

2016

ANNUAL REPORT



Australian
Shareholders'
Association

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AUSTRALIAN SHAREHOLDERS' ASSOCIATION
A COMPANY LIMITED BY GUARANTEE
ABN 40 000 625 669

Chairman's Report

It is with great pleasure that I present the 56th annual report of the Australian Shareholders' Association.

As I wrote in last year's report, 2016 would be a year when the ASA would put its new strategic plan into action and deliver on our strategic priorities. This we have done and will continue to do so.

Firstly, we have secured the financial sustainability of the ASA and recorded a surplus for 2016 of \$208,345, a record for the association. This record result has been achieved while keeping membership fees steady during a time of improved membership services, and general business costs increasing far greater than inflation. In fact, our discounted 2-year membership renewal programme has proved very popular with members and currently runs at around 25% of our membership. Furthermore our reputation with corporate Australia has continued to grow with both more corporate members joining the ASA and greater engagement by major companies seeking our opinion, advice and support on a number of governance issues.

A significant proportion of the surplus arises from the \$103,400 contribution from ASIC in respect of proceeds as a result of the Hochtief insider trading contravention. As this contribution has conditions as to its use these funds have been transferred to General Reserves. Full details are set out in the Directors' Report.

Activity levels across our education events and discussion groups increased significantly in 2016. The table on page 8 shows the improvement in the education activities delivered in 2016. ASA opened more new member groups in 2016 than any other year.

Secondly, I am delighted to welcome Judith Fox as the ASA's new CEO. Judith took up her role on 27 February, 2017 and brings strong governance, education and communications experience together with the leadership skills to enable the ASA to stand up even more strongly for shareholders' rights. Holding corporations to account requires a blend of fearless criticism and sound judgement together with diplomacy and tact. Judith has all these qualities.

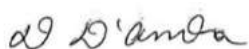
Thirdly, it is important for us to regularly renew the membership of the board of directors. This is to both introduce new skills and perspectives and recognise the significant time commitment given by directors. Clare Mazzetti, Maxime Bonpain and Barry Nunn AO retired during the year and on behalf of members we thank them for their service and commitment. David Fletcher, Allan Goldin and Stephen Mayne joined the board in their place and are making a major contribution.

After nine years as a director, Betty Clarke-Wood will be standing down at the end of the AGM as she has reached the time limit imposed by our constitution. Betty will leave big shoes to fill and will be greatly missed. Betty will continue in her Victorian Membership role and as a convenor and promotor of regional Victorian member groups. As we continue to renew the board we will be seeking both member representative directors and expert directors who bring specific skills to the board table.

It would be remiss of me not to highlight the areas where we still have much to do in 2017 and beyond. Our education offering has improved substantially but there is more work to do. Likewise our communication with members and our website need further improvement. Our monitoring and advocacy will also have greater prominence in a world where governance and culture of our largest businesses are being questioned almost daily. The ASA will require skills and financial investment to undertake and improve our offerings in these areas and I look forward to Judith taking up these challenges.

In conclusion, on behalf of the board and staff I would like to thank our volunteers for their dedication and hard work. They are the backbone of the ASA and ASA would not have achieved the 2016 result and activity level without their input. We have acknowledged each of our volunteers on page 6 of this report and I give my full-hearted thanks to each and every one for their selfless contribution.

Lastly, many thanks to the National Office staff for their hard work in keeping the ASA operations running so smoothly.



Diana D'Ambra
Chairman

Operations Report

ADVOCACY

2016 has been an exciting year on the advocacy front, as we continue to improve our profile in the market and engagement with companies, regulatory bodies and other stakeholders.

Consistent with prior years, ASA's company monitoring efforts focussed primarily on the performance and governance of ASX200 companies. The ASA remains the trusted voice of retail shareholders as we stand up for shareholders and advocate for improved governance practices amongst listed companies.

In 2016, ASA was represented by a team of 99 volunteer monitors, including Company Monitoring Chairmen Geoff Bowd/Rod McKenzie (VIC), Kim D'Arcy (QLD), Allan Goldin (NSW/ACT), Bob Ritchie (SA) and Len Roy (WA). Sadly, Queensland Company Monitoring Chairman Kim D'Arcy passed away in December 2016 and it is expected that a new Company Monitoring Chairman for Queensland will be appointed in the coming months. Geoff Bowd will step down as joint Victoria Company Monitoring Chairman in 2017.

It is important to acknowledge that without the contribution of our volunteer company monitors for the time and effort they have put into the ASA monitoring and advocacy effort in 2016, ASA would not have the respect and recognition it has in corporate Australia.

ASA published voting intentions for 177 (2015: 185) companies across Australia. ASA representatives also collected proxy votes at an additional 45 (2015: 31) company meetings for companies which we did not formally monitor in 2016. The table below sets out the breakdown between the States.

	NSW/ACT	VIC	QLD	WA	SA	2016	2015
Companies monitored	71	59	15	19	13	177	185
Proxy collection	24	11	2	7	1	45	31
No. of monitors	30	27	12	18	12	99	94

The quality and credibility of our monitoring was enhanced with research progressed by our Head of Research which enabled monitors to present firm statistics to strengthen our voting intentions. Strong engagement with companies also remains important to the ASA. Company monitors held meetings with the Chairman of 72% of monitored companies and met with a company director other than the Chairman of a further 12% of monitored companies.

ASA directors and company monitors also engaged extensively with the media throughout the year, with the most media generated from ASA's commentary on the proposed Guvera listing and the Commonwealth Bank's remuneration report.

ASA continued its focus on companies raising capital in a fair and equitable manner, with the majority of capital raisings in 2016 by large companies now done by way of a pro-rata accelerated institutional tradeable rights entitlements offer (PAITREO). Where companies elected to raise capital via an institutional placement, almost all were followed by a share purchase plan which enabled retail shareholders to subscribe for up to \$15,000 of shares.

