry participants.

## eBale

Since the late 1990's, AWEX has invested in research and trials to deliver an electronically traceable wool bale/pack. Initially the project known as Intrawool was introduced to Australia by European processors seeking an improved method of tracking purchased wool, reducing errors and to increase logistic efficiencies in the wool supply chain.

The technology of the late 1990s was cumbersome and expensive. The technology could not successfully support the needs of the industry and created some pragmatic issues that were insurmountable.

Over nearly 25 years, technology has changed significantly. Technology is now highly capable, flexible and more affordable. eBale as a project commenced 8 years ago, recognising the changing needs of the industry, the power of the technology available to every person and its ability to survive the hostile life cycle of a wool pack.

Initially, a desk top study was undertaken to see if the wool industry could learn and adopt technologies from other agricultural industries, including the sheep industry.

The challenges for wool, compared to other agricultural industries, are the properties of wool itself, together with the way wool is packaged, moved and stored as it travelled through the wool supply chain. Very few industries have the number of stages, nor the rigour, faced by a wool bale.

Stakeholders may remember the bar-code introduced in the early 2000's. The barcode failed due to the requirement of line of sight for it to be read. Commercially this was not a pragmatic solution. As there are two different requirements, AWEX chose two technologies; an Ultra High Frequency (UHF) RFID for commercial use in warehouses and QR Codes for use on-farm.

On-farm data capture has always been challenging and it is important the technology required to capture the QR Code is easily and readily accessible by all. Smart phones are highly accessible to all wool shed staff and have the capability to capture a QR Code via the use of WoolClip.

The RFID attached to the reverse side of a bale label, is protected by a cover and also by the bale label itself. The RFID chip is miniscule compared to that trialed in the 1990s. The other significant difference is that the RFID antenna was previously a coil of copper wire(s). Today it is now a plate and if it is crushed, bent or broken, the outcome is a shorter read range, and not the destruction of the RFID. These improvements in technology add greater longevity and survivability to the RFID.

eBale:

- Applies a unique bale number for each wool pack,
- eBale RFID utilises a passive tag (no battery),
- Only stores the unique bale number,
- Is linked to other wool bale information via WoolClip or in store, and
- Is transmitted with wool data through the supply chain.

eBale has been successfully trialed on-farm in remote areas, pastoral zones, intensive farming enterprises and on all breed types. AWEX is confident in the technology.

AWEX received a grant from the Australian Federal Government through the Traceability Grant Scheme. The grant, \$180,000 over three years, is being used to

invest further in trials and importantly is a contribution to the first production run of RFID and QR Code enabled ePacks. This production run was delivered to Melbourne on 25 October 2022, and will be very quickly distributed to growers who have expressed keen interest in purchasing the new packs and participate in the eBale trials using WoolClip.

We are grateful for this valuable contribution from the Australian Government and for their ongoing encouragement for traceability in Australian Agriculture.

## eBale IMPLEMENTATION

AWEX has written to all industry stakeholders about a proposed introduction of eBale and seeking their support for its implementation. The proposal detailed a timeline for introducing RFID and QR Code enabled wool packs by mid 2023.

To date the support for its implementation has been universal from respondents. Wool processors in Europe and China have offered their support for its introduction as have Australian brokers, exporters and growers.

The introduction of eBale is the biggest innovation in wool packaging since the transition to nylon wool packs in 2000. Once approved, this will place Australian wool as the leader in the industry, globally.

Of course, technology comes at a price and AWEX has been able to negotiate a price of \$0.60AUD for a commitment of five million RFIDs. Five million RFIDs is equivalent to approximately 2-3 years of wool packs. This is a significant commitment and one that AWEX has sought industry support before proceeding.

AWEX has been working with brokers and warehouses on a Warehouse Integration phase of this project. The aim is to have a minimum viable product where the broker can scan a wool bale in and out of their warehouse, and have the ability to find a wool bale in their warehouse. Each warehouse will take advantage of the technology according to their logistic needs. This space is expected to evolve quickly.



## WOOLCLIP



WoolClip is the AWEX software platform developed to capture and distribute wool data. The platform works online and offline which is an advantage in a large wool production country.

AWEX appointed Mr John Cox as the WoolClip Coordinator in January 2022. This appointment is proving successful with a 45% increase in uptake of WoolClip in 2022 year-on-year. AWEX has committed to an extension and training program for wool classers, growers and brokers. This schedule, together with the increasing profile of AWEX and WoolClip is paying dividends. Ultimately it is the quality of the training and the user experience that will deliver the greatest return for the Australian wool industry.

Today, you cannot talk about eBale without talking about WoolClip. The strongest value proposition is the combination of WoolClip and eBale. The combination of the two, together with the concerns over the potential of FMD has captured the interest of wool growers, brokers, exporters and our processing customers.



## WOOL CLASSING

2022 marks the start of the 2022-24 wool classer registration triennium. This is the 10th registration triennium undertaken by AWEX and is a true census of wool classers, the sentiment of workers and profile of the classer demographic.

This triennium, AWEX has registered 14,475 classers (25/10/22) compared to 16,422, down 10.8%, in the 19/21 triennium. The biggest decline of wool classers have been Owner Classers (-12.8%) compared to professional classers – AW – (-9.2%). NSW is the largest state when it comes to AW classers and the registrations have declined -9.7% off a large registration base. Sth Australian, on the other hand are down 3.1% or 17. The registration history is tracking a similar trend to the 2019-21 triennium.

We may well exceed expectations of registrants over this three-year period, especially given renewed training efforts in Sth Australia delivering positive results.

The registration focus for AWEX has been to support more expansive training and extension programs to add greater depth and value to classers. These programs include extended training sessions in learning WoolClip, understanding the potential implications of eBale and how to work closely with both programs. This is a professional development opportunity for all classers.

AWEX has also received a number of confidential calls regarding workplace behaviour and conditions which teams face in the wool shed. These are serious issues that must be called out and addressed. The common complaints relate to the presence and impact of drugs and alleged behavioural issues. AWEX is currently conducting a survey of professional wool classers, offering all classers to confidentially provide feedback on how the conditions really are in the wool shed.

Once the information has been received and analysed, AWEX will take the aggregated information to industry bodies to gather support and input on how to approach and improve the wool shed workplace. The aim is to create a culture of inclusiveness to attract and retain skilled workers in this valuable industry.

## NATIONAL WOOL DECLARATION INTEGRITY PROGRAM



AWEX is now entering its 14th year since the introduction of the NWD in 2008. On-farm inspections commenced in 2010. The NWD and the NWD Integrity Program have gained the trust of the industry globally as a trusted source of information regarding Mulesing Status (MS).

To support this claim, AWEX receives daily and weekly applications for verified certificates of Mulesing Status. This demonstrates that the NWD Integrity Program is critical to the confidence that buyers have in Australian wool.

Adoption rates have plateaued over the last two years, at approximately 73-76% nationally. Whilst this is disappointing it is worth noting that the Eastern states range between 80-85% adoption. Importantly WA adoption rates have improved in 2021/22 to be above 50% for the first time with room to improve further with the support of brokers.

One of the key benefits of using WoolClip is that all documents, including the NWD, are current. There are no old legacy documents that exist in software, only on paper-based documents. This is important to ensuring the relevance of the NWD and a benefit to Australia's wool customers who require greater transparency of their purchases.

In July this year, NWD V9.3 was implemented. The review of the NWD has always been a difficult process and AWEX is grateful to the unfaltering commitment of Josh Lamb, President, ACWEP and Rowan Woods, President, NCWSBA to see the review through and ensure a sound outcome was the result. Their input enabled a sensible and considered approach to the review which resulted in the NWD V9.3.

The key changes in NWD V9.3 are:

- NM definition refers to the exclusion of liquid nitrogen,
- Introduction of Liquid Nitrogen (LN) for sheep treated with liquid nitrogen,

- LN mobs to be identified separately from NM, AA, M, ND mobs,
- CM has been retained, and
- Both questions related to Ceased Mulesing (CM) Status now have a 12 month time frame.

The first 'LN' lots of wool were offered and sold within a fortnight of V9.3 release. The intention is and has always been to ensure, we as an industry, maintain an informed market.

### Declaration Rates for Mulesing Status

Figures based on % sum of bales, all breeds & wool types, first-hand offered, P&D Certs, excl. NZ.

