

20
14

• A N N U A L R E P O R T •



Australian
Shareholders'
Association
the trusted voice of shareholders

**ANNUAL REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

CONTENTS

CHAIRMAN'S REPORT	2
FIVE-YEAR SUMMARY	5
DIRECTORS' REPORT	7
AUDITOR'S INDEPENDENCE DECLARATION	12
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	13
STATEMENT OF FINANCIAL POSITION	14
STATEMENT OF CHANGES IN EQUITY	15
STATEMENT OF CASH FLOWS	15
NOTES TO THE FINANCIAL STATEMENTS	16
DIRECTORS' DECLARATION	27
INDEPENDENT AUDITORS' REPORT	28

CHAIRMAN'S REPORT

The 2014 year was a busy and positive year for the Australian Shareholders' Association (ASA) with increased company monitoring activity and well-attended education events. Later in this report I detail the activities and results of our company monitoring efforts and education activities.

There are resource pressures on all businesses and households. Political and economic uncertainty adds to these pressures, and affects all Australians and impacts on our members, the Association and shareholders generally. Membership declined even though stock markets were buoyant. Despite these pressures your Association delivered a pleasing financial result.

ASA achieved a surplus of \$75,361 a positive result in a non-conference year. Revenue was boosted by funds awarded to ASA by the Federal Court following the conclusion of the Nufarm class action. The most pleasing aspect of this award was the recommendation by the legal firms representing shareholders and accepted by the Judge, that due to our corporate governance work we should have these funds to further that work. Our cash balances have grown but it is expected that the implementation of our corporate strategy, incorporating a marketing strategy, will require investment.

ASA continued to experience the challenges detailed in the 2013 Annual Report. Encouraging aspects of 2014 were the launch of the new member management system and website. Members now have access to considerably more information and resources and can personalise information. We are working with our website developers to improve website speed. Company monitors found the new streamlined process of loading voting intentions and AGM reports to run smoothly.

Membership numbers have continued to decline and our strategies will be directed at both retention - reducing the number of members who leave each year; and recruitment - reaching out to potential groups and organisations for new members.

The Directors' report lists the submissions made by ASA during 2014. Our thanks to Richard Wilkins and John Campbell for their unflagging contribution in this area. ASA is regarded by Government and regulators as an important voice and these submissions require considerable research, reading of draft legislation and preparation of a well thought out policy position. What is of concern is the extent to which all the work done by those who submit will be considered and what eventually will be any positive action to implement change. We made two submissions to the Financial Systems Inquiry and a follow-up submission to Treasury. It is hoped that a positive outcome will be derived from this work.

Richard McDonald became State Chair in NSW and Geoff Bowd and Kym D'Arcy took on the role of Company Monitoring Chair in Victoria and Queensland respectively.

Don Hyatt was appointed a director in January 2015 and Joanne Parker took up the position of Chief Executive Officer at the end of that month. They bring to ASA considerable experience across a range of sectors and their contribution to ASA will further progress our aims and objectives.

Company monitoring is a fundamental part of the ASA's activities. Consistent with prior years, the ASA's company monitoring efforts remain primarily focussed on the performance and governance of ASX200 companies. In addition, the granting of proxies by retail shareholders to the ASA is an integral part in strengthening governance of listed companies and increasing the influence of the ASA.

In 2014, ASA was represented by a team of 91 volunteer monitors, including Company Monitoring Chairs Geoff Bowd (Vic), Kim D'Arcy (Qld), Allan Goldin (NSW), Bob Ritchie (SA), Len Roy (WA) and Dan Steiner (ACT).

ASA published voting intentions for 195 companies across Australia. ASA monitors held meetings with company directors and/or executives from most of these companies prior to the AGM. ASA representatives also collected proxy votes at an additional 20 company meetings for companies which we did not formally monitor in 2014.

ASA's voting intentions are guided by our voting policies which have evolved over the years to reflect the changing corporate, regulatory and governance landscape. An updated policy position was adopted in March 2014 and updated again in September 2014. The voting policies and guidelines cover the areas of board composition and responsibilities, executive remuneration and capital management. In particular, significant updates and additions were made in relation to capital raisings, in light of market experience after the Global Financial Crisis which saw retail investors heavily diluted through both non-participation in pro-rata offers and selective discounted placements to institutional investors. It is anticipated that minor amendments and clarifications to the policy position will be adopted in 2015, prior to the 2015 main AGM season.

The key governance themes of 2014 were directors' workload and independence, and it was encouraging to see proxy advisory firms take a more aggressive approach to these issues. Remuneration protests have also continued to play a prominent role.

It has been a number of years since the introduction of the "two strikes" legislation. Since then, the market has seen that executive remuneration packages have moderated and companies have generally responded constructively to a strike or near-strike, often engaging with key shareholders and the ASA on concerns and potential changes to remuneration policies.

The ASA opposed the remuneration reports for a total of 73 companies in 2014, representing approximately 39% of all companies where a resolution to adopt a remuneration report was put to the meeting. Of the monitored companies, 13 companies received strikes and an additional 23 others received a protest vote of more than 10%. Of the 13 companies which received strikes, ASA voted against the remuneration report for 10 of those companies.