We continue to encourage directors and key executives to have sufficient skin in the game, with more companies introducing policies or guidelines for their directors and executives to achieve minimum shareholding levels. On other ASA focus areas for 2016, we have seen more companies include a table of actual remuneration in their remuneration reports and move away from the use of fair value discounting when allocating performance rights under their long-term incentive schemes.

In terms of voting outcomes for 2016, there were a considerable number of protests on director re-elections and remuneration items. ASA opposed the re-election of directors at 21 AGMs (2015: 8), with most of our concerns relating to director independence, company performance and insufficient shareholdings.

Operations Report

ASA opposed the remuneration reports for a total of 65 companies in 2016 (2015: 52), representing approximately 38% of companies where a resolution to adopt a remuneration report was put to the meeting. Of the monitored companies, 15 companies received a “strike” on remuneration (being a vote of more than 25% against) (2015: 11). ASA voted against the remuneration report for 14 out of 15 of these companies. An additional 26 (2015: 34) monitored companies received a protest vote of more than 10%.

The granting of proxies by retail shareholders to the ASA continues to play an integral role in strengthening the governance of listed companies and the influence of the ASA. We received \$3.9 billion of proxies in 2016.

ASA's advocacy activities also include submissions to government and regulatory bodies on matters relevant to retail shareholders as well as involvement in a number of important external committees.

In 2016, ASA contributed to 7 (2015: 6) formal inquiries, as follows:

- Submission to the Senate Committee on the collapse of listed retailers – March 2016
- Submission to the Senate Committee on penalties for white collar crime – March 2016
- Submission to Treasury on improving bankruptcy and insolvency laws – May 2016
- Submission to Treasury on the distribution of meeting notices and materials – June 2016
- Submission to ASX on changes to admission requirements for listed entities – June 2016
- Submission to the Australian Securities and Investment Commission (ASIC) on the disclosure of financial information in prospectuses – July 2016
- Submission to Treasury on the ASIC industry funding model – December 2016

ASA was also involved in the following matters:

- ASIC's regulation of high frequency trading, dark pools and short selling
- Proposals by Business Reporting Leaders Forum to improve the corporate reporting framework in Australia
- Australian Accounting Standards Board's review of the remuneration reporting framework in Australia
- Department of Infrastructure's post-implementation review of the 2014 changes to the Qantas Sale Act

ASA is represented on the following committees and panels:

- Australian Accounting Standards Board (AASB)
- AASB Disclosure Initiative Project Advisory Panel
- ASIC Consumer Advisory Panel (CAP)
- ASIC Regional Liaison Committee
- ASX Corporate Governance Council
- ATO Individual Taxpayer's Advisory Group
- Business Reporting Leaders Forum (BRLF)
- Corporate Reporting Users Forum
- SMSF Owners' Alliance Advisory Council

Operations Report

EDUCATION

The education programme aims to provide stimulating, engaging and affordable educational events across a diverse range of subjects. The programme is designed to empower members with the skills, knowledge and practical understanding to make informed decisions, to deal with challenges in the market and to have the confidence to better communicate with investment professionals.

In 2016 the board approved an education action plan which remains the guiding document moving forward. The plan is currently on target and completion dates and tasks remain achievable with a number of initiatives already launched. It aims to maintain our current educational provisions whilst expanding and diversifying the nature of how ASA members can access quality investor education.

Recently initiated activities include a range of interactive workshops aimed to help equip investors with specific investing skills. Whilst the 'Filtering fundamentals' and 'Investment concepts' workshops were aimed at investors starting their investing journey, the 'Mining the miners' and 'Outperforming the index' workshops targeted the more experienced investor.

Following the success of the half-day 'Investment concepts' workshop held in Perth late in 2016, plans are underway to further refine this programme and trial it in the two eastern states in 2017 as well as the WA Committee trialling it as a recruitment activity.

To cater to the more experienced investor, two ASA members, Daniel Grioli and Don Hyatt, are developing a course to be presented over three half days and will aim to trial these late in 2017. Content will include defining your investment objectives; strategies to buy and sell and risk management. These activities pave the way for opening up new educational experiences and opportunities for members with a view to attracting a larger membership by more comprehensively being able to answer the important question 'What's in it for us?'.

For the first time ASA held its conference consecutively with its 2016 'Grow your portfolio' Conference held in Sydney on 16 and 17 May 2016. The two-day conference programme was augmented with two extra days of optional activities: one seminar and four site tours.

The traditional seminar programme continues to operate and in addition to the trialled workshops ASA held a series of three roadshows held in most capital cities. The ASX again supported the ASA's 'Investors' Big Day Out' seminar series. Details of the 2016 events are listed below.

- Mining the miners – February 2016 – Brisbane
- Intergenerational wealth planning – March 2016 – Brisbane, Canberra, Melbourne, Perth, Sydney
- Filtering fundamentals – May 2016 – Brisbane
- National Conference – May 2016 – Sydney
- Investment disruptors – May 2016 – Sydney
- Investors' big day out – Aug/Sep 2016 – Adelaide, Brisbane, Melbourne, Perth, Sydney
- Portfolio Masterclass – October 2016 – Adelaide, Brisbane, Canberra, Melbourne, Perth, Sydney
- Outperforming the index – Sep/Nov 2016 – Brisbane, Gold Coast, Sunshine Coast
- Investment concepts – December 2016 – Perth

The 2016 conference, including the optional day three and four activities, was an outstanding success. It was well supported by 16 sponsors and generated a surplus of \$83,236. Forty-two non-members (16%) attended the conference with 34 of these joining as a member. As expected, 41% of delegates came from the home state. Surprisingly, Queensland had the second highest attendance rate with 17% of delegates, just ahead of Victoria which had an attendance rate of 15%. The optional company tours following the conference were very well received with both the Lendlease and Virtus Health site tours fully subscribed.