*Note, Liquid Nitrogen is not reported as the small numbers do not produce a % for any analysis.*

### Declaration Rates (%) by Mulesing Status and State for Seasons 2010 – 2022 (YTD)

SEASON	2010	2015	2020	2021	YTD 2022
<b>National Decl. Rate</b>	42.2	55.0	76.1	75.3	<b>73.8</b>
<b>BY MULESING STATUS (%)</b>					
<b>NM</b>	5.5	9.1	15.1	17.6	<b>16.7</b>
<b>CM</b>	3.1	2.8	4.1	3.0	<b>2.7</b>
<b>AA</b>	8.4	22.8	40.6	40.5	<b>43.1</b>
<b>M</b>	25.3	20.3	16.3	14.2	<b>11.3</b>
<b>ND</b>	57.8	45.0	23.9	24.8	<b>26.2</b>
<b>BY STATE (%)</b>					
<b>NSW</b>	43.2	63.1	81.4	80.0	<b>77.9</b>
<b>QLD</b>	30.0	47.4	80.3	84.2	<b>86.2</b>
<b>SA</b>	43.6	61.3	83.0	81.3	<b>80.6</b>
<b>TAS</b>	69.1	67.2	87.0	81.2	<b>84.2</b>
<b>VIC</b>	45.3	65.2	82.8	80.1	<b>77.5</b>
<b>WA</b>	36.5	23.9	50.7	51.5	<b>47.0</b>

	MERINO							NON-MERINO			
	16	17	18	19	20	21	22	27	28	29	30
<b>NON MULESED</b>											
2021	78	77	68	53	51	12		7	5	8	
2022 (YTD)		42	40	31	4	8		5	-8	18	
<b>CEASED MULESING</b>											
2021		61	40	31							
2022 (YTD)			34	31							
<b>MULESED WITH ANAESTHETIC &amp;/OR ANALGESIC</b>											
2021		16	12	13	14.5	1	6	3	5	3	
2022 (YTD)		11	9	16	4				-4		
<b>NOT DECLARED</b>											
2021		-6	-5	-7	-10	-4		-7	-7	-10	-6
2022 (YTD)			-15	8	-5	2				2	

The next review of the NWD will commence early in 2023, with implementation in July 2024.

## SUSTAINAWOOL – SWIS



SustainaWOOL has completed its third year with AWEX. AWEX remains committed to providing an Australian industry lead sustainability scheme for the betterment of its members and industry.

Sustainability remains a priority for the wool industry and its definition continues to evolve. The proliferation of Sustainability Schemes continues and Australia is a prime target for competition given Australia is the largest producer of wool globally.

Through IWTO, what we know is that several of the schemes are directly comparable to each other. The notable exception is with SustainaWOOL on two levels:

1. All eligible wool MUST be prepared by a registered classer and meet the standard as defined in the Code of Practice, for the preparation of Australian wool clips. It must carry a 'P' certificate, and
2. All SustainaWOOL lots are subject to weekly monitoring for compliance and integrity of information.

These two areas separate SWIS from other integrity schemes and form part of the foundation of the Australian wool industry and AWEX services. They are not negotiable.

## Volume & Market Share

The volume of market share, has levelled at around 7.2% of all auction lots and 11.0% of Merino lots. Competition in this market is growing with Certified Integrity Schemes increasing their market share over the last 18 months.

## Year-end market share figures for the SWIS program

SW auction offering (adjusted for 'SW code missing' lots)	2020/21 season	2021/22 season
<b>Bales</b>	120,958	117,079
<b>Lots</b>	24,164	23,614
<b>Share of all lots offered (Mer+XBD)</b>	7.4%	7.2%
<b>Share of Merino lots offered</b>	11.4%	11.0%

\* Figures represent GOLD, GREEN, and BLUE members.

Market share has remained similar although slightly lower than the previous season.

## Catalogue compliance figures for the SWIS program

Compliance metric	2020/21 season	2021/22 season
<b>Exception lots detected each week</b>	140 (27%)	95 (18%)
<b>Catalogue alterations needing to be advised</b>	78 (14.8 %)	71 (13.5%)

The 'correctness' of SW-code declaration in catalogues has improved, due to the early audit procedures implemented. This is critical in maintaining an informed market.

For the 2022/23 season, improvements continue. The equivalent figures for the 22/23 season (to-date) are 14.3% exceptions and 11.7% alterations.

SustainaWOOL is 100% Australian owned and operated and AWEX believes this is an important distinction for Australian wool. Having owned and operated the SustainaWOOL Integrity Scheme (SWIS) for 3 years, the Board and management are reviewing its performance and preparing for the future. I'd like to express my thanks to Dr Paul Swan for the commitment and expertise he brought to SWIS as the founding Program Manager and through its transition to AWEX. Paul remains an active member of the SWIS team as a technical advisor and we look forward to continuing that partnership.

## China

SustainaWOOL appointed a China based representative for SWIS. Ms J Zhang will service the China based SWIS partners, particularly early-stage processors, through training, education and strategy development for the China region. Early indications are this appointment will be successful.

## CHAIR, ROBYN CLUBB AM

This year signals the end of Robyn Clubb's second term as AWEX Chair. Robyn retires after six years of dedicated and committed work for AWEX, in an industry she is passionate about. I have had the privilege of working closely with Robyn and have yet to find anyone who is as big an ambassador for AWEX and the services AWEX provides. Robyn's support and fearless approach to tackling the most difficult of issues has been a strength for AWEX. Robyn's personable approach with industry has also been valued by AWEX members and various industry associations.

On behalf of AWEX staff, I thank Robyn for her support and commitment to all things AWEX.

## DIRECTORS

In addition, AWEX will also farewell Directors Ed Storey and John Colley.

Ed Storey will also step down from his position as Chair of the Audit, Risk and Investment Committee (ARIC), a position he actively committed to and performed with gusto. The reform of ARIC over the last two years has been ably led by Ed and will positively impact for years to come.

John Colley also retires as a Director elected by Brokers, having served three terms over the last twelve years. John's commercial eye was particularly valuable when introducing new services and functions.

On behalf of all members and staff, we wish Robyn, Ed and John well in their future endeavours.

I also welcome Andreas Clark to the Board and look forward to working with Andreas and the impact he will bring to the Board and AWEX.

## STAFF

AWEX would not function without the skill, talent and dedication of AWEX staff. The skill of AWEX staff has never been more evident than when issues arise that cause significant disruption to the wool trade, such as ransomware attacks, systems failures or through COVID. Each and every time AWEX staff have been the first to respond, working feverishly behind the scenes to ensure that trade can resume or continue with minimal disruption.

These acts are rarely made public but all sides of industry benefit from the experience, advice and assistance AWEX provides to all, including competing service providers.

To all AWEX staff, new and experienced, thank you for the support you give me and the industry.

## 30 YEARS

I mentioned right at the very beginning that AWEX has commenced its 30th year of operation. Established from humble beginnings, AWEX members can be proud of what has been achieved by your organisation. Collaboration and consultation will be at the forefront of what we do. AWEX is in a sound position, but we know the needs of the industry will continue to evolve, and we must evolve with them to take advantage of technology and the next wave of innovation.

I am positive about the future of the Australian wool industry and the role that AWEX can play.

A handwritten signature in black ink, appearing to read 'Mark Grave'.