ASA opposed the re-election of directors at 22 AGMs, with most of our concerns relating to performance, director independence and board renewal. On a number of occasions, those directors received sizeable protest votes indicating that our view was shared by other shareholders.

A National Monitoring Review Panel (Panel) was introduced prior to the main 2014 AGM season to review contentious voting intentions prior to their publication. The Panel consisted of three experienced company monitors, John Campbell, Ian Curry and Michael Perry. Voting intentions for three companies were reviewed by the Panel during the season. Feedback on the Panel review process has been positive and it is viewed that the review process has not materially impacted on the ASA's ability to finalise and upload voting intentions to the ASA website.

Other changes in the 2014 year included the departure of Stephen Mayne (formerly ASA's Policy and Engagement Coordinator) and the commencement of Anna Lau as the new Head of Research. Our thanks to Anna for the seemingly effortless way she dealt with all aspects of the workload associated with the high season for company annual meetings.

The contribution of our volunteer company monitors, particularly the Company Monitoring Chairs, is highly valued and we sincerely thank them for their dedication and hard work.

Education plays a key role in empowering members with the skills, knowledge and practical understanding to deal with challenges in the market and make sound decisions. The issues regarding poor advice and conflicted relationships in the financial planning industry make it essential to have access to a range of information to support informed investment decisions.

Our Education committee chaired by Silvana Eccles has developed the education program with the aim to provide stimulating and engaging educational events across a diverse range of subjects. In 2014 ASA expanded its educational offerings to members according to the Integrated Investor Education Matrix. This matrix divided investor education into five main categories: Your financial plan; Investing in shares; Analysing shares; Setting up an SMSF and Other investments. Each category is divided into topics and sub-topics.

AUSTRALIAN SHAREHOLDERS' ASSOCIATION LIMITED

A.B.N 40 000 625 669

CHAIRMAN'S REPORT (CONT.)

Launching the ASA's fully redesigned website www.australianshareholders.com.au provided the opportunity to update and enhance our investment educational content. The five main matrix categories feature in the education section of the website, and within each there are links to over 90 external resources providing in-depth and engaging information on the sub-topics. These pages can be downloaded free and provide a great starting base for all investors. It is a user-friendly, structured learning pathway.

In addition ten online tutorials, also aligned with the Integrated Investor Education Matrix, have been produced.

The tutorials featured include:

- Portfolio management A guide to making good investment decisions
- How to set up an SMSF
- Keeping your SMSF in order
- Developing an investment strategy for your SMSF
- Understanding your shares Nuts & bolts of buying shares
- Basic fundamental analysis
- Basic technical analysis
- Record keeping made easy

During 2014 the ASA held a range of education seminars to provide members with the opportunity to hear and learn from specialist industry professionals with a strong emphasis on practical learning. With the support of the ASX the inaugural 'Investors' Big Day Out' seminar series were held in major cities. Details of the seminars are listed below:

EDUCATIONAL EVENT	DATE	LOCATION	DELEGATES
Utilising investment structures	Feb 2014	Orange	21
Investing for growth	Feb 2014	Wagga Wagga	15
Combining fundamental and technical analysis	Mar & April 2014	Capital cities	289
Investors' Big Day Out	Aug & Sep 2014	Capital cities	435

You are encouraged to welcome and work with Joanne Parker, our CEO, in order to achieve a stronger and high performing organisation.

To the dedicated volunteers and ASA staff, the Board acknowledges and thanks you for your support and hard work through 2014.

In a year of change and challenge, member support for the ASA has, and continues to be, greatly appreciated.



Ian Curry
Chairman

AUSTRALIAN SHAREHOLDERS' ASSOCIATION LIMITED

A.B.N 40 000 625 669

FIVE-YEAR SUMMARY

Financial performance	Notes	2014 \$	2013 \$	2012 \$	2011 \$	2010 \$
Operating revenue	a					
Membership - retail		606,362	622,077	674,301	687,116	690,237
- corporate/industry		74,489	76,500	70,774	34,727	17,046
		680,851	698,577	745,075	721,843	707,283
Education & meetings		111,604	78,910	61,358	101,079	105,244
Advertising		11,720	1,350	2,000	13,301	24,273
Donations		7,077	7,760	9,908	17,175	21,011
Conference		-	204,710	-	200,126	9,418
Sponsorship		14,333	15,834	58,880	-	-
Other	b	1,127	2,818	6,546	12,313	5,859
Total operating revenue		826,712	1,009,959	883,767	1,065,837	873,088
Interest		19,846	23,326	29,613	31,459	24,921
Sundry income - unclaimed compensation	c	25,852	-	-	-	-
Total other income		45,698	23,326	29,613	31,459	24,921
Total income from all sources		872,410	1,033,285	913,380	1,097,296	898,009
Expenses						
Employee & contractor		394,131	363,013	467,517	478,336	444,595
Rent & depreciation		33,900	47,234	51,433	50,316	52,650
Advertising & promotions		10,761	14,601	5,928	45	2,842
Conference		-	140,876	-	145,887	-
Education & meetings		83,752	82,462	70,544	101,915	124,122
Insurance		11,176	12,628	13,227	16,540	15,075
IT infrastructure & software		54,669	55,747	7,296	9,773	13,246
Newsletter		93,601	109,711	143,863	157,752	140,747
Postage & couriers		11,363	11,901	9,094	7,458	21,491
Stationery & printing		13,042	19,753	17,136	7,320	19,321
Travelling & related expenses		17,116	25,223	22,015	14,516	24,391
General office & admin expenses		61,776	74,942	66,062	63,633	60,505
Legal and audit fees		11,762	14,492	6,000	8,555	7,725
Total expenses		797,049	972,583	880,115	1,062,046	926,710
Surplus		75,361	60,702	33,265	35,250	(28,701)
Members' funds at 31 December		437,814	362,453	301,751	268,486	233,236