Operations Report

EQUITY Magazine

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

Members' meetings

Regional members often state that they are left out or cannot easily connect with other members. A considerable effort has been made to connect with regional centres. These are low-cost events conducted in cafes and other small venues. They involve little infrastructure and, with an enthusiastic convenor, should be rapidly self-sustaining.

In the past 12 months four new member groups have been established in NSW – Bathurst, Double Bay, Dubbo and Orange. Four new member groups have also been established in Victoria – Ballarat, Campaspe (Echuca), Warrnambool and Wimmera (Horsham) and two new groups in Queensland – two coffee groups on the Gold Coast.

Following a visit to Tasmania by ASA director Betty Clarke-Wood and her husband Alec, two new member groups have been established in Burnie and Devonport.

The ASA 'Investor Forums' have continued to attract both members and visitors. During the year 37 meeting groups and 9 coffee groups were 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 to offset these costs. In addition, a number of Better Investing Groups were operational in Victoria and WA.

Meeting groups	ACT	NSW	QLD	SA	TAS	VIC	WA	TOTAL
2015	2	8	4	3	-	12	5	34
2016	2	12	6	3	2	16	5	46

Online

Significantly, the ASA Online Forum was established in 2016 but not formally launched until early 2017. This is the first major step to providing members the opportunity to discuss a range of investment topics of interest, broaden ASA's educational offerings and to promote networking opportunities amongst members 24/7. There is no cost for members to participate in the forum. Within the first month, in response to the seven threads, 28 topics have been generated involving 65 posts. Early days and momentum needs to build. The Online Forum is being promoted through meeting convenors, email communications and EQUITY magazine. We recognise that it will only be effective with a significant volume of traffic. Additional resources posted to the ASA website included: Podcasts; Technical analysis tutorials; Presentations and Articles.

Our Volunteers

ASA would not be able to deliver its wide range of services including the company monitoring of ASX listed companies, member meetings and discussion groups, educational events and more without the support of our volunteers. The board, staff and members of the association would like to acknowledge the contribution of the following members during 2016.

ACT

Peter Barker
Robert Cason
Sonja Davie
Dianne Diprose
John Green
Elton Ivers
Greg Newlyn
Edward Patching
Rodney Peters
Marguerite Ranicar
Dan Steiner

NSW

Victoria Adams
David Allen
Ian Anderson
Roger Ashley
Meg Bannigan
Peter Barker
Patricia Beal
Kerrie Bible
Lyn Booth
Nick Bury
Michael Campbell
John Cowling
Mary Curran
Diana D'Ambra
Warren Dennis
Ross Dickson
Elizabeth Dunphy
Elizabeth Fish
David Fletcher
Ruby Foon
Judith Freckman
Robert Fuller
Douglas Gannon
Michael Giuffrida
Allan Goldin
Ian Graves
Martin Hope
David Jackson
Alan Jacobs
Rod Jeffery
Roger Juchau
Barry & Lois Korendijk
Garry Krimotat
Philip Laird
Joan Lampe
Harvey & Velda Langford
Carol Limmer
Alan Lowe
Dick Manuel
Allan McAskill
Richard McDonald

Mei Ling McGlynn
Kent & Dianne McNab
Peter Metcalf
Jeff Morrow
John Moses
Helen Muir
John Nesbitt
Michael O'Loughlin
Geoff Orrock
Alfred Pensini
Bill Radley
Rob Ratcliffe
Estelle Renard
Ros Renfrey
Ian Sellers
Les Smith
Kerrie Tarrant
John Upton (dec)
Patricia Waley
Steven Watson
Ray Wheeler
Richard Wilkins
Joyce Yong
SA
Ron Andrews
Hans Bailiht
John Connell
George Crowe
Michael Davey
Donald Fairweather
James Hahn
Malcolm Keynes
Stefan Landherr
Cynthia Loh
Brad Martin
David Paech
Kevin Parken
Keith Potts
Bob Ritchie
Rosemary Symons
Joseph Tan
Brenton Taylor
Ken Wakeman
Genevieve Ward
John Worthley
QLD
Malcolm Badgery
Kelly Buchanan
John Collins
Kim D'Arcy (dec)
Bill Dodd
Jill Douglas
Peter Driessen
Ron & Pauline Gordon
Alison Harrington

Chris & Diane Kelly
Marion Loughnan
Ross Marples
Don Matthews
Sally Mellick
Bryan Moore
Mike Sackett
Peter Schiefelbein
Joanne Stuhmcke
Matthew Taylor
Graeme Thistlethwait
Eileen Turner
Michael Waterhouse
TAS
Jane Donohue
Andrew McMahon
John Quinn
VIC
Fiona Addison
Janet Allan
Margit Alm
Peter Bacon
Geoff Bowd
Ross Bradbury
Paul Buchhorn
Mike Caldwell
Helen Clark
Betty Clarke-Wood
Ian Curry
John Curry
Claudio Esposito
Lyle Fletcher
Gil Fryatt
Lindsay Gordon
Daniel Grioli
Hans Ha
Graeme Hawkins
Trevor Holden
Sally Holywell
Glenn Howell
Don Hyatt
Gaveen Jayarajan
Barbara Kilfoyle
Heather Knight
Stephen Lucas
Linda Martin
Stephen Mayne
Brian McCarthy
Mervyn McDougal
Rod McKenzie
Brett Morris
Gavin Morton
Keith Mundy
Graham Neal
Robert Nelder