**Mark Grave**

*Chief Executive Officer*

26 October 2022



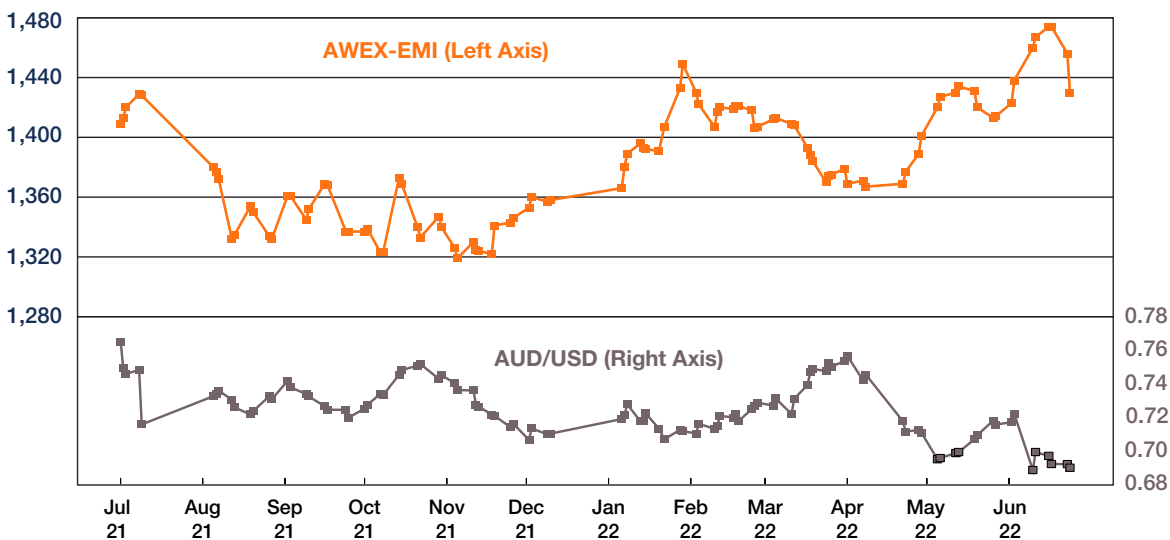
# THE MARKET IN REVIEW

## TOP 15 EXPORT DESTINATIONS 2021-22 (EXCLUDING SHEEP SKINS)

DESTINATION	GREASY EQUIVALENT KG	% CHANGE	% OF TOTAL	VALUE AUD\$	% CHANGE
1. China	263.8 MKG	6%	78.6%	\$2,591.4 Mill.	24%
2. India	17.2 MKG	60%	5.1%	\$161.3 Mill.	86%
3. Italy	14.8 MKG	148%	4.4%	\$226.0 Mill.	241%
4. Czech Republic	12.7 MKG	7%	3.8%	\$81.5 Mill.	19%
5. Korea, Republic Of	9.2 MKG	15%	2.7%	\$61.0 Mill.	21%
6. Germany	3.3 MKG	86%	1.0%	\$12.6 Mill.	45%
7. Thailand	3.2 MKG	85%	1.0%	\$32.4 Mill.	113%
8. Egypt	2.7 MKG	246%	0.8%	\$32.8 Mill.	367%
9. United Kingdom	1.5 MKG	27%	0.4%	\$11.9 Mill.	54%
10. Japan	1.3 MKG	123%	0.4%	\$9.1 Mill..	127%
11. United Arab Emirates	1.2 MKG	80%	0.3%	\$13.6 Mill.	75%
12. Bulgaria	0.8 MKG	87%	0.3%	\$7.1 Mill..	200%
13. Uruguay	0.8 MKG	309%	0.2%	\$7.4 Mill..	528%
14. USA	0.6 MKG	21%	0.2%	\$4.6 Mill..	33%
15. Mauritius	0.4 MKG	290%	0.1%	\$3.4 Mill.	407%
16. Others	1.9 MKG	9%	0.6%	\$13.2 Mill.	26%
	<b>335.5 MKG</b>			<b>\$ 3,269.4 Mill.</b>	



## AWEX-EASTERN MARKET INDICATOR



## KEY STATISTICS

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
AWEX EMI (ave.)	1254	1401	1734	1944	1459	1206	1385
AWEX EMI USD (AVE.)	911	1059	1276	1390	975	908	1004
AUD (\$ US)	0.7266	0.756	0.736	0.714	0.666	0.750	0.752
Sheep Shorn (Mil.)	73.4	74.3	76	72.5	68.6	66.9	69.0
Wool Prod. (Mkg)	325 M.	340 M.	338 M.	300 M.	284 M.	294 M.	314 M.
Auction Offered (AU - Mkg)	321.0 M.	331.9 M.	336.2 M.	295.2 M.	259.4 M.	316.3 M.	329.4 M.
Auction Sold (AU Mkg)	294.25 M.	305.46 M.	317.31 M.	264.2 M.	215.3 M.	279.8 M.	287.5 M.
Auction Sold (AU Bales)	1,652,737	1,709,686	1,780,555	1,484,744	1,206,493	1,558,820	1,606,540
Auction Sold (\$ Billion)	\$ 2.33 B.	\$ 2.74 B.	\$ 3.43 B.	\$ 3.17 B.	\$ 1.95 B.	\$ 2.22 B.	\$ 2.59 B.
19 MPG premium over 21 MPG (¢/kg clean)	64 ¢	248 ¢	236 ¢	63 ¢	61 ¢	245 ¢	380 ¢
Exports 19 mic & finer (China market share)	82.8%	85.4%	85.0%	83.7%	84.4%	90.9%	87.0%
Export destinations (% market share)	China 70.8%	China 74.5%	China 74.8%	China 74.6%	China 77.5%	China (84.4%)	China 78.6%
	India 7.3%	India 6.6%	India 5.6%	India 5.7%	India 5.2%	Czech Rep. (4.0%)	India 5.1%
	Korea Rep. 5.3%	Italy 4.3%	Czech Rep. 5.0%	Italy 4.8%	Italy 4.5%	India (3.7%)	Italy 4.4%

# MICRON PRICE GUIDES

## 2021/22 SEASON PERFORMANCE

### 17 MICRON



2020/21 close: 2562  
 2021/22 close: 2723  
 +161 (+6.3%)

	2019/20	2020/21	2021/22
Season Maximum	2175	2623	2829
Season Average	1906	1965	2548
Season Minimum	1566	1340	2329

### 19 MICRON



2020/21 close: 1748  
 2021/22 close: 1754  
 +6 (+0.4%)

	2019/20	2020/21	2021/22
Season Maximum	2054	1830	1829
Season Average	1698	1443	1698
Season Minimum	1273	995	1613

### 21 MICRON



2020/21 close: 1296  
 2021/22 close: 1446  
 +150 (+11.6%)

	2019/20	2020/21	2021/22
Season Maximum	2037	1383	1494
Season Average	1637	1198	1319
Season Minimum	1193	869	1215



## 28 MICRON



2020/21 close: 495

2021/22 close: 412

-83 (-16.7%)

	2019/20	2020/21	2021/22
Season Maximum	1053	673	530
Season Average	841	510	427
Season Minimum	551	396	382

## MER. CARD. IND.



2020/21 close: 960

2021/22 close: 920

-40 (-4.2%)

	2019/20	2020/21	2021/22
Season Maximum	1157	979	1011
Season Average	991	817	931
Season Minimum	784	581	829

# MICRON PRICE GUIDES

## SEASONAL HIGH/ LOW/ AVERAGES

NATIONAL		HIGH
EMI	22-JUN-22	1474

		LOW
EMI	10-NOV-21	1319

	AVE
EMI	1385

NORTH		HIGH
IND.	21-JUN-22	1561
165	22-JUN-22	2952
17	15-JUN-22	2749
175	15-JUN-22	2514
18	15-JUN-22	2246
185	15-JUN-22	2042
19	21-JUN-22	1829
195	21-JUN-22	1652
20	22-JUN-22	1570
21	22-JUN-22	1486
22	24-MAY-22	1329
26	11-AUG-21	780
28	14-JUL-21	530
30	10-AUG-21	403
MC	9-FEB-22	1011

		LOW
IND.	10-NOV-21	1394
165	10-NOV-21	2535
17	10-NOV-21	2338
175	10-NOV-21	2159
18	10-NOV-21	1950
185	10-NOV-21	1762
19	10-NOV-21	1613
195	12-OCT-21	1452
20	12-OCT-21	1297
21	12-OCT-21	1224
22	24-MAY-22	1329
26	12-APR-22	642
28	6-APR-22	382
30	3-MAY-22	313
MC	27-OCT-21	829

	AVE
IND.	1474
165	2736
17	2540
175	2328
18	2093
185	1891
19	1697
195	1536
20	1400
21	1316
22	1329
26	727
28	424
30	361
MC	925

SOUTH		HIGH
IND.	22-JUN-22	1417
165	16-JUN-22	3048
17	16-JUN-22	2829
175	22-JUN-22	2632
18	21-JUN-22	2316
185	21-JUN-22	2049
19	21-JUN-22	1824
195	22-JUN-22	1685
20	22-JUN-22	1568
21	22-JUN-22	1494
22	21-JUN-21	1445
23	20-JAN-22	1312
25	3-FEB-22	924
26	14-JUL-21	811
28	14-JUL-21	514
30	14-JUL-21	419
32	10-MAR-22	290
MC	23-FEB-22	999