Notes

- New classifications for 2014 and 2013 have been adopted.
Data for 2012 to 2010 are based on best estimates using new classifications.
- ASIC Committee Fees
- Further details are included on page 7

AUSTRALIAN SHAREHOLDERS' ASSOCIATION LIMITED

A.B.N 40 000 625 669

OTHER BUSINESS INDICATORS

	2014 No.	2013 No.
Members - retail	5,121	5,407
- corporate/industry	58	67
	<u>5,179</u>	<u>5,474</u>
Company Monitoring		
Company Monitors	91	83
Companies monitored	195	198
Education		
Conference	-	1
Conference delegates	-	269
Events	14	19
Event delegates	760	603
Investor meetings held	369	345
 EQUITY Issues Published	 10	 11

DIRECTORS' REPORT

Your directors present this report on the entity for the financial year ended 31 December 2014.

Principal Activities

The principal activity of the Company (also referred to as ASA or the association) during the financial year was to protect and advance the interests of retail investors through the generation of information on corporate financial performance and governance, the provision of education and training to retail investors and the representation of investor interests.

Short-term and Long-term Objectives

In the past financial year the company concentrated on: successfully launching the integrated member management system project (website and database) which expanded information available to members online; enhancing educational offerings; growing subscriber numbers; establishing a robust financial base and increasing resources for the national office.

Longer term objectives are: to further improve and broaden investor education initiatives; provide a well-researched and maintained database for company monitoring; develop and expand research projects, increase regulatory influence; increase membership numbers; develop and implement updated Marketing Strategy; increase media exposure, especially social media, and widen partnerships with other investor organisations.

Strategies

The activities of the company are conducted in accordance with a Strategic Plan that involves input from a wide range of stakeholders and is implemented through a series of action plans that include the establishment of responsibilities and authorities, realistic timings and appropriate budgetary controls. The Strategic Plan is currently under review.

Key Performance Measures

The Association measures its own performance through the use of both quantitative and qualitative benchmarks. The benchmarks are used by the directors to assess the financial sustainability of the company and whether the association's short-term and long-term objectives are being achieved.

Membership

Membership declined by 5.6% in 2014. There were 5,179 ASA members at the end of 2014 (2013: 5,474). The declining membership has not impacted significantly on membership fees income as 2014 is the first full year where all members have paid the increased membership fee (increased 1 July 2012).

Classes of membership are as follows (price inclusive of GST):

- Green (Equity magazine via email) - \$120
- Classic (Equity magazine via post) - \$140
- Gold (Classic benefits plus education voucher) - \$500
- Industry Blue - \$1,650 (Classic Industry benefits) - \$1,650
- Industry Silver - \$5,500 (5 Classic industry subscriptions, ASA recognition) - \$5,500
- Industry Gold - \$11,000 (10 Classic membership subscriptions, event registrations and ASA recognition)

Results

The surplus for the entity amounted to \$75,361 (2013: \$60,702 surplus). In 2014, total revenues were \$872,410 (2013: \$1,033,285). The difference in revenue is largely due to the ASA National Conference being held once every two years. As a result of the surplus, members' equity increased from \$362,453 to \$437,814 as at 31 December 2014.

Other Revenue received during the year of \$25,852 relates to unclaimed shareholder funds received as a result of the Nufarm class action. Justice Middleton made the Order in the Federal Court of Australia on 12 March 2014 that if any funds from the settlement were unclaimed after a certain period, and a pro rata distribution of those funds to group members would be uneconomical, the funds be donated to the Australian Shareholders' Association (unclaimed funds) to further boost our efforts to improve corporate governance.

AUSTRALIAN SHAREHOLDERS' ASSOCIATION LIMITED

A.B.N 40 000 625 669

DIRECTORS' REPORT

The major expenditures in 2014 were:

- The expense incurred to launch the member management system provided by Aspedia.
- Staff related costs. During the year there were four full-time employees and two part-time contractors.
- The costs of producing and distributing Equity.

Details of the income and expenditure of the ASA during the last two years are shown in the financial statements contained in this annual report. At the end of 2014 the Association had cash and deposit balances totalling \$804,615. The majority of these funds are invested in a \$500,000 term deposit, which has been selected as appropriate both in terms of liquidity and security.