Michael O'Keeffe
Jennifer Overington
David Parkinson
John Parrott
Eric Pascoe
John Poppins
Tom Rado
Peter Rae
Adam Raymond
Oliver Raymond
Mike Robey
Duncan Seddon
Judith Seddon
Dennis Shore
Adrienne Skarbek
Barbara Tadich
Ian Thomson
Colin Walker
Norm West
John Whittington
Alec Wood
Alan Wray
WA
Ian Berry
Kevin Bowman
David Brooke
John Campbell
Geoff Corrick
Peter Denham
Alan Dickson
Gabrielle Egan
John Ferguson
Geoff Field
Peter Gilmour
Lorraine Graham
Ian Greenham
Bob Kelliher
Peter Kent
Bernie Masters
Tony McAuliffe
Keith Mellis
Derek Miller
Barry Nunn
Lloyd Phillips
Wayne Platt
Geoff Read
Len Roy
Gail Saleeba
Peter Scales
Geoff Sherwin
Stan Taylor
Stephen Weston
Joe Yozzi

While best efforts have been made to include all volunteers, please accept our apologies if we have missed any names.

Five Year Summary

2012-2016

Financial performance	Notes	2016	2015	2014	2013	2012
Operating revenue	a	\$	\$	\$	\$	\$
Membership - retail		557,209	579,596	606,362	622,077	674,301
- corporate/industry		108,500	91,439	74,489	76,500	70,774
		665,709	671,035	680,851	698,577	745,075
Education & meetings		116,060	99,611	111,604	78,910	61,358
Advertising		7,800	20,819	11,720	1,350	2,000
Donations		6,135	6,905	7,077	7,760	9,908
Conference		203,882	232,512	-	204,710	-
Sponsorship		15,900	10,833	14,333	15,834	58,880
Other	b	1,252	994	1,127	2,818	6,546
Total operating revenue		1,016,739	1,042,709	826,712	1,009,959	883,767
Other Income						
Interest		23,345	19,812	19,846	23,326	29,613
Sundry income - unclaimed compensation	c	138,932	10,246	25,852	-	-
Total other income		162,277	30,058	45,698	23,326	29,613
Total income from all sources		1,179,016	1,072,767	872,410	1,033,285	913,380
Expenses						
Employee & contractor		485,754	549,151	394,131	363,013	467,517
Rent & depreciation		39,087	31,996	33,900	47,234	51,433
Advertising & promotions		11,874	7,916	10,761	14,601	5,928
Conference		120,646	150,480	-	140,876	-
Education & meetings		91,601	71,446	83,752	82,462	70,544
Insurance		11,397	13,711	11,176	12,628	13,227
IT infrastructure & software		10,073	18,297	54,669	55,747	7,296
Newsletter		90,038	95,733	93,601	109,711	143,863
Postage & couriers		8,138	10,537	11,363	11,901	9,094
Stationery & printing		5,128	8,741	13,042	19,753	17,136
Travelling & related expenses		11,610	11,501	17,116	25,223	22,015
General office & admin expenses		78,537	65,113	61,776	74,942	66,062
Legal and audit fees		6,788	8,007	11,762	14,492	6,000
Total expenses		970,670	1,042,629	797,049	972,583	880,115
Surplus		208,346	30,138	75,361	60,702	33,265
Transfer General Reserve		103,400	-	-	-	-
Members' funds at 31 December		572,898	467,952	437,814	362,453	301,751

Notes

- A) New classifications for 2014 and 2013 have been adopted.
Data for 2012 is based on best estimates using new classifications.
- B) ASIC Committee Fees and merchandise.
- C) Further details are included on page 10.

Other Business Indicators

	2016 No.	2015 No.	2014 No.	2013 No.
Members – retail	4,833	4,895	5,121	5,407
– corporate/industry	70	64	58	67
	4,903	4,959	5,179	5,474

Company Monitoring

Company Monitors	99	94	91	83
Companies monitored	177	187	195	198
Proxies received (by value)	\$3.9 bn	\$3.9 bn	\$3.8 bn	na
Proxies received (by number)	51,615	56,101	50,669	na

Education

Conference	1	1	-	1
Conference delegates	263	274	-	269
Events	23	15	14	19
Event delegates	1072	749	760	603
Member groups	46	34	31	35
Member meetings held	406	356	369	345
 EQUITY Issues published	 11	 11	 10	 11

na – not available

Directors' Report

Your directors present this report on the entity for the financial year ended 31 December 2016.

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, monitoring and improving corporate performance and governance, and the provision of education and training to member investors.

SHORT-TERM AND LONG-TERM OBJECTIVES

In the past financial year the Company concentrated on: enhancing educational offerings; growing member meeting and discussion groups, implementing member retention strategies and improving monitoring resources.

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; increase media exposure and widen partnerships with other investor organisations.

STRATEGIES

The activities of the Company are conducted in accordance with the 2015 Strategic Plan that involved input from a wide range of stakeholders and has been implemented through a series of action plans that include the establishment of responsibilities and authorities, realistic timings and appropriate budgetary controls.

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 1.1% in 2016 (2015: 4.2%). There were 4,903 ASA members at the end of 2016 (2015: 4,959). The reduced rate of membership decline can be attributed to a number of factors including the efforts by a volunteer to call lapsed members, active engagement with new members by their respective state chairman and an effort to increase the number of member meetings and discussion groups. Pleasingly, revenue received from corporates increased by 18.6% in 2016 (2015: 22.7%).