SOUTH		LOW
IND.	12-OCT-21	1265
165	18-NOV-21	2475
17	17-NOV-21	2329
175	17-NOV-21	2167
18	17-NOV-21	1963
185	17-NOV-21	1778
19	10-NOV-21	1614
195	12-OCT-21	1436
20	12-OCT-21	1302
21	29-SEP-21	1215
22	13-OCT-21	1192
23	8-JUN-22	1275
25	6-OCT-21	848
26	6-APR-22	640
28	29-MAR-22	385
30	27-APR-22	312
32	12-OCT-21	213
MC	27-OCT-21	852

	AVE
IND.	1325
165	2754
17	2556
175	2368
18	2124
185	1902
19	1699
195	1538
20	1403
21	1320
22	1299
23	1294
25	893
26	721
28	429
30	354
32	250
MC	937

WEST		HIGH
IND.	16-JUN-22	1563
18	16-JUN-22	2246
185	16-JUN-22	2058
19	16-JUN-22	1827
195	16-JUN-22	1672
20	16-JUN-22	1554
21	28-JUN-22	1475
MC	25-MAY-22	1008

WEST		LOW
IND.	29-SEP-21	1346
18	31-AUG-21	1935
185	31-AUG-21	1768
19	13-OCT-21	1590
195	12-OCT-21	1448
20	12-OCT-21	1282
21	29-SEP-21	1210
MC	13-OCT-21	838

	AVE
IND.	1429
18	2070
185	1890
19	1680
195	1528
20	1381
21	1307
MC	920

# MEMBERS AS AT 30 JUNE 2022

## TRADING MEMBERS

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ACF Wool Traders Pty Ltd	Michell Wool Pty Ltd
AR Rhodes & Co (Wool) Pty Ltd	Modiano Australia Pty Ltd
Australia Beyond Investment Pty Ltd	Natsun Australia Pty Ltd
Australian Merino Exports Pty Ltd	Nutrien Ag Solutions
Australian Wool & Pastoral Agency Limited	Ostini Wool Pty Ltd
Australian Wool Network Pty Ltd	PJ Morris Wools Pty Ltd
Australis Wool Pty Ltd	Quality Wool Pty Ltd
BA Moses Pty Ltd	Riverina Wool (Aust) Pty Ltd
Barwon & Yarra Valley Wool Brokers Pty Ltd	S & G Cotton Australia Pty Ltd
Beecher Wool Services	Saunders Wool Pty Ltd
BN Proud Family Trust	Scanlan Wools Pty Ltd
Bryton Wool Pty Ltd	Segard Masurel (Australia) Pty Ltd
Coggan Wool Pty Ltd	Sequoia Materials Industry Group Australia Pty Ltd
Don Belgre Pty Ltd	Spearwood Wool Pty Ltd
Don Macdonald Woolbrokers Pty Ltd	Stockwool Pty Ltd
Dyson Jones Wool Marketing Services	Swan Wool Processors Pty Ltd
Elders Rural Services Ltd	Taiyuan International (Australia) Pty Ltd
Endeavour Wool Exports Pty Ltd	Techwool Trading Pty Ltd
EP Robinson Pty Ltd	The New Zealand Merino Company Ltd
Fletcher International Exports Pty Ltd	Tianyu Wool Pty Ltd
Fox & Lillie Pty Ltd	Tradeswool Country Woolbuyers Pty Ltd
Fremantle Wool Trading Company Pty Ltd	United Wool Company Pty Ltd
G Schneider Australia Pty Ltd	Victoria Wool Processors Pty Ltd
Goldex Corporation Pty Ltd T/A Mascot Wool	Vitale Barberis Canonico S.p.a.
Gordon Litchfield Wool Pty Ltd	Watswool Pty Ltd
Hodge Wool Pty Ltd	Westcoast Wool Unit Trust
Jemalong Wool Unit Trust	Williams Wool Export Pty Ltd
Kathaytex Trading Pty Ltd	Wool Agency Co Pty Ltd
Kentway Trading Pty Ltd	Yeoward & Co
KG Pacific Pty Ltd	Zhong Long International Pty Ltd
Landini and Co	
Lempriere (Australia) Pty Ltd	

## ASSOCIATE MEMBERS

Australian Wool Innovation Ltd  
Department of Primary Industries  
and Regional Development  
The Australian Superfine Wool  
Growers' Association Inc

## GROWER MEMBERS

Bickleigh Hillburn Pty Ltd  
Bloomfield Pastoral Company  
Carnbrae Harden Pastoral Co  
Cavanagh Farming  
Hamblin & Co  
Ian Aubrey  
Ian Burbury  
Kentucky Pty Limited  
Kildara Pastoral Co  
KM & YC Gill  
MI & ME Zell  
Paling Yards Trading Co  
RD & AM Pietsch T/A Terlinga Partnership  
Richardson Family Trust  
Stonehouse Grazing  
The Mutooroo Pastoral Company Pty Ltd  
Werong Partnership  
WoolProducers Australia Ltd



# COMPANY PRINCIPLES

Although Australian Wool Exchange Limited (AWEX) is not a listed company, it adopts the best practice recommendations as adopted by the ASX Corporate Governance Council in so far as those recommendations are appropriate for a company of the size and nature of AWEX.

## 1. LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

AWEX's Constitution sets out the role of the Board. A number of Board Committees have been established to assist the Board in carrying out its role.

## 2. STRUCTURE THE BOARD TO ADD VALUE

The Board is comprised primarily of sectoral members, in accordance with the company's Constitution. The Constitution provides for two separate appointees to the positions of Chair and Independent Director. The CEO is not a member of the Board.

Under the Constitution, each Director will retire at the third annual general meeting held after that Director's appointment or election and they may offer themselves for re-election.

Through the Chair, all Board members can take appropriate professional advice at AWEX's expense.

## 3. PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

A code of conduct for staff and Directors has been developed. The company is limited by guarantee and as such there is no trading in company securities.

## 4. SAFEGUARD THE INTEGRITY IN FINANCIAL REPORTING

The Board has an Audit, Risk and Investment Committee which has formal terms of reference. Details of committee members and the number of meetings attended are set out in the following pages.

The Audit Committee meets at least once per year independently of management.

## 5. MAKE TIMELY AND BALANCED DISCLOSURES

The company is not a listed entity and is not subject to ASX Listing Rule disclosure requirements. AWEX does disclose significant information to members through Members' Updates and Media Releases.

## 6. RESPECT THE RIGHTS OF SHAREHOLDERS

The company has members rather than shareholders. The company complies with all relevant legislation, as well as the Constitution and provides detailed explanatory notices to general meetings of members. AWEX's external auditors, Thomas Davis and Co attend the AGM and are available to answer members' questions.

## 7. RECOGNISE AND MANAGE RISK

The Board is responsible for identifying risks and opportunities on a timely basis and has mechanisms in place to oversee specific aspects of management's functionality and performance. This includes the convening of the Audit Committee, which monitors and advises the Board on management, finance and expenditure policies and oversees the external financial statement audit; the Remuneration Committee, which monitors and advises the Board on issues relating to remuneration and employment.

## 8. REMUNERATE FAIRLY AND RESPONSIBLY

The Chair oversees the performance of the CEO. Reviews for all staff, including senior management, are also carried out each year.

Summary of remuneration of Key Management Personnel, including Directors, is set out in the accounts. In addition, Directors are entitled to be reimbursed for all travel and other expenses incurred in connection with attendance at Board and Committee meetings or otherwise in connection with AWEX's business.

The Remuneration Committee makes recommendations to the Board which determines the remuneration of the CEO and senior management. The Committee also reviews and approves annual salaries for all staff.

## 9. RECOGNISE THE LEGITIMATE INTERESTS OF SHAREHOLDERS

AWEX is a member-based company and does not have shareholders. AWEX recognises the interests of members in accordance with Corporations Law.



# DIRECTORS' REPORT

Your directors submit their report for the year ended 30 June 2022.

The names of the company's directors in office during the financial year and until the date of this report are as follows:

Mr Andreas Clark (*appointed 12 August 2022*)

Ms Robyn Clubb AM

Mr John Colley

Mr Matthew Hand (*resigned 10 December 2021*)

Mr Peter King (*appointed 10 December 2021*)

Mr Martin Moses

Mr Edward Storey

Mr Gary Turner

Directors were in office for the entire period unless otherwise stated.

## PRINCIPAL ACTIVITIES

Australian Wool Exchange Limited (AWEX) is a member services organisation. Australian and international members include: wool brokers, processors, exporters, private treaty merchants, wool producers and industry associations.