Operational Activities

Company monitoring activities

Please refer to Page 2 of the Chairman's Report.

Submissions

ASA contributed to the following Inquiries:

- Submission to the Financial System Inquiry – 31 March 2014
- Comments on Governance Institute of Australia's exposure draft: Improving engagement between ASX-listed entities and their institutional investors – April 2014
- Submission on Corporations Legislation Amendment (Deregulatory and other measures) Bill 2014 – 14 May 2014
- Submission on Report 391 – ASIC's Deregulatory Initiatives – 16 June 2014
- Response to the Financial System Inquiry Interim Report – 26 August 2014
- Submission on ASX Listing Rules Guidance Note 34: Naming Conventions for Debt and Hybrid Securities 28 October 2014
- Submission on Governance Institute Shareholder Primacy: Is there a need for change? 1 December 2014

EQUITY Magazine

During the year the association published ten editions of *Equity*. These, and editions dating back to January 2012 are available on the ASA website.

Members' meetings

The ASA 'Investor Forums' have continued to attract both members and visitors. Suburban and regional groups also continue to be well supported, with the establishment of one new group in Wollongong. During the year there were 31 groups operational throughout Australia with attendee numbers ranging from 10 to 120. Non-members pay a fee to contribute to the association's expenses in holding these meetings. Where there are local costs including refreshments, members contribute a gold coin donation to offset these costs.

State	ACT	NSW	QLD	SA	VIC	WA	TOTAL
Number of Groups	2	7	4	3	11	4	31

Member education

Please refer to Page 3 of the Chairman's Report.

DIRECTORS' REPORT

Volunteers

Without the support and hard work of our volunteers nation-wide, the ASA would simply not exist. Volunteers are the driving force behind the Association and have made it a highly regarded independent organisation. The directors record their thanks to our dedicated volunteers for their significant contributions to the organisation. 2014 again saw many volunteers accept additional responsibilities, particularly as company monitors. All directors provide their services without fee.

Changes in state of affairs

There was no significant change in the Association's state of affairs during the year.

Post year-end events

Don Hyatt was appointed to the Board of Directors on 8 January 2015. The directors appointed a Chief Executive Officer, Ms Joanne Parker, who commenced 27 January 2015.

Directors

From 1 January to 6 May 2014 the board operated with eight directors. Following the ASA AGM held on 6 May 2014 the board reduced to six directors. The names of each person who have been a director during the year and to the date of this report are:

Ian Curry
Maxime Bonpain (appointed 7 January 2014)
Betty Clarke-Wood
Diana D'Ambra (appointed 1 January 2014)
Clare Mazzetti (appointed 1 January 2014)
Barry Nunn
Denis O'Sullivan (retired 6 May 2014)
Geoff Sherwin (retired 6 May 2014)
Don Hyatt (appointed 8 January 2015)

Information on Directors

Ian Curry FCPA, FGIA, Dip Fin Planning

Ian was a Director of the ASA Board from 2005 to 2008. Ian re-joined the Board on 26 March 2012 and was appointed Chairman on 2 May 2012. He is Chairman of the Remuneration & Nominations Committee and the Policy Committee.

Ian worked in the financial services industry for nearly 40 years with the Colonial Group, holding a diverse range of positions including Managing Director of Jardine CMG Asia (based in Hong Kong), General Manager, Colonial Mutual Life Australia and Manager for New Zealand and Fiji. He was also Deputy Chairman and a Director of Lifeworks Relationship Counselling and Education Services for nine years and a Director of Peninsula Healthcare Network.

Max Bonpain BMan, MBA Mktg

Max was appointed a Director of ASA on 7 January 2014 and is a member of the Strategy Committee.

Max has extensive experience in strategic and operational marketing, both as a practitioner and a consultant.

Max has worked in France, the UK and Australia and led marketing teams in both FMCG and technology companies. Max is currently Head of Marketing for Microsoft's Mobile Devices unit in Sydney.

Betty Clarke-Wood ACIP

Betty joined the ASA in 1994 and was appointed to the board on 7 May 2008. Betty is a member of the Remuneration & Nominations Committee and the Conference Committee. Betty is also a member of the Victorian State Committee and the convenor of the Ballarat Regional Group, a role she has had for thirteen years, and a regular ASA contributor to local radio programs.

Betty was an Australian Certified Investment Planner (ACIP) with Godfrey Weston Limited and enjoyed a long career in local government, latterly as Assistant Shire Secretary/Rate Collector.

DIRECTORS' REPORT

Information on Directors (cont.)

Diana D'Ambra BCom, M Com, FCA, MAICD

Diana was appointed a Director of ASA on 1 January 2014 and is Chair of the Audit & Finance Committee and a member of the Policy Committee.

Diana is also a non-executive director of the Australian Design Centre, Chair of its Finance and Audit & Risk Committee, a non-executive director of The Sydney Community Foundation and member of its Finance & Audit Committee, and is a member of a NSW government advisory board. Diana has more than 30 years accounting and corporate finance experience in a global accounting firm. Following her executive career, in 2013 Diana commenced her own consulting practice where she provides corporate finance and related strategic advice to corporates.