Trialled in 2015, during 2016 the two year membership subscription was promoted, particularly to renewing members. This has proven to be quite popular with 25% of members choosing to take up the two-year option. Classes of membership are as follows (price inclusive of GST):

- Green (EQUITY magazine via email) one year - \$120
- Green two year - \$210
- Classic (EQUITY magazine via post) - \$140
- Classic two year - \$245
- Gold (Classic benefits plus merchandise and other benefits) - \$500
- Industry Blue - (Classic industry benefits) - \$1,650
- Industry Silver - (5 Classic industry subscriptions, ASA recognition) - \$5,500

Directors' Report

RESULTS

The surplus for the entity amounted to \$208,345 (2015: \$31,138 surplus). In 2016, total revenues were \$1,179,015 (2015: \$1,072,767). The significant increase to the surplus is attributed to the sundry other income received.

Other Revenue received during the year of \$138,932 includes \$8,503.16 relating to the distribution of the surplus in the GPT Class Action Settlement Distribution Scheme; \$27,028.77 relating to the distribution of the surplus in the NAB Class Action Settlement Distribution Scheme and \$103,400 being the contribution received from Hochtief in regard to the ASA's role in 2014 in identifying the Hochtief insider trading contravention. The contravention was identified by Mr Stephen Mayne in 2014 who at the time was the ASA Policy & Engagement Coordinator.

The \$103,400 contribution received has been allocated to a General Reserve Account as ASIC has directed we apply these funds to improving our education and monitoring resources. Therefore, as a result of the surplus, members' equity increased from \$467,952 to \$572,897 as at 31 December 2016.

Without this Other Revenue the surplus generated by our normal operating activities was \$69,413 (2015: \$19,892).

The major expenditures in 2016 were:

- Staff-related costs. During the year there were five full-time employees and two part-time contractors.
- The costs of producing and distributing EQUITY, producing education events and the national conference.

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 2016 the association had cash and deposit balances totalling \$1,157,645.45. The majority of these funds are invested in two NAB term deposits, which have been selected as appropriate both in terms of liquidity and security.

Changes in state of affairs

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

Post year-end events

The appointment of a CEO was announced in mid-January 2017 and Ms Judith Fox commenced the CEO role on 27 February 2017, on a total annual cost of \$180,000.

DIRECTORS

During the year director numbers varied between six and seven with three retirements and three appointments. The names of each person who have been a director during the year and to the date of this report are:

Diana D'Ambra

Maxime Bonpain (retired 17 May 2016)

Geoff Bowd

Betty Clarke-Wood

David Fletcher (appointed 24 October 2016)

Allan Goldin (appointed 17 May 2016)

Don Hyatt

Stephen Mayne (appointed 17 May 2016)

Clare Mazzetti (retired 21 March 2016)

Barry Nunn (retired 10 August 2016)

Directors' Report

INFORMATION ON CURRENT DIRECTORS

Diana D'Ambra BCom, MCom, FCA, MAICD

Diana was appointed a director of ASA on 1 January 2014 and was appointed Chairman on 7 May 2015. Diana is Chairman of the Audit & Finance Committee, and the Nomination and Remuneration Committee. Diana is also a non-executive director and Chairman of the Australian Design Centre, and a non-executive director of Australian Property Institute, The Sydney Community Foundation, and Breakthru Ltd. Diana has more than 25 years' financial management and corporate finance advisory experience in a global accounting firm and more than 10 years' non-executive board experience. Following her executive career, Diana also provides independent advice to corporates on corporate finance, investment assessment and related strategy issues.

Geoff Bowd BCom MCom

Geoff joined the ASA in 2005, has been a company monitor since 2007, was Chairman of the Victorian Company Monitor Committee from 2012 to late 2016 and was elected a director of ASA on 6 May 2015. Geoff also serves as the Chairman of the Policy Committee. Geoff worked in advertising for four years. For 35 years he was employed by Australian Paper Manufacturers Ltd (which became Amcor Ltd in 1984). He held senior positions in domestic and international marketing, government relations and construction project management.

Betty Clarke-Wood ACIP

Betty joined the ASA in 1994 and was appointed to the board on 7 May 2008. Betty is Chairman of the State Chairmen and a member of the Nominations & Remunerations Committee. Betty is also a member of the Victorian State Committee, Victorian Membership Convenor and the convenor of the Ballarat Regional Group, a role she has had for fifteen 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.

David Fletcher BAcc ACA GAICD

David was appointed as a Non-Executive Director on 24 October 2016 and is a member of the Audit and Finance Committee. He has over 30 years' experience in public and private companies, holding senior financial and operational roles in major companies in retail, wholesale, FMCG and financial sectors. David has previously been a Non-Executive Director of a number of private companies as well as Chairman of an ASX listed company. In recent years he has worked in his own consulting and advisory firm with clients, focusing on start-ups, turnarounds and performance improvement opportunities.

Allan Goldin BA BLAW

Allan joined the ASA in 2009 and was appointed to the board on 18 May 2016. He has been the NSW Company Monitor Chairman since 2012 and chairs the Marketing Committee. Allan has extensive experience in marketing in wide-ranging fields from listed companies to well established mid-sized firms. In his senior level roles, including CEO and Executive Director, Allan has been involved in establishing several highly successful start-ups. He has also been employed by private equity firms both to advise on acquisitions and to take on short-term change management transition roles.

Don Hyatt BApp Sc DipEd MEd MACE

Don joined the ASA in 2007 and was appointed to the board on 8 January 2015. Don is Chairman of the Education Committee, has been the Victorian State Chairman since 2011 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.

Stephen Mayne BCom GAICD

Stephen has been a member of the ASA since 1999. He was elected to the board in May 2011, resigning in September 2012 to take up a paid consultancy as ASA Policy & Engagement Coordinator. He was reappointed to the board on 18 May 2016. A Walkley Award-winning business journalist and founder of Crikey.com, Stephen is a respected shareholder activist. He owns shares in more than 600 companies and has asked spirited questions at more than 400 AGMs. He was a councillor for the City of Melbourne from 2012 to 2016 and during that time was Chairman of the Finance and Governance Committee.