The principal activities of the entity are to support the Australian Wool Industry by achieving the following objectives.

## OBJECTIVES

The objectives for which AWEX was established are set out in its Constitution and are to:

- a) Establish and provide an internationally competitive system for the fair, efficient and informed trading of Australian wool;
- b) Encourage competition;
- c) Facilitate self-regulation amongst market participants; and
- d) Develop and implement innovations, for the benefit of all wool market participants.

## PRODUCTS AND SERVICES

AWEX achieves these objectives by offering:

- Quality Assurance and Integrity Programs,
- Market Information,
- Appraisal,
- Clip Inspection, and
- Other services to all wool industry participants.

In addition, AWEX engages with members and industry through various committees and working groups to:

- Establish and review wool preparation standards which encourage competition in a self-regulated market;
- Manage wool pack quality; and
- Manage, monitor and review the registration of wool classers.

AWEX also carries out projects into various wool related activities with a view to increasing efficiency.





## REVIEW OF OPERATIONS AND RESULTS

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue</b>	5,530,370	5,267,336
<b>Profit from ordinary activities</b>	399,906	970,136

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the company during the year.

## MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

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

# INFORMATION ON DIRECTORS



## R CLUBB AM

Director from 24/8/2016

### Qualifications

- BEc, CA, MAICD, F Fin

### Special

#### Responsibilities

- Chair of Board
- Chair, Remuneration Committee

### Company and Experience

- Elders Ltd, Director
- Craig Mostyn Group, Director
- Essential Energy, Director
- ProTen Ltd, Chair
- Royal Agricultural Society of NSW, Councillor
- RAS Foundation Limited, Chair
- FCFA Leasing Ltd, Chair
- Australian Postal Corporation (Australia Post), Director



## J H COLLEY

Director from 25/11/2016

Director from 25/11/2011 to 28/11/2014

Alternate Director from 22/2/2016 to 24/11/2016

### Qualifications

- Registered Real Estate Agent
- Stock & Station Agent
- MAICD

### Special

#### Responsibilities

- Member, Remuneration Committee

### Company and Experience

- AWN Rural Pty Ltd, Director
- \*Agvet Innovations Pty Ltd, Director
- Arlia Pty Ltd, Director
- Australian Pastoral Investments Pty Ltd, Director
- Australian Wool Testing Authority Ltd, Director
- AWN Food & Fibre Pty Ltd, Director
- AWN Livestock and Property Pty Ltd
- Colley Pty Ltd, Director
- Dyson Jones (WA) Pty Ltd, Director
- Jemina Pty Ltd, Director
- AWN Property (WA) Pty Ltd, Director
- Premium Wool (WA) Pty Ltd, Director
- National Council of Wool Selling Brokers of Australia Inc., Director



## P KING

Director from 10/12/2021

### Special

#### Responsibilities

Member - Audit, Risk and Investment Committee

### Company and Experience

- Australian Merino Exports Pty Ltd, Wool Trader

\* Mr Colley was a Director of Agvet Innovations Pty Ltd for the period up to and including 5 November 2021.



### **M J MOSES**

Director from  
1/12/2000

#### **Qualifications**

- Australian College of Professionals: Real Estate, Agency Operations, Property Management & Stock & Station Agent
- Wool Grower
- Wool Classer

#### **Special Responsibilities**

- Member - Audit, Risk and Investment Committee

#### **Company and Experience**

- B A Moses & Son Pty Ltd, Managing Director
- Bluechip Livestock, Director
- Inland Woolbrokers Association, Director
- Pinefarm Pty Ltd, Director
- The Pinacles (Temora) Pty Ltd, Director/Secretary
- Yennora Wool Brokers, Director



### **E STOREY**

Director from  
30/11/2018

Alternate Director from 29/6/2015 to 30/11/2018

#### **Qualifications**

- BEc
- GAICD

#### **Special Responsibilities**

- Chair - Audit, Risk & Investment Committee

#### **Company and Experience**

- WoolProducers Australia Ltd, President
- Australian Wool Testing Authority Ltd, Director
- Futter Park Pty Ltd, Director
- Werong Partnership, Managing Partner



### **G TURNER**

Director from  
24/11/2017

#### **Qualifications**

- Associate Degree of Applied Science (Wool & Fibre Marketing)
- Financial Investment
- Wool Buyer & Exporter

#### **Special Responsibilities**

- Member, Remuneration Committee

#### **Company and Experience**

- Australian Wool Industries Secretariat, Chairman
- Private Treaty Wool Merchants of Australian Inc., Executive Committee Member
- ReeAshBro Pty Ltd, Managing Director
- ReeAshBro (Wool) Pty Ltd, Managing Director
- Wallace Investments Pty Ltd, Director
- Stocturn Holdings Pty Ltd, Director



### **A CLARK**

Director from  
12/08/2022

#### **Qualifications**

- LLM, LLB (Hons), BEc, Grad Dip Finance & Investment, Grad Dip Legal Practice, GAICD

#### **Company and Experience**

- CCW Cooperative Ltd, Director
- Bremerton Vintners Pty Ltd, Director
- Australian Dairy Farmers, Director
- Hampstead Health Pty Ltd, Chair
- Operations Finders Inc, Board Member
- Pembroke School Inc, Board Member
- Plenary Health Finance Co Pty Ltd, Director
- KPMG, Consultant

## ALTERNATE DIRECTORS

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### **S HARRISON (Alt for E Storey)**

Alternate Director from 8/3/2019

#### ***Company and Experience***

- WoolProducers Australia Ltd, Vice President
  - Victorian Farmers Federation, Livestock President
- 



### **M HUNT (Alt for J Colley)**

Alternate Director from 25/11/2016  
Director from 28/11/2014 to 25/11/2016

#### ***Company and Experience***

- Elders Rural Services Australia Ltd, Executive General Manager - National & VIC/RIV
  - Elders Rural Services Australia Ltd, Director
  - Livestock Markets Ltd, Director
- 



### **G LITCHFIELD (Alt for M Moses)**

Alternate Director from 12/5/2015

#### ***Company and Experience***

- Gordon Litchfield Wool Pty Ltd, Director
- 



### **J SUGARS (Alt for G Turner)**

Alternate Director from 6/3/2018

#### ***Company and Experience***

- AR Rhodes Co. (Wool) Pty Ltd, Director
- 



### **J LAMB (Alt for P King)**

Alternate Director from 8/8/2022

#### ***Company and Experience***

- Endeavour Wool Exports P/L, Managing Director
- Australian Council of Wool Exporters and Processors, President

# DIRECTORS' MEETINGS

The following table sets out the number of meetings of the company's directors held during the year ended 30 June 2022, and the number of meetings attended by each director.

At the date of this report, the company had the following committees:

- Audit Committee;
- Remuneration Committee.

	BOARD MEETINGS	AUDIT	REMUNERATION
<b>DIRECTORS:</b>	A / E	A / E	A / E
R Clubb AM	13 / 13		3 / 3
J Colley *	12 / 13		3 / 3
M Hand	8 / 8	1 / 1	
P King	5 / 5		
M Moses	13 / 13	1 / 1	
E Storey	12 / 13	1 / 1	
G Turner	11 / 13		3 / 3

	BOARD MEETINGS	AUDIT	REMUNERATION
<b>ALTERNATE DIRECTORS:</b>	A / E	A / E	A / E
A Blanch	M Hand		
S Harrison	E Storey		
M Hunt	J Colley	1 / 1	
G Litchfield	M Moses		
J Sugars	G Turner		

A = Attended, E = Eligible to Attend

\* Mr Colley was a Director of Agvet Innovations Pty Ltd for the period up to and including 30 June 2021 and excused himself from NWD Review meetings.

# MEMBERSHIP

Australian Wool Exchange Limited is incorporated under the Corporations Act 2001 and is an entity limited by guarantee and without share capital. If the company is wound up, the Constitution states that each member undertakes to contribute to the property of the company a maximum of \$5 towards meeting any outstanding obligations of the company. Whilst the directors do not believe that any contribution will be required in the event of the company being wound up, the maximum collective liability of members at 30 June 2022 is \$415 (2021: \$420).