Don Hyatt BApp Sc DipEd MEd MACE

Don joined the ASA in 2007 and was appointed to the board on 8 January 2015. Don currently serves as a Victorian State Chair and is also a company monitor.

Don taught in the state government secondary system for over 30 years, retiring as Assistant Principal after a varied career working in schools, Curriculum & Research Branch and the CSIRO Science Education Centre. A former President of the Science Teachers' Association of Victoria Don was involved in curriculum development in the sciences both at state and national level. He is a co-author of several chemistry texts and modules.

Clare Mazzetti BEc, MBA, AFMA, AICD, SDIA

Clare was appointed a Director of ASA on 1 January 2014 and is a member of the Strategy and Conference Committees.

Clare has more than 15 years' experience in the financial services industry and has worked at AMP Private Wealth, Macquarie Group, RBS Morgans, JB Were and Merrill Lynch. Currently an executive consultant at Litmus Group, Clare has also consulted at SFG Australia on strategic projects.

Clare has been a committee member of the Securities and Derivatives Industry Association, non-executive director of the Australian Medical Association of Qld, business and financial consultant for the Australian Aphasia Association and board adviser to the Agricultural Management Company.

Barry Nunn AO BSc (Chem Eng)

Barry joined the ASA in 2009 and was appointed to the board on 23 February 2012. He chairs the WA Branch Committee, is also Chair of the Strategy Committee and a member of the Audit Committee.

Barry was employed by the Shell Group in Australia and overseas for 36 years. Prior to his retirement he was a board member of Shell Australia and Executive Director of Human Resources and Public Affairs. He has also worked for KPMG Management Consulting, the Australian National Training Authority and chaired the 2001 Australian Defence Force Remuneration Review.

Barry was appointed an Officer of the Order of Australia (Military Division) in 1989 and was awarded a Centenary Medal in 2003.

AUSTRALIAN SHAREHOLDERS' ASSOCIATION LIMITED

A.B.N 40 000 625 669

DIRECTORS' REPORT

Meetings of Directors

During the financial year, 6 directors meetings, 2 by teleconference, were held. Attendances by each director were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Maxime Bonpain	6	5
Betty Clarke-Wood	6	6
Ian Curry	6	6
Diana D'Ambra	6	6
Clare Mazzetti	6	5
Barry Nunn	6	6
Denis O'Sullivan	2	1
Geoff Sherwin	2	2
Don Hyatt	-	-

The association is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the Association is wound up, the constitution states that each member is required to contribute a maximum of \$5 each towards meeting any outstanding obligations of the association. At 31 December 2014, the total amount that members of the Association are liable to contribute if the entity is wound up is \$25,895 (2013: \$27,370).

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 31 December 2014 has been received and can be found on page 12 of the financial report.

This directors' report is signed in accordance with a resolution of the Board of Directors.

Director:



Ian Curry

Director:



Diana D'Ambra

Dated this 6th day of March 2015

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF AUSTRALIAN SHAREHOLDERS' ASSOCIATION LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2014 there have been:

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



Walker Wayland NSW
Chartered Accountants



Grant Allsopp
Partner

Dated this 6th day of March 2015

AUSTRALIAN SHAREHOLDERS' ASSOCIATION LIMITED

A.B.N 40 000 625 669

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014	2013
		\$	\$
Operating revenue	2	826,712	1,009,959
Interest income		19,846	23,326
Other income		25,852	-
Total Revenue		872,410	1,033,285
Employee benefits expense		(394,131)	(363,013)
Depreciation expense		(5,184)	(12,903)
Rental expense		(28,716)	(34,331)
General administration expenses	3	(362,518)	(556,336)
Audit expense		(6,500)	(6,000)
Total expenses		(797,049)	(972,583)
Surplus before income tax		75,361	60,702
Income tax expense		-	-
Surplus for the year		75,361	60,702
Other comprehensive income after income tax:			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		75,361	60,702
Total comprehensive income attributable to members of the entity		75,361	60,702

The accompanying notes form part of these financial statements.

AUSTRALIAN SHAREHOLDERS' ASSOCIATION LIMITED

A.B.N 40 000 625 669

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Note	2014 \$	2013 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	804,615	699,812
Receivables	6	2,622	14,892
Other assets	7	34,522	24,662
TOTAL CURRENT ASSETS		841,759	739,366
NON-CURRENT ASSETS			
Property, plant and equipment	8	7,434	10,828
Intangibles	9	-	-
TOTAL NON-CURRENT ASSETS		7,434	10,828
TOTAL ASSETS		849,193	750,194
LIABILITIES			
CURRENT LIABILITIES			
Payables	10	42,895	38,968
Provisions	11	18,299	8,890
Other liabilities	12	350,185	339,883
TOTAL CURRENT LIABILITIES		411,379	387,741
TOTAL LIABILITIES		411,379	387,741
NET ASSETS		437,814	362,453
EQUITY			
Retained earnings		437,814	362,453
TOTAL EQUITY		437,814	362,453