Directors' Report

DIRECTORS' MEETINGS

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
Diana D'Ambra	6	6
Maxime Bonpain	3	2
Geoff Bowd	6	6
Betty Clarke-Wood	6	6
David Fletcher	1	1
Allan Goldin	3	3
Don Hyatt	6	6
Stephen Mayne	3	3
Clare Mazzetti	2	2
Barry Nunn	5	4

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 2016, the total amount that members of the association are liable to contribute if the entity is wound up is \$24,515 (2015: \$25,895).

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 31 December 2016 has been received and can be found on page 13 of the financial report.

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

Director:



Diana D'Ambra

Director:



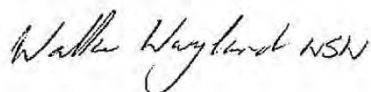
Geoff Bowd

Dated 3rd March 2017

**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 2016 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
Registered Company Auditor

Dated this 3rd day of March 2017

Financial Statements

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Note	2016 \$	2015 \$
Operating revenue	2	1,016,738	1,042,709
Interest income		23,345	19,812
Other income		138,932	10,246
Total Revenue		<u>1,179,015</u>	<u>1,072,767</u>
Employee benefits expense	3	(487,859)	(552,137)
Depreciation expense	3	(2,340)	(6,029)
Rental expense	3	(36,747)	(25,967)
General administration expenses	3	(317,078)	(301,516)
Conference expenses		(120,646)	(150,480)
Audit expense	3	(6,000)	(6,500)
Total expenses		<u>(970,670)</u>	<u>(1,042,629)</u>
Surplus before income tax		<u>208,345</u>	<u>30,138</u>
Income tax expense	4	-	-
Surplus for the year		<u>208,345</u>	<u>30,138</u>
Other comprehensive income after income tax:			
Transfers to reserves	12	(103,400)	-
Total comprehensive income for the year		<u>104,945</u>	<u>30,138</u>
Total comprehensive income attributable to members of the entity		<u>104,945</u>	<u>30,138</u>

The accompanying notes form part of these financial statements

Financial Statements

STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Note	2016 \$	2015 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	1,190,763	882,391
Receivables	6	51,151	65,679
Other assets	7	57,252	34,148
TOTAL CURRENT ASSETS		1,299,166	982,218
NON-CURRENT ASSETS			
Property, plant and equipment	8	481	2,821
TOTAL NON-CURRENT ASSETS		481	2,821
TOTAL ASSETS		1,299,647	985,039
LIABILITIES			
CURRENT LIABILITIES			
Payables	9	52,098	64,356
Provisions	10	9,797	15,313
Other liabilities	11	561,455	437,418
TOTAL CURRENT LIABILITIES		623,350	517,087
TOTAL LIABILITIES		623,350	517,087
NET ASSETS		676,297	467,952
EQUITY			
Retained earnings		572,897	467,952
Reserves	12	103,400	-
TOTAL EQUITY		676,297	467,952

The accompanying notes form part of these financial statements

Financial Statements

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Reserves	Retained Earnings	Total Equity
	\$	\$	\$
Balance at 1 January 2015	-	437,814	437,814
Surplus attributable to members of the entity	-	30,138	30,138
Balance at 31 December 2015	-	467,952	467,952
Transfers to reserves	103,400	-	103,400
Surplus attributable to members of the entity	-	104,945	104,945
Balance at 31 December 2016	103,400	572,897	676,297

STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	Note	2016	2015
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members and customers		1,310,175	1,191,797
Payments to suppliers and employees		(1,128,548)	(1,129,310)
Funds received		103,400	-
Interest received		23,345	16,705
Net cash generated from operating activities	19	308,372	79,192
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		-	(1,416)
Net cash used in investing activities		-	(1,416)
Net increase in cash held		308,372	77,776
Cash and cash equivalents at beginning of financial year		882,391	804,615
Cash and cash equivalents at end of financial year	5	1,190,763	882,391

The accompanying notes form part of these financial statements

Notes to the Financial Statements

for the year ended 31 December 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The Australian Shareholders' Association Limited, hereafter referred to as ASA or 'association', applies 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 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 3rd March 2017 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.

These notes form part of the financial statements

Notes to the Financial Statements

for the year ended 31 December 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont.

Accounting Policies cont.

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

The useful life used for each class of depreciable assets are:

Class of fixed asset	Useful life
Office Furniture & Equipment	3 Years

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.

These notes form part of the financial statements

Notes to the Financial Statements

for the year ended 31 December 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont.

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. These notes form part of the financial statements

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.

These notes form part of the financial statements

Notes to the Financial Statements

for the year ended 31 December 2016

NOTE 2: REVENUE

	2016	2015
	\$	\$
Operating Revenue		
Revenue from members:		
— Membership fees	665,709	671,035
— National Conference	203,882	232,512
— Education and meetings	117,137	99,611
— Other Member Revenue	30,010	39,551
Total Revenue	1,016,738	1,042,709

NOTE 3: SURPLUS FOR THE YEAR

a. Expenses

The statement of profit or loss includes the following items of expenditure.