The number of members as at 30 June 2022 and the comparison with the prior year is as follows:

	2022	2021
Trading	62	63
Grower	18	18
Associate	3	3
	<b>83</b>	<b>84</b>

## AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's independence declaration as required under Section 60-40 of the Australian Charities and Not-For-Profits Commission Act 2012 (ACNC Act) is attached to this Directors' Report.

Signed in accordance with a resolution of the directors.



R Clubb AM, Chair  
23 September 2022



E Storey, Director

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## AUSTRALIAN WOOL EXCHANGE LIMITED

### AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 60-40 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012 (ACNC ACT)

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

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

A handwritten signature in cursive script that reads "Thomas Davis & Co.".

Thomas Davis & CO.

A handwritten signature in cursive script that reads "J.G. Ryan".

J.G. Ryan, Partner

Chartered Accountants

SYDNEY, 23 September 2022

Liability limited by a scheme approved under Professional Standards Legislation

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME



For the year ended 30 June 2022	Notes	2022	2021
		\$	\$
Revenues from ordinary activities	2	5,530,370	5,267,336
Employee benefit expenses		(2,824,964)	(2,482,075)
Depreciation and amortisation expenses	3	(235,924)	(176,622)
Occupancy costs		(369,381)	(351,153)
Other expenses from ordinary activities		(1,700,195)	(1,287,350)
Profit for the year before income tax expense		<b>399,906</b>	<b>970,136</b>
Income tax expense	1(B)	-	-
<b>Profit from ordinary activities after related income tax expense</b>		<b>399,906</b>	<b>970,136</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<b>399,906</b>	<b>970,136</b>
<b>Total comprehensive income attributable to members of the entity</b>		<b>399,906</b>	<b>970,136</b>

The above statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.



# STATEMENT OF FINANCIAL POSITION



As at 30 June 2022	Notes	2022	2021
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	10,475,575	7,784,477
Financial assets	5	498,850	-
Receivables	6	193,451	57,718
Other current assets	7	88,651	109,534
<b>Total Current Assets</b>		<b>11,256,527</b>	<b>7,951,729</b>
<b>NON-CURRENT ASSETS</b>			
Cash and cash equivalents	8	-	300,000
Property, plant and equipment	9	2,476,418	2,158,517
<b>Total Non-current Assets</b>		<b>2,476,418</b>	<b>2,458,517</b>
<b>TOTAL ASSETS</b>		<b>13,732,945</b>	<b>10,410,246</b>
<b>CURRENT LIABILITIES</b>			
Payables	10	310,723	335,730
Provisions	11	635,250	588,330
Other current liabilities	12	3,153,851	665,967
Lease liabilities	13	88,269	141,735
<b>Total Current Liabilities</b>		<b>4,188,093</b>	<b>1,731,762</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	11	75,807	71,816
Lease liabilities	13	462,471	-
<b>Total Non-current Liabilities</b>		<b>538,278</b>	<b>71,816</b>
<b>TOTAL LIABILITIES</b>		<b>4,726,371</b>	<b>1,803,578</b>
<b>NET ASSETS</b>		<b>9,006,574</b>	<b>8,606,668</b>
<b>MEMBERS' FUNDS</b>			
Members' reserves	14	-	-
Retained surpluses	15	9,006,574	8,606,668
<b>TOTAL MEMBERS' FUNDS</b>		<b>9,006,574</b>	<b>8,606,668</b>

The above statement of financial position is to be read in conjunction with the accompanying notes.

## STATEMENT OF CHANGES IN MEMBERS' FUNDS



For the year ended 30 June 2022	Members' Reserves	Retained Surpluses	Total
	\$	\$	\$
<b>Balance at 30 June 2020</b>	<b>640,000</b>	<b>6,996,532</b>	<b>7,636,532</b>
Profit attributable to members	-	970,136	970,136
Total other comprehensive income for the year	-	-	-
Transfer of reserves to retained surpluses	(640,000)	640,000	-
<b>Balance at 30 June 2021</b>	<b>-</b>	<b>8,606,668</b>	<b>8,606,668</b>
Profit attributable to members	-	399,906	399,906
Total other comprehensive income for the year	-	-	-
Transfer of reserves to retained surpluses	-	-	-
<b>Balance at 30 June 2022</b>	<b>-</b>	<b>9,006,574</b>	<b>9,006,574</b>

The above statement of changes in members' funds is to be read in conjunction with the accompanying notes.

# STATEMENT OF CASH FLOWS



For the year ended 30 June 2022	Notes	2022	2021
		\$	\$
<b>Cash flows from operating activities</b>			
Receipts from customers *		7,866,053	3,882,706
Payments to suppliers and employees		(4,867,475)	(4,070,715)
Interest Received		37,351	78,443
Other receipts		-	313,000
<b>Net cash inflows / (outflows) from operating activities</b>	20	<b>3,035,929</b>	<b>203,434</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant & equipment		(144,820)	(333,249)
Payments for investments		(500,011)	-
<b>Net cash inflows / (outflows) from investing activities</b>		<b>(644,831)</b>	<b>(333,249)</b>
<b>Net increase / (decrease) in cash held</b>		<b>2,391,098</b>	<b>(129,815)</b>
Cash and cash equivalents at the beginning of the financial year		8,084,477	8,214,292
<b>Cash and cash equivalents at the end of the financial year</b>		<b>10,475,575</b>	<b>8,084,477</b>
Current	4	10,475,575	7,784,477
Non-Current	8	-	300,000
<b>Cash and cash equivalents at the end of the financial year</b>		<b>10,475,575</b>	<b>8,084,477</b>

\* current year includes the receipt of Wool Classers' triennium registration fees for 2022-2024.

The above statement of cash flows is to be read in conjunction with the accompanying notes.

# NOTES TO THE FINANCIAL STATEMENTS



For the year ended 30 June 2022

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of preparation

Australian Wool Exchange Limited applies Australian Accounting Standards - Simplified Disclosures as set out in AASB 1060: General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Simplified Disclosures Requirements of the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-for-profits Commission Act 2012. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

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

The financial statements, except for cash flows, have been prepared on an accruals basis and in accordance with the historical cost convention, and do not take into account changes in money values or, except where stated, current valuations of non-current assets.

The company is a company limited by guarantee. In accordance with the Constitution of the Australian Wool Exchange Limited, the liability of the members in the event of the company being wound up would not exceed \$5 per member. As the company is limited by guarantee, there is no reference in the Statement of Financial Position to Share Capital.

The financial statements were authorised for issue by the Board on 23 September 2022.

A summary of significant accounting policies is set out below:

### (a) Property, Plant & Equipment

Each class of property, plant and equipment is carried at cost or deemed cost, where applicable, less any accumulated depreciation and any impairment in value. Assets are depreciated on a straight line basis to write off the net cost of each item over its expected useful life to the company.

The cost of software also includes direct labour costs that are attributable to the asset. Estimates of remaining useful life are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives are as follows:

Plant and Equipment	3-8 Years
Software	3-10 Years

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise.

# NOTES TO THE FINANCIAL STATEMENTS



For the year ended 30 June 2022

## (b) Income Tax

The company has been granted an exemption from income tax under the Income Tax Assessment Act.

## (c) Recoverable Amount of Non-Current Assets

Where the carrying amount of an individual non-current asset is greater than its recoverable amount the asset is revalued to its recoverable amount. The expected net cash flows included in determining recoverable amounts of non-current assets have not been discounted to their present values.

## (d) Receivables

All trade debtors are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of invoicing. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised where some doubt as to the collection exists.

## (e) Revenue Recognition

When the company receives revenue including government grants, it assesses whether the contract is enforceable and has sufficient specific performance obligations in accordance with AASB 15. When both these conditions are satisfied the company identifies each performance obligation relating to the income, recognises a contract liability for these obligations and recognises revenue as it satisfies its performance obligations.

Where the contract is not enforceable or does not have sufficiently specific performance obligations the company either recognises the asset received in accordance with the requirements of other applicable accounting standards, recognises related liability amounts or recognises income immediately in profit and loss as the difference between the initial carrying amount of the asset and the related amount.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to Australian Wool Exchange Limited and that it can be reliably measured.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

The company recognises dividends and trust distributions in profit or loss when the right to receive payment has been established.

Revenue from the rendering of a service is recognised upon delivery of the service to the customers. Triennium Wool Classer registration income is recognised based on the pattern of services rendered. Income not recognised as earned is carried forward as unearned, and shown in the Statement of Financial Position as Unearned Income under the heading Current Liabilities - Other.