The accompanying notes form part of these financial statements

AUSTRALIAN SHAREHOLDERS' ASSOCIATION LIMITED

A.B.N 40 000 625 669

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

	Retained Earnings	Total Equity
	\$	\$
Balance at 1 January 2013	301,751	301,751
Surplus attributable to members of the entity	60,702	60,702
Balance at 31 December 2013	362,453	362,453
Surplus attributable to members of the entity	75,361	75,361
Balance at 31 December 2014	437,814	437,814

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014	2013
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members and customers		951,335	1,110,073
Payments to suppliers and employees		(876,858)	(1,142,204)
Interest received		32,116	10,561
Net cash generated from/(used in) operating activities	19	106,593	(21,570)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(1,790)	(7,662)
Net cash used in investing activities		(1,790)	(7,662)
Net increase/(decrease) in cash held		104,803	(29,232)
Cash and cash equivalents at beginning of financial year		699,812	729,044
Cash and cash equivalents at end of financial year	5	804,615	699,812

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The Australian Shareholders' Association Limited, hereafter referred to as ASA or 'association', has elected to early adopt the Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements. The company has also adopted AASB 2011–2: Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements and AASB 2012–7: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board and the *Corporations Act 2001*. 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 the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 06 March 2015 by the directors of the company.

Accounting Policies

a. Revenue

Revenue from membership fees and other sale of goods and services is recognised as earned and upon the delivery of goods to members. The difference between cash collections and revenue recognised is recorded as unearned income in the Statement of Financial Position.

Donations are recognised as revenue when received.

Interest revenue is recognised on an accruals basis.

Revenue from the rendering of a service is recognised upon the delivery of the service to the members.

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

Those Charged with Governance considered the fair value of services received in kind, and only material balances have been recognised within the financial statements.

b. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated, less, where applicable, accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets.

Depreciation

The depreciable amount of all fixed assets is depreciated on a diminishing value basis. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

b. **Property, Plant and Equipment (cont.)**

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Office Furniture & Equipment	30 – 40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The asset class's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

c. **Impairment of Assets**

At the end of each reporting period, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

d. **Employee Benefits**

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

e. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand and deposits held at-call with banks.

f. **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

g. **Income Tax**

In accordance with Section 6-5 of the Income Tax Assessment Act 1997, the company is required to calculate its taxable income in accordance with the mutuality principle, whereby the company is only taxed on non-member income less deductible non-member expenditure. Taxable income received by the company is offset by deductible expenditure resulting in no income tax liability.

h. **Website**

The entity has determined that the costs incurred in the development and any ongoing costs associated with maintaining the website does not meet the definition of an intangible asset under AASB 138 (NFP) – Intangible Asset and has been expensed and is included in administration expense in the Statement of Profit or Loss and Other Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

i. **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.

Long service leave as calculated by AASB19 is below materiality.

j. **Comparative Figures**

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

k. **Payables**

Payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

l. **Critical Accounting Estimates and Judgments**

The directors evaluate estimates and judgments 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 within the company.

Key estimates

Impairment

The association assesses impairment at each reporting date by evaluation of conditions and events specific to the association that may be indicative of impairment triggers.

m. **New and Amended Accounting Policies**

Those Charged with Governance have reviewed the accounting standards and have not identified any potential impact on new and amended accounting policies.

AUSTRALIAN SHAREHOLDERS' ASSOCIATION LIMITED

A.B.N 40 000 625 669

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

	2014	2013
	\$	\$
NOTE 2: REVENUE		
Operating Revenue		
Revenue from members:		
— Membership fees	680,851	698,577
— National Conference	-	204,710
— Education and meetings	111,604	78,910
— Other Member Revenue	34,257	27,762
Total Revenue	826,712	1,009,959
NOTE 3: SURPLUS FOR THE YEAR		
a. Expenses		
The statement of profit or loss includes the following items of expenditure.		
Depreciation:		
— leasehold improvements	-	77
— furniture and equipment	2,880	5,653
— computer equipment	2,304	2,932
Loss on disposals of property, plant and equipment	-	4,241
Total depreciation and amortisation	5,184	12,903
Employee benefits expense	394,131	363,013
Other operational expenses:		
Conference	-	140,876
Education and meetings	83,752	82,462
Newsletter	93,601	109,711
General and administration expenses	130,496	167,540
IT Infrastructure	54,669	55,747
	362,518	556,336
Rental expense on operating leases		
— Minimum lease payments	28,716	34,331
Auditor Remuneration		
— audit services	6,500	6,000
— other services	5,262	-
Total Auditor Remuneration	11,762	6,000

These notes form part of the financial statements.