Depreciation:

— furniture and equipment	1,265	3,315
— computer equipment	1,075	2,714
Total depreciation and amortisation	2,340	6,029

Employee benefits expense	487,859	552,137
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Other operational expenses:

Education and meetings	91,601	71,446
Newsletter	90,038	95,733
General and administration expenses	125,376	116,040
IT Infrastructure	10,073	18,297
	317,088	301,516

Rental expense on operating leases

— Minimum lease payments	36,747	25,967
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Auditor Remuneration

— audit services	6,000	6,500
— other services	788	464
Total Auditor Remuneration	6,788	6,964

These notes form part of the financial statements

Notes to the Financial Statements

for the year ended 31 December 2016

NOTE 4: TAX EXPENSE

	2016 \$	2015 \$
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% (2015: 30%):	62,507	9,041
Add:		
Tax effect of:		
- other non-allowable items	255,835	288,961
- losses not brought to account as a deferred tax asset	15,135	10,879
Less:		
Tax effect of:		
- deductible expenses	(1,992)	(4,684)
- non-assessable income	(331,485)	(304,197)
Income tax attributable to entity	-	-
c. Available tax losses	291,611	241,160
Tax losses are available for non mutual income to the extent that it exceeds non mutual deductible expenses.		

NOTE 5: CASH AND CASH EQUIVALENTS

CURRENT

Cash at bank	405,818	124,000
Cash on deposit	751,827	758,391
Funds in transit from NAB	33,118	-
	1,190,763	882,391

NOTE 6: RECEIVABLES

CURRENT

Sundry Debtors	42,900	59,950
Interest receivable	8,251	5,729
	51,151	65,679

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These notes form part of the financial statements

Notes to the Financial Statements

for the year ended 31 December 2016

NOTE 7: OTHER ASSETS

CURRENT	2016 \$	2015 \$
Bank Guarantee	25,285	-
Bonds Paid	300	7,800
Prepaid operating expenses	31,667	26,348
	<u>57,252</u>	<u>34,148</u>

NOTE 8: PROPERTY, PLANT, AND EQUIPMENT

Office equipment:

At cost	11,541	11,541
Less accumulated depreciation	(11,541)	(10,276)
	<u>-</u>	<u>1,265</u>

Computer equipment:

At cost	8,224	8,224
Accumulated depreciation	(7,743)	(6,668)
	<u>481</u>	<u>1,556</u>
Total property, plant and equipment	<u>481</u>	<u>2,821</u>

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:

	Office Equipment \$	Computer Equipment \$	Total \$
2015			
Balance at the beginning of the year	4,580	2,854	7,434
Additions at cost	-	1,416	1,416
Depreciation expense	(3,315)	(2,714)	(6,029)
Disposals	-	-	-
Carrying amount at the end of the year	<u>1,265</u>	<u>1,556</u>	<u>2,821</u>
2016			
Balance at the beginning of the year			
Additions at cost	-	-	-
Depreciation expense	(1,265)	(1,075)	(2,340)
Disposals	-	-	-
Carrying amount at the end of the year	<u>-</u>	<u>481</u>	<u>481</u>

These notes form part of the financial statements

Notes to the Financial Statements

for the year ended 31 December 2016

NOTE 9: PAYABLES

		2016 \$	2015 \$
CURRENT			
Trade Creditors		16,323	25,848
Accruals		6,000	6,500
Other Creditors		29,775	32,008
	9a	<u>52,098</u>	<u>64,356</u>
a. Financial liabilities classified as payables			
Payables:			
— total current		52,098	64,356
Financial liabilities as payables	17	<u>52,098</u>	<u>64,356</u>

NOTE 10: PROVISIONS

Annual leave	10a	<u>9,797</u>	<u>15,313</u>
		<u>9,797</u>	<u>15,313</u>
a. Analysis of total provisions:		Employee Benefits	Total
		\$	\$
Opening balance at 1 January 2016		15,313	15,313
Additional provisions raised during year		14,967	14,967
Amounts used		(20,483)	(20,483)
Balance at 31 December 2016		<u>9,797</u>	<u>9,797</u>

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.

These notes form part of the financial statements

Notes to the Financial Statements

for the year ended 31 December 2016

NOTE 11: OTHER LIABILITIES

	2016	2015
	\$	\$
Membership fees in advance	430,645	350,833
Conference income in advance	19,210	5,030
Sponsorship received in advance	111,600	80,000
Deferred lease incentive	13a -	1,555
	<u>561,455</u>	<u>437,418</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 2016 income) at 31 December 2016.

NOTE 12: RESERVES

	2016	2015
	\$	\$
Transfer to reserves	<u>103,400</u>	<u>-</u>

Funds received from ASIC were transferred to a reserve and will be applied to improve education offerings to members, improve resources to member monitors, and enhance accessibility to member services.

NOTE 13: CAPITAL AND LEASING COMMITMENTS

Operating Lease Commitments

Payable — minimum lease payments:

— not later than 12 months	43,695	14,748
— later than 12 months but not later than five years	-	-
	<u>43,695</u>	<u>14,748</u>

- a. The property lease commitments are non-cancellable operating leases contracted for but not capitalised in the financial statements. The current lease in Loftus St Sydney expires in December 2017. The previous lease expired 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.

These notes form part of the financial statements

Notes to the Financial Statements

for the year ended 31 December 2016

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:

	2016 No.	2015 No.
\$ 0 - \$ 99,999	0	2
\$ 100,000 - \$149,999	2	1

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.

Other related party transactions with the association

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

	2016 \$	2015 \$
Payments to Cowlcorp Pty Ltd, a company owned by a director's spouse, for consultancy services (services ceased on 29 February 2016)	19,600	60,990

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.

These notes form part of the financial statements

Notes to the Financial Statements

for the year ended 31 December 2016

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	2016 \$	2015 \$
Financial assets			
Cash and cash equivalents	5	1,190,763	882,391
Receivables	6	51,151	65,679
Total financial assets		<u>1,241,914</u>	<u>948,070</u>
Financial liabilities			
Financial liabilities at cost:			
— Payables	9a	<u>52,098</u>	<u>64,356</u>
Total financial liabilities		<u>52,098</u>	<u>64,356</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.

