



Australian
Shareholders'
Association

Annual Report 2017

standing up for
shareholders

australianshareholders.com



Retirement

Work



2017 in numbers

4,783



members

489



member meetings

\$3.96b



proxies by value

48k



proxies by number

17



education seminars reaching
965 delegates

348



national conference
delegates

20



submissions and policy and
position papers

368



media mentions

new initiatives

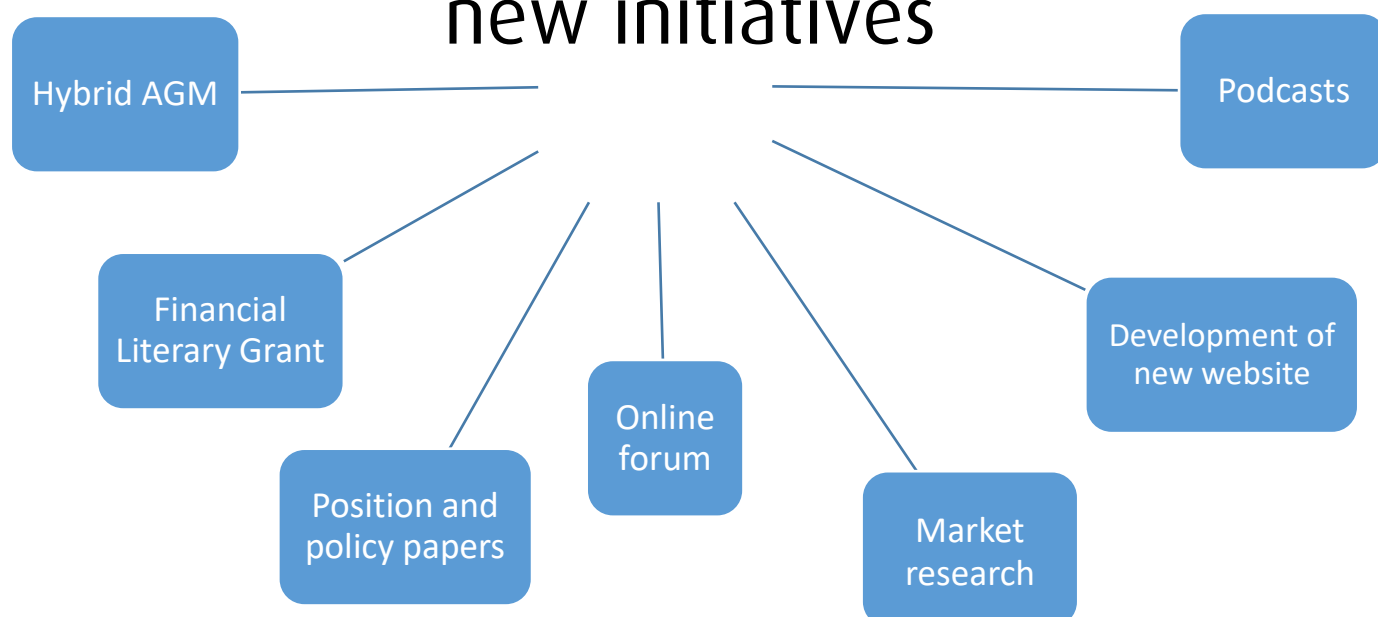


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Chairman's report

2017 was a watershed year for the ASA. We entered the year in our strongest financial position ever, recognising we would be investing in 2017.

The Board was strengthened with two new directors, Alison Buxton and David Fletcher, who bring considerable experience from the corporate and business sector.

Our management team was strengthened by the appointment of Judith Fox as the CEO.

We have led the way with our hybrid AGM in 2017 — being the first non-listed company to hold a full hybrid meeting in Australia. Feedback from members on this meeting was overwhelmingly positive. The 2018 AGM to be held in May in Sydney will again be a hybrid meeting.

In the last two years our efforts have been recognised publicly. We were awarded funds from ASIC in 2016 to support our monitoring and education and in late 2017 were successful in securing a grant from Financial Literacy Australia to develop education programs. This combined funding totalling circa \$220,000 will allow us to undertake initiatives in areas to improve and test our monitoring and education offerings.

But 2018 will present challenges to our members.

With the prospect of interest rates increasing in 2018 and beyond and Quantitative Easing being rolled back in the world's major economies, asset prices, both property and shares, are bound to be impacted.

In early February we saw the world's stock markets begin to retreat from their all-time highs. The current bull market has been running for the longest stretch in decades. We know this must eventually come to an end with a major correction; we just don't know when and by how much.

Commentators are predicting a favourable economic outlook for the next few years; however, as ASA members know, the world is also facing a multitude of political challenges, any of which could tip over into the financial markets. Not the least of these is the impact in Australia of the Royal Commission into the financial services industry, the possibility of a federal election leading to a change in government and mooted corporate tax changes.

Of significance is the rising debate regarding inter-generational fairness. Young people are finding it increasingly difficult to enter the housing market and lower-paid workers are finding wages are failing to keep up with inflation. Governments of all persuasions are tempted

to implement more redistributive tax policies. We have already seen the conservative side of politics increase tax on superannuation and this measure will remain front of mind, especially if there is a change in government. There is even talk of taxing the family home over a certain threshold.