AUSTRALIAN SHAREHOLDERS' ASSOCIATION LIMITED

A.B.N 40 000 625 669

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

	2014	2013
	\$	\$
NOTE 4: TAX EXPENSE		
a. The components of tax (expense)/income comprises:		
— Current tax	-	-
— Deferred tax	-	-
	-	-
b. The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:		
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2013: 30%):	22,609	18,210
Add:		
Tax effect of:		
— other non-allowable items	222,817	282,934
— losses not brought to account as a deferred tax asset	4,163	4,021
Less:		
Tax effect of:		
— deductible expenses	(3,698)	(5,756)
— non-assessable income	(245,891)	(299,409)
Income tax attributable to entity	-	-
c. Available tax losses	204,897	191,019
Tax losses are available for non mutual income to the extent that it exceeds non mutual deductible expenses.		

These notes form part of the financial statements

AUSTRALIAN SHAREHOLDERS' ASSOCIATION LIMITED

A.B.N 40 000 625 669

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

		2014	2013
		\$	\$
NOTE 5: CASH AND CASH EQUIVALENTS			
CURRENT			
Cash at bank		51,104	68,739
Cash on deposit		753,511	631,073
		<u>804,615</u>	<u>699,812</u>
NOTE 6: RECEIVABLES			
CURRENT			
Interest receivable	17	2,622	14,892
		<u>2,622</u>	<u>14,892</u>
NOTE 7: OTHER ASSETS			
CURRENT			
Office rental bond		7,500	10,250
Prepaid operating expenses		27,022	14,412
		<u>34,522</u>	<u>24,662</u>
NOTE 8: PROPERTY, PLANT AND EQUIPMENT			
Office equipment:			
At cost		11,541	9,751
Less accumulated depreciation		(6,961)	(4,081)
		<u>4,580</u>	<u>5,670</u>
Computer equipment:			
Capitalised leased equipment		6,808	6,809
Accumulated depreciation		(3,954)	(1,651)
		<u>2,854</u>	<u>5,158</u>
Total property, plant and equipment		<u>7,434</u>	<u>10,828</u>

These notes form part of the financial statements

AUSTRALIAN SHAREHOLDERS' ASSOCIATION LIMITED

A.B.N 40 000 625 669

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 8: PROPERTY, PLANT AND EQUIPMENT (CONT.)

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Leasehold Improvements	Office Equipment	Computer Equipment	Total
	\$	\$	\$	\$
2013				
Balance at the beginning of the year	555	7,214	5,368	13,137
Additions at cost	-	4,314	7,148	11,462
Depreciation expense	(77)	(3,316)	(2,337)	(5,730)
Disposals	(478)	(2,542)	(5,021)	(8,041)
Carrying amount at the end of the year	-	5,670	5,158	10,828
2014				
Balance at the beginning of the year	-	5,670	5,158	10,828
Additions at cost	-	1,790	-	1,790
Depreciation expense	-	(2,880)	(2,304)	(5,184)
Disposals	-	-	-	-
Carrying amount at the end of the year	-	4,580	2,854	7,434

NOTE 9: INTANGIBLE ASSETS

Software

Cost

Accumulated amortisation

	2014	2013
	\$	\$
Cost	-	22,623
Accumulated amortisation	-	(22,623)
	-	-

Movements in Carrying Amounts

	Software	Total
	\$	\$
2013		
Balance at the beginning of the year	2,932	2,932
Additions	-	-
Amortisation charge	(2,932)	(2,932)
	-	-
2014		
Balance at the beginning of the year	-	-
Additions	-	-
Amortisation charge	-	-
	-	-

Purchased software intangibles were written off during the 2014 year.

These notes form part of the financial statements

AUSTRALIAN SHAREHOLDERS' ASSOCIATION LIMITED

A.B.N 40 000 625 669

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

	2014	2013
	\$	\$
NOTE 10: PAYABLES		
CURRENT		
Trade Creditors	11,309	4,723
Accruals	6,814	11,770
Other Creditors	24,772	22,475
10a	42,895	38,968

a. Financial liabilities classified as payables

Payables:

— total current	42,895	38,968
Financial liabilities as payables	17	42,895

NOTE 11: PROVISIONS

Annual leave	11a	18,299	8,890
		18,299	8,890

	Employee Benefits	Total
	\$	\$
a.		
Analysis of total provisions:		
Opening balance at 1 January 2014	8,890	8,890
Additional provisions raised during year	20,300	20,300
Amounts used	(10,891)	(10,891)
Balance at 31 December 2014	18,299	18,299

Provision for Employee Benefits

Provision for employee benefits represents amounts accrued for annual leave.

The current component for this provision includes the total amount accrued for annual leave entitlements. Based on past experience, the company expects the full amount of annual leave balances classified as current liabilities to be settled within the next 12 months. These amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

AUSTRALIAN SHAREHOLDERS' ASSOCIATION LIMITED

A.B.N 40 000 625 669

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

	2014	2013
NOTE 12: OTHER LIABILITIES	\$	\$
Membership fees in advance	337,440	328,966
Event registration in advance	1,805	-
Advertising revenue in advance	5,339	-
Sponsorship received in advance	834	4,166
Deferred lease incentive	13a 4,767	6,751
	<u>350,185</u>	<u>339,883</u>

The association does not have a standard membership period, with members able to join or renew on any day of the year. As a result of this, the association carries a provision for the unexpired portion of the cash paid for membership renewals during the year (i.e. that portion that does not fall into 2014 income) at 31 December 2014.