The net gain/(loss) of non-current asset sales is included as revenue/(expense) at the date control passes to the buyer, usually when an unconditional contract of sale is signed. The net gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

# NOTES TO THE FINANCIAL STATEMENTS



For the year ended 30 June 2022

All revenue is stated net of the amount of goods and services tax (GST).

## **(f) Employee Benefits**

### **Short-term employee benefits**

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits expected to be settled wholly within one year after the end of the reporting period in which the employees render the related service, including wages and salaries. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the obligation is settled including related on-costs. The company's obligations for short-term employee benefits are recognised as current provisions in the statement of financial position.

### **Superannuation**

The company contributes to employee accumulation superannuation funds. Contributions are charged against income when they become payable.

### **Other long-term employee benefits**

Provision is made for employee's long service leave and annual leave entitlements not expected to be settled within 1 year after the end of the reporting period in which the employees render the service. Other long-term employee benefits are measured at the present value of the expected future payment to be made to employees. Expected future payments incorporate related on-costs. Upon the re-measurement of these obligations, the net change is recognised in profit or loss as part of employee benefits expense.

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

## **(g) Goods and Services Tax (GST)**

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

- where the GST incurred on purchase of goods and services is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense items as applicable.
- receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables in the statement of financial position.

# NOTES TO THE FINANCIAL STATEMENTS



For the year ended 30 June 2022

## **(h) Impairment**

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If such an indication exists and where carrying values exceed the recoverable amount, the asset is written down to the recoverable amount. Recoverable amount is the greater of fair value less costs to sell and value in use.

## **(i) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, cash at bank, deposits held at call with banks and bank bills. Where bank bills have maturity dates greater than 12 months after the end of the reporting period, they are classified as Non-Current.

## **(j) Trade and other payables**

Trade and other payables represent the liabilities for goods and services received by the company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

## **(k) Leases**

Leases are recognised under Accounting Standard AASB 16: Leases. Applicable leases whether finance or operating in nature are to be recognised on the Statement of Financial Position as liabilities with corresponding right-of-use assets. These leases are measured at their net present values and include future lease payments under an option where that option is reasonably expected to be taken up. For operating leases that do not need to meet the requirements under this standard being leases that are less than 12 months or of minor values, and where substantially all the risks and benefits remain with the lessor, these are recognised as expenses over the term of the lease.

## **(l) Financial Instruments**

### **Initial recognition and measurement**

Financial assets and liabilities are recognised when the company becomes party to contractual provisions of the instrument. For financial assets, this is the equivalent to the date that the company commits itself to either purchase or sell the asset. Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

### **Classification and subsequent measurement**

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

# NOTES TO THE FINANCIAL STATEMENTS



For the year ended 30 June 2022

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between the initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The company measures equity investments at fair value through profit or loss.

## **Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

## **(m) Provisions**

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.



# NOTES TO THE FINANCIAL STATEMENTS



For the year ended 30 June 2022

## **(n) Comparatives**

When required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

## **(o) Critical Accounting Estimates and Judgements**

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and internally

## **(p) New and Amended Accounting Standards**

The company has assessed all new and amended accounting standards issued and effective for the current financial reporting period. The company has adopted AASB 1060: General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities for the first time this reporting period replacing the previous Reduced Disclosure Requirements (RDR) framework. This change has no major impact on the financial statements other than some minor changes in disclosures.

# NOTES TO THE FINANCIAL STATEMENTS



For the year ended 30 June 2022	2022	2021
<b>2. Revenue from Ordinary Activities</b>		
<i>Operating Activities</i>		
Sale of goods - Bale labels	2,747,883	2,201,913
Wool classer registration fees	1,515,663	1,512,666
Service fees	1,163,742	1,087,758
Membership joining and annual subscription fees	65,731	73,556
	5,493,019	4,875,893
<i>Other Income</i>		
Interest Received	38,512	78,443
Unrealised gain/(loss) on investments	(1,161)	-
Government Support: COVID-19	-	313,000
<b>Total revenue from Ordinary Activities</b>	<b>5,530,370</b>	<b>5,267,336</b>
<b>3. Profit/(Loss) from Ordinary Activities</b>		
<b>Profit/(Loss) from Ordinary Activities has been determined after</b>		
<b>Charging as an expense:</b>		
Depreciation and Amortisation of non-current assets		
- Depreciation of plant and equipment		
<b>Total Depreciation and Amortisation Expenses</b>	<b>235,924</b>	<b>176,622</b>
<i>Lease rentals</i>		
- Minimum lease payments		
<b>Total Lease Rentals</b>	<b>337,009</b>	<b>322,165</b>
Superannuation contributions	233,446	217,933
Transfer to/(from) provision for Annual Leave	4,368	(1,434)
Transfer to/(from) provision for Long Service Leave	46,245	27,886
Loss on disposal of property, plant and equipment	-	500
<b>Net loss on disposal of property, plant and equipment</b>	<b>-</b>	<b>500</b>

# NOTES TO THE FINANCIAL STATEMENTS



For the year ended 30 June 2022	2022	2021
<b>4. Current Assets - Cash and Cash Equivalents</b>		
Cash on Hand	400	415
Cash at Bank	2,666,829	417,332
Term Deposits	7,808,346	7,366,730
<b>Cash and Cash Equivalents</b>	<b>10,475,575</b>	<b>7,784,477</b>
<b>5. Current Assets - Financial Assets</b>		
Investments in equity instruments	498,850	-
	<b>498,850</b>	-
<b>6. Current Assets - Receivables</b>		
Trade Debtors	194,495	38,774
less: Provision for impairment	(15,000)	(15,000)
Trade debtors after provision for impairment	179,495	23,774
Accrued Revenue	13,956	33,944
<b>Receivables</b>	<b>193,451</b>	<b>57,718</b>
Provision for impairment		
Movement in doubtful debts		
Opening balance at 1 July	15,000	15,000
Charge for the year	-	-
<b>Closing balance at 30 June</b>	<b>15,000</b>	<b>15,000</b>
<b>7. Current Assets - Other</b>		
Prepayments	56,906	74,328
Stock on Hand	11,423	15,910
Other Debtors	20,322	19,296
<b>Other</b>	<b>88,651</b>	<b>109,534</b>

# NOTES TO THE FINANCIAL STATEMENTS



For the year ended 30 June 2022	2022	2021
<b>8. Non-current - Cash and Cash Equivalents</b>		
Term Deposits 1(i)	-	300,000
<b>Cash and Cash Equivalents</b>	<b>-</b>	<b>300,000</b>
<b>9. Non-current Assets - Property, Plant and Equipment</b>		
Plant and equipment at cost	4,184,438	2,900,471
less: Accumulated depreciation	(2,258,760)	(2,026,452)
	<b>1,925,678</b>	<b>874,019</b>
Software under development	-	1,142,763
less: Accumulated depreciation	-	-
	<b>-</b>	<b>1,142,763</b>
Leased Premises	550,740	1,133,524
Less: Accumulated Amortisation	-	(991,789)
	550,740	141,735
<b>Property Plant and Equipment</b>	<b>2,476,418</b>	<b>2,158,517</b>
Reconciliation of the carrying amounts of property, plant and equipment and leased assets at the beginning and end of the financial year.		