NOTE 19: NOTE TO THE STATEMENT OF CASH FLOWS

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

Surplus for the year	208,345	30,138
Non-cash flows in surplus:		
Depreciation and amortisation	2,340	6,029
Movement in lease incentive	(1,555)	(3,212)
Changes in assets and liabilities:		
Decrease/(increase) in receivables	14,527	(63,056)
(Increase)/decrease in prepayments	(23,103)	373
(Decrease)/increase in payables	(12,256)	21,461
(Decrease) in provision	(5,516)	(2,986)
Increase in income in advance	125,590	90,445
Net cash generated from operating activities	<u>308,372</u>	<u>79,192</u>

NOTE 20: ENTITY DETAILS

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

Australian Shareholders' Association Limited
Suite 2.01, 20 Loftus Street
Sydney, New South Wales, Australia, 2000

These notes form part of the financial statements

Directors' Declaration

The directors of the entity declare that:

1. The financial statements and notes, as set out on pages 14 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 2016 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.



Diana D'Ambra (Director)



Geoff Bowd (Director)

Dated this 3rd day of March 2017

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australian Shareholders' Association Limited (the company), which comprises the statement of financial position as at 31 December 2016, the statement of profit or loss, statement of 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.

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 2016 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Australian Shareholders' Association Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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 Auditors' Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 31 December 2016, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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 – Reduced Disclosure Requirements and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that 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 ability of the company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 the 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 the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

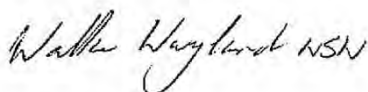
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
AUSTRALIAN SHAREHOLDERS' ASSOCIATION LIMITED**

Auditors' Responsibilities for the Audit of the Financial Report (continued)

- 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

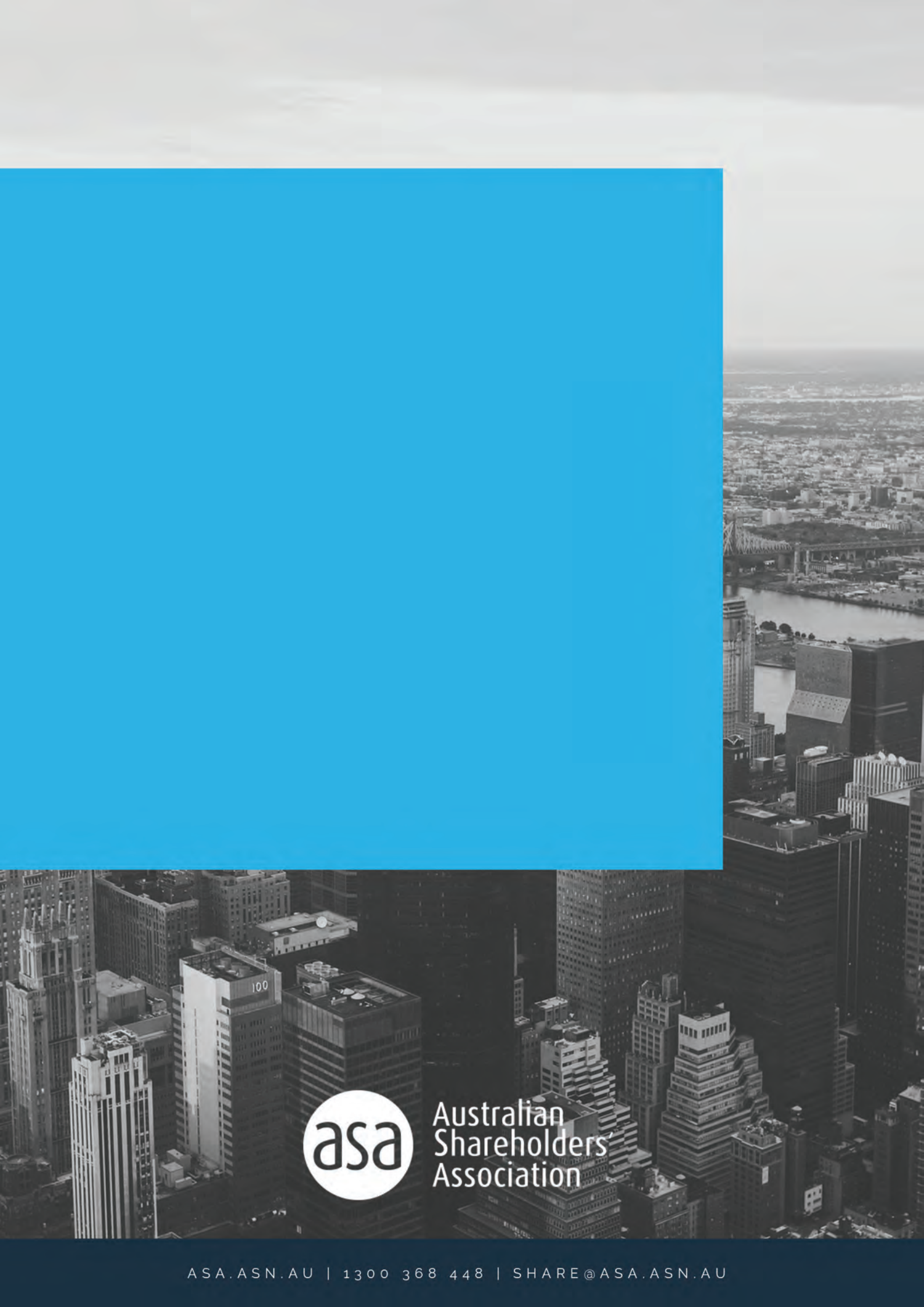


Walker Wayland NSW
Chartered Accountants



Grant Allsopp
Registered Company Auditor

Dated this 3rd day of March 2017



Australian
Shareholders'
Association