	2014	2013
NOTE 13: CAPITAL AND LEASING COMMITMENTS	\$	\$
Operating Lease Commitments		
Payable — minimum lease payments:		
— not later than 12 months	30,700	30,700
— later than 12 months but not later than five years	14,748	45,448
	<u>45,448</u>	<u>76,148</u>

- a. The property lease commitments are non-cancellable operating leases contracted for but not capitalised in the financial statements with a three year term. Increase in lease commitments are 4% per annum on the anniversary of the start date per the lease agreement. The 3 month rent free period lease incentive has been amortised over the life of the lease. The lease on the association's Head Office premises in Pitt Street, Sydney, expires in June 2016.

NOTE 14: EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any significant events since the end of the reporting period.

NOTE 15: KEY MANAGEMENT PERSONNEL COMPENSATION

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel.

The number of key management personnel (KMP) whose remuneration falls within the following bands is:

	2014 No.	2013 No.
\$ 0 - \$ 99,999	-	-
\$ 100,000 - \$149,999	1	1

These notes form part of the financial statements

AUSTRALIAN SHAREHOLDERS' ASSOCIATION LIMITED

A.B.N 40 000 625 669

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 16: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.

Directors' transactions with the association

Directors have had no commercial transactions with the association other than as members and volunteers. However, directors are reimbursed for reasonable expenses incurred in performing their duties.

Directors' Remuneration

Directors are not remunerated for their services to the association.

From time to time directors of the company may participate in ASA activities. Participation is on the same terms and conditions as those entered into by any other member of the association.

NOTE 17: FINANCIAL RISK MANAGEMENT

The association's financial instruments consist of deposits with banks, accounts receivable and payable.

The totals for each category of financial instruments, measured at cost, are as follows:

	Note	2014 \$	2013 \$
Financial assets			
Cash and cash equivalents	5	804,615	699,812
Receivables	6	2,622	14,892
Total financial assets		<u>807,237</u>	<u>714,704</u>
Financial liabilities			
Financial liabilities at cost:			
— Payables	10a	42,895	38,968
Total financial liabilities		<u>42,895</u>	<u>38,968</u>

The Board's overall risk management strategy seeks to assist the association in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management is implemented by management and reviewed by directors.

NOTE 18: FAIR VALUE MEASUREMENTS

The company does not have any assets or liabilities that are carried at fair value in the statement of financial position and has no assets or liabilities that are measured at fair value on a non-recurring basis.

AUSTRALIAN SHAREHOLDERS' ASSOCIATION LIMITED

A.B.N 40 000 625 669

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014	2013
		\$	\$
NOTE 19: NOTE TO THE STATEMENT OF CASH FLOWS			
Reconciliation of operating profit to net cash generated from operating activities:			
Surplus for the year		75,361	60,702
Non-cash flows in surplus:			
Depreciation and amortisation		5,184	8,662
Loss on disposals property, plant and equipment		-	4,241
Movement in lease incentive		(1,984)	-
Changes in assets and liabilities:			
(Increase)/decrease in receivables	6	12,270	(11,185)
Decrease/(increase) in prepayments	7	(9,860)	5,530
(Decrease)/increase in payables	10	3,927	(24,992)
(Decrease)/increase in provision	11	9,409	(69,041)
Increase /(decrease) in income in advance	12	12,286	4,513
Net cash (used in)/generated from operating activities		106,593	(21,570)

NOTE 20: ENTITY DETAILS

The registered office and principal place of business of the association is:

Australian Shareholders' Association Limited
Suite 301, Level 3, 90 Pitt Street
Sydney, New South Wales, Australia, 2000

DIRECTORS' DECLARATION

The directors of the entity declare that:

1. The financial statements and notes, as set out on pages 13 to 26, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards; and
 - b. give a true and fair view of the financial position as at 31 December 2014 and of the performance for the year ended on that date of the entity.
2. In the directors' opinion there are reasonable grounds to believe that the entity 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.



Ian Curry (Director)



Diana D'Ambra (Director)

Dated this 6th day of March 2015

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
AUSTRALIAN SHAREHOLDERS' ASSOCIATION LIMITED**

Report on the Financial Report

We have audited the accompanying financial report of Australian Shareholders' Association Limited (the company), which comprises the statement of financial position as at 31 December 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity 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.

Directors' Responsibility for the Financial Report

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

Auditors' Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
AUSTRALIAN SHAREHOLDERS' ASSOCIATION LIMITED**

Auditors' Opinion

In our opinion, the financial report of Australian Shareholders' Association Limited is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the company's financial position as at 31 December 2014 and of its performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards – Reduced Disclosure Requirements (including Australian Accounting Interpretations) and the Corporations Regulations 2001.



Walker Wayland NSW
Chartered Accountants



Grant Allsopp
Partner

Dated this 6th day of March 2015



Suite 301 90 Pitt Street Sydney NSW 2000
GPO Box 359 Sydney NSW 2001
t 02 9223 8811 f 02 9223 3964