# NOTES TO THE FINANCIAL STATEMENTS



For the year ended 30 June 2022	2022	2021
<b>Plant and Equipment</b>		
Carrying amount at beginning of the period	2,016,782	1,860,655
Additions	144,820	333,249
Disposals	-	(500)
Depreciation expense	(235,924)	(176,622)
Carrying amount at end of the period	<b>1,925,678</b>	<b>2,016,782</b>
<b>Reconciliation of Leased Premises</b>		
Opening balance of Leased Premises	141,735	278,018
Additions	550,740	-
Disposals	-	-
Used	(141,735)	(136,283)
<b>Closing balance of Leased Assets</b>	<b>550,740</b>	<b>141,735</b>
	<b>2,476,418</b>	<b>2,158,517</b>
<b>10. Current Liabilities - Payables</b>		
Creditors	111,610	162,183
Accrued Expenses	199,113	173,547
<b>Payables</b>	<b>310,723</b>	<b>335,730</b>

# NOTES TO THE FINANCIAL STATEMENTS



For the year ended 30 June 2022	2022	2021
<b>11. Provisions</b>		
Employee entitlements (being provision for Annual Leave and Long Service Leave)	711,057	660,146
<b>Provisions</b>	<b>711,057</b>	<b>660,146</b>
<b>Analysis of Provisions</b>		
Opening balance of Employee Provisions	630,146	633,695
Additions	248,957	171,112
Used	(168,343)	(174,661)
Closing balance of Employee Provisions	<b>710,760</b>	<b>630,146</b>
Employee Provisions - Current	635,250	588,330
Employee Provisions - Non-current	75,807	71,816
Total Employee Provisions	<b>711,057</b>	<b>660,146</b>
<b>12. Current Liabilities - Other</b>		
Unearned Income *	3,153,851	665,967
<b>Other</b>	<b>3,153,851</b>	<b>665,967</b>
* Unearned income represents Wool Classer registration fees received for the period 1/1/2022 to 31/12/2024		
<b>13. Lease Liabilities</b>		
Lease Liabilities - Current	88,269	141,735
Lease Liabilities - Non-current	462,471	-
<b>Total Lease Liabilities</b>	<b>550,740</b>	<b>141,735</b>
<b>Lease Details and Commitments</b>		
Capitalised lease amortisation	141,735	136,283
Operating lease expenses	195,274	185,882
<b>Total lease charges</b>	<b>337,009</b>	<b>322,165</b>

# NOTES TO THE FINANCIAL STATEMENTS



For the year ended 30 June 2022	2022	2021
<b>Minimum Capitalised lease payments</b>		
- not later than one year	88,269	141,735
- later than one year and not later than five years	462,471	-
- later than five years	-	-
<b>Expenditure Commitments</b>	<b>550,740</b>	<b>141,735</b>
<b>14. Members' Funds - Reserves</b>		
Members' Reserves		
Balance at 1 July	-	640,000
Transfer to Retained Surpluses	-	(640,000)
<b>Reserves</b>	<b>-</b>	<b>-</b>
<b>15. Members' Funds - Retained Surpluses</b>		
Balance at 1 July	8,606,668	6,996,532
Net surplus attributable to members of the company	399,906	970,136
Transfer from Members' Funds reserves	-	640,000
<b>Retained Surpluses</b>	<b>9,006,574</b>	<b>8,606,668</b>
<b>16. Remuneration of Key Management Personnel</b>		
Income paid or otherwise made available to key management personnel, including directors, by the company or related parties.		
In 2021, Key Management Personnel has been reclassified to reflect the operating and management structure.		
Key Management Personnel compensation	1,208,706	1,006,837

# NOTES TO THE FINANCIAL STATEMENTS



For the year ended 30 June 2022	2022	2021
<b>17. Remuneration of Auditors</b>		
Amounts received or due and receivable by Thomas Davis & Co for:		
- audit of the financial report of the company	21,200	20,700
- other services	-	-
<b>Remuneration of Auditors</b>	<b>21,200</b>	<b>20,700</b>
<b>18. Related Party Disclosures</b>		
<b>Director and Director-related entity transactions</b>		

A number of the directors are directors of entities which transacted with the company.  
The transactions during the year were as follows:

Sales of services relating to membership, subscriptions, trading, use of wool selling facilities from the director-related entities during the financial year. All services were provided under the company's standard terms and conditions.	160,984	135,069
Purchase of IT services from directors' related entity	2,921	1,096
Outstanding balances at year end arising from the above transactions:		
Current receivables (Sales of Services)	11,133	11,446
Current payables (IT Services)	126	-



# NOTES TO THE FINANCIAL STATEMENTS



For the year ended 30 June 2022	2022	2021
<b>19. Segment Information</b>		
The company operated predominantly in one industry, being the Australian Wool Industry.		
<b>20. Reconciliation of operating profit or loss from ordinary activities after income tax to net cash from operating activities</b>		
Profit from ordinary activities	399,906	970,136
Depreciation and amortisation	235,924	176,622
Loss on disposal of plant and equipment	-	500
Unrealised loss on investments	1,161	
(Increase)/Decrease in trade debtors and accrued revenue	(135,733)	83,596
(Increase)/Decrease in other debtors and prepayments	20,883	10,484
Decrease in trade creditors, accruals and unearned income	2,462,877	(1,064,355)
Increase in provisions	50,911	26,451
<b>Net cash Inflows from operating activities</b>	<b>3,035,929</b>	<b>203,434</b>

# NOTES TO THE FINANCIAL STATEMENTS



For the year ended 30 June 2022	2022	2021
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## 21. Financial Instruments

### (a) Interest Rate Risk

The company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and liabilities.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 15: Financial Instruments as detailed in the accounting policies to these financial statements, are as follows:

<b>Financial Assets</b>		
Cash and cash equivalents - Current	10,475,575	7,784,477
Cash and cash equivalents - Non-current	-	300,000
Total Cash and cash equivalents	10,475,575	8,084,477
Financial assets at fair value through profit or loss	498,850	-
Trade Debtors & Other Receivables	193,451	57,718
Other Assets	88,651	109,534
<b>Total Financial Assets</b>	<b>11,256,527</b>	<b>8,251,729</b>
<b>Financial Liabilities</b>		
Trade Creditors and other payables	310,723	335,730
<b>Total Financial Liabilities</b>	<b>310,723</b>	<b>335,730</b>
<b>22. Fair Value Measurements</b>		

The company measures and recognises the following assets at fair value on a recurring basis after initial recognition.

- financial assets (equity investments) at fair value through profit or loss	498,850	-
	<b>498,850</b>	<b>-</b>

The valuation technique used for this class of asset is the market approach, which uses prices and other relevant information generated by market transactions for identical or similar assets.

# NOTES TO THE FINANCIAL STATEMENTS



For the year ended 30 June 2022	2022	2021
<b>23. Contingent Liabilities</b>		
The company has provided a bank guarantee in respect of:		
Lease obligations	93,301	67,737
	<b>93,301</b>	<b>67,737</b>
<b>Financing arrangements</b>		
Bank Guarantees	93,301	67,737
Used at balance date	-	-
<b>Unused at balance date</b>	<b>93,301</b>	<b>67,737</b>
<b>24. Capital Expenditure Commitments</b>		
Capital expenditure commitments contracted for:		
Software under development	-	39,991
<b>25. Subsequent Events</b>		
There have been no events subsequent to the reporting date which would have a material effect on the company's financial statements at 30 June 2022.		



# AUSTRALIAN WOOL EXCHANGE LIMITED DIRECTORS' DECLARATION

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## THE DIRECTORS OF THE COMPANY DECLARE THAT:

- (1) the financial statements and notes as set out on pages 36 to 51, are in accordance with the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act), and :
  - (a) comply with Accounting Standards - Simplified Disclosures; and
  - (b) give a true and fair view of the financial position of the company as at 30 June 2022 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 and is signed in accordance with subsection 60.15(2) of the Australian Charities and Not-for-profits Commission Regulation 2013.

A handwritten signature in black ink, appearing to read 'R Clubb'.

R Clubb AM  
Chair

Date: 23 September 2022

A handwritten signature in black ink, appearing to read 'E Storey'.

E Storey  
Director

# AUDITOR'S REPORT

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTRALIAN WOOL EXCHANGE LIMITED

### OPINION

We have audited the financial report of Australian Wool Exchange Limited, which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, statement of changes in members' fund's and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors declaration.

In our opinion, the financial report of Australian Wool Exchange Limited has been prepared in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June, 2022 and of its performance for the year ended on that date; and
- (a) complying with Australian Accounting Standards - AASB 1060: General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities and the Australian Charities and Not-for-profits Commission Regulation 2013.

### 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 ACNC Act, the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

### INFORMATION OTHER THAN THE FINANCIAL REPORT AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises the information included in the company annual report for the year ended 30 June 2022, 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 misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL REPORT

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - AASB 1060: General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities and the Australian Charities and Not-for-profits Commission Act 2012 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL REPORT

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

As part of an audit in accordance with 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 audit in order to design audit procedures that are appropriate in the circumstances, but not for

the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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



**Thomas Davis & CO.**

Chartered Accountants



**J.G. Ryan, Partner**

SYDNEY, 23 September 2022

Liability limited by a scheme approved under Professional Standards Legislation.



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- Administration: Change of Contact Details/Address
- Code of Practice
- Sheep Breed Compendium
- Clip Preparation Advice & Support
- Clip Inspection Correspondence
- Activity Statements
- Reference Material
- Stencils/Stamps/Pens
- WoolClip

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