Consequently our members, many of whom are retirees, must seriously look towards protecting their portfolios and consider moving to a more defensive stance. Sensible risk management tells us that, when the likelihood of capital declines exceeds the likelihood of capital gains, it is time to put in place mitigation measures.

Despite the positive commentary currently being published by many financial experts, the major corrections in the past were not foreseen and nor will the next correction. So 2018 may be a pivotal time when our wiser members progressively take appropriate measures to ride out any market volatility. The ASA provides a safe and secure forum to challenge and discuss your investment concerns whilst at the same time advocating to protect your interests.

We at the Board and the National Office are here to serve you in both good and not-so-good years. Your feedback is most important in helping us provide better services and we do listen. In this regard, we have received considerable feedback from members concerning the ASA website. We will replace the current website with a more modern platform in the middle of 2018. Please be patient with us as we make this important change.

Lastly, sincere thanks to our volunteers and staff at the ASA for bringing 2017 to a successful close.

Our monitoring teams and discussion groups' convenors provide volunteer service benefiting both ASA members and the community generally. They are highly respected for their great work and their relentless commitment to advance the ASA. Without these volunteer contributions, the ASA could not operate as effectively or as widely as it does.

In concluding I wish to say a special "thank you" to my fellow Board members (both past and present) who invest many hours as Board members to ensure the ASA is both relevant to our members and constantly moving forward.

Diana D'Ambra
Chairman

CEO's report

Advocacy

ASA continued to be influential in holding companies to account for their performance and governance. New monitors joined ASA during the year, which assisted ASA to monitor 174 companies. ASA also undertook a campaign to increase the appointment of ASA as a standing proxy on behalf of members. More detail is available in the Advocacy section on page 4.

ASA was also widely quoted in the media throughout the year and during AGM season — coverage increased from 2016. Media coverage also lifts the profile of the association, showcasing what we offer.

IT infrastructure

In 2017, a significant initiative was the research into and signing of the contract for a new integrated EMS (engagement member system) and website. This is aimed at improving the member experience. The website will become accessible from mobile phones, tablets and other devices; will facilitate easy member join/renewal and event registration; as well as easily host webinars and videos and online communities for respective groups. Work commenced on the new IT infrastructure in December, with the new system set to go live mid-2018.

Membership

In 2017, ASA also undertook market research to inform ASA's future strategy and inspire new service ideas that will expand membership and revenue. The ongoing challenges we face are being addressed by utilisation of technology to expand awareness of ASA in new markets in order to increase membership. More detail on membership can be found on page 3.

Education

Our national conference in 2017 was our most successful to date, with more delegates attending, more sponsors supporting it and increased revenue contributing to the financial sustainability of the organisation. The ASA also ran successful education events around the country throughout the year, and through the utilisation of digital marketing was able to attract a higher percentage of non-members to the final quarter events. More details are provided on page 6.

The ASA also submitted an application to Financial Literacy Australia to assist women 65+ to build confidence to participate in financial decision-making. Substantial research shows that as women tend to outlive men and frequently inherit a financial plan, there is an imperative to

improve older women's financial investment knowledge and confidence. In December 2017, ASA was advised of the success of our application. The pilot of the 'Own your financial future' project will launch in 2018. Free workshops will be held in Victoria, with plans to run workshops across the country in 2019 after completion of the pilot program.

Strong organisation

ASA had to find new premises in 2017. This was a challenge for a not-for-profit organisation, with a limited budget and in an environment where Sydney office vacancy rates were the lowest in almost a decade, with rents up 20 per cent. However, the ASA secured new, professional premises in the city, at an attractive rent, with access to meeting and boardrooms, electricity and fibre connection at no additional charge.

Two key staff members resigned in 2017: Anna Lau, Head of Research, and Samantha Clark, Events & Membership Officer. Two new appointments saw Fiona Balzer join (in fact, re-join) ASA as our Policy & Advocacy Manager at the end of September (at the start of the AGM season) and Kris Nuñez join as Events & Marketing Officer at the end of October.

Sarina Devi was appointed to the role of Administration Officer full-time, commencing in July, and Kristy Wan was appointed to a permanent part-time role as Content & Design Officer in November. The new team ensures that the right skills and capabilities are in place for ASA to fulfil its mission.

Financial health

The appointment of a CEO was expected to result in a deficit for ASA in 2017. The operating activity in the financial statements shows a small surplus of \$1,637 for the year was achieved. Total comprehensive income was \$40,824. The revenue from the ASIC funds was included in income in the 2016 financial statements and \$39,187 of those funds were expended in 2017. The remaining \$64,213 of the funds will be expended in 2018.

Strategic initiatives

The ongoing implementation of our digital strategy will not only assist in attracting new members, but also help us further pursue innovative ways to engage with members, including better use of our website and social media, richer and more relevant content, enhanced member communications and improved and more easily accessible services.





All of these approaches will be assisted by leveraging our significant investment in our new IT system. This is aimed at making our interface with members, subscribers and other stakeholders as easy and enjoyable as possible.

The past year provided a range of challenges, but also gave rise to initiatives that, once implemented in 2018, should assist the ASA to be successful on a number of fronts. Strategic approaches in the coming year will focus not only on lifting membership, but also new alliances with other

organisations and online education offerings, all aimed at increasing revenue and improving benefits to members.

I would like to thank all of our volunteer members who have served as convenors, monitors and on State Committees and who contribute with such dedication to ensuring the ASA remains relevant to the individual investor. Without your ongoing support and involvement, ASA could not have achieved what it did this year. I also thank the ASA team for their unstinting efforts.

Judith Fox
Chief Executive Officer

Membership

One of the most significant strategic challenges facing the ASA is the need to achieve growth in membership in order to ensure organisational sustainability, influence in our advocacy and to provide the financial means to fund improved benefits to members and other aspects of our mission.

Individual members

The majority of members hold Classic or Green membership. The decline in overall member numbers was restricted to the Classic one-year membership model, while Green one-year membership increased. There was take-up of the two-year membership model — 41% of members now hold this subscription.

New corporate members in all categories also joined ASA, showing their support for retail shareholders. Due to some corporate members either ceasing to exist as entities or focusing on cost-cutting, some corporate members did not renew in 2017, leaving this category of membership static.

Subscribers are individuals who are interested in ASA and the relationship differs from that of membership. Subscriber numbers increased in 2017.

Number of members and subscribers



In 2016, ASA undertook market research with two different demographic groups, all of whom were non-members of ASA. They consisted of groups of a younger demographic (25-45) and an older one (45-60). All owned shares and the majority were active investors.

The market research was undertaken to inform ASA's future strategy and inspire new service ideas that will expand membership and revenue. Many of those initiatives will be undertaken in 2018 and we will report to members during the year as they unfold.

ASA also commenced digital marketing in 2017, in order to reach new potential members. Digital marketing is cost-effective for ASA. As reported on page 6 in relation to our education events, our efforts on this front resulted in more non-members attending our final quarter events than in previous years. In 2018, we will be utilising this form of marketing and promotion to lift the profile of ASA and attract new members.

	2017	2016	2015	2014	2013
Members - retail	4,713	4,833	4,895	5,121	5,407
Corporate membership	70	70	64	58	67

Advocacy

Company monitoring

The volunteer company monitors are the essence of the ASA monitoring and advocacy effort. Monitors commit time, experience and expertise to training and development sessions; reviewing the annual reports; meeting with chairmen and non-executive directors before the AGMs; preparing voting intentions; attending AGMs and speaking on behalf of the ASA to the media; and preparing the AGM report for each monitored company. During 2017, 109 volunteer monitors, including Company Monitoring Chairmen Rod McKenzie (VIC), Fiona Balzer (QLD), Allan Goldin (NSW/ACT), Bob Ritchie (SA) and Len Roy (WA) represented ASA. ASA published voting intentions for 174 companies (2016: 177) across Australia. ASA representatives collected proxy votes at an additional 43 company meetings (2016: 45) for companies which we did not formally monitor in 2017.

The table below sets out the contribution of each State:

	NSW/ ACT	VIC	QLD	WA	SA
Companies	64	64	15	19	12
Proxy collection	27	8	2	5	1
Monitors*	30	34	15	19	11

*includes trainees

Company monitors held meetings with the chairman of 69% of monitored companies and met with a non-executive director other than the chairman of a further 13% of monitored companies. Media coverage of ASA's position averaged around one article per day and covered many of the monitored companies over the AGM season.

2017 was marked by reminders of the importance of appropriate structures of corporate governance for listed companies to maintain the right to operate, particularly in the case of the AUSTAC proceedings against Commonwealth Bank of Australia. At the AGM we voted for the resolution approving the remuneration report due to the initiatives cutting the short-term incentives to zero, and unsuccessfully voted against the re-election of Sir David Higgins as we held him primarily responsible for the first strike on the remuneration report in 2016.

Focus issues

Focus issues for the year included remuneration disclosure, with an emphasis on using face value rather than fair value to calculate the number of performance rights allocated to satisfy incentive schemes, and inclusion of a table of actual take-home pay. A number of companies

have moved to use of face value (actual share price) rather than fair value for the allocation of equities. Fair value escalates the size of the offer. Some included a table of actual take-home remuneration. We saw a lift in directors' 'skin in the game' at a number of companies. In regards to board composition, we concentrated on companies having an independent chairman, a majority of independent directors and only one executive director, with at least 30% female directors. Minority of independent directors, low levels of 'skin in the game' and lack of diversity on a board caused some against votes on director election.

We took some major listed companies to task for a lack of fairness in capital raisings. We want companies to ensure retail shareholders have adequate time and opportunity to participate equitably in capital raisings and to reduce the extent of any dilution to the holdings of retail shareholders through a pro-rata accelerated institutional, tradeable retail entitlement offer (PAITREO) or renounceable issue.

ASA opposed the remuneration reports for a total of 58 companies in 2017 (2016: 65), representing approximately 33% of companies where a resolution to adopt a remuneration report was put to the meeting. Of the monitored companies, seven companies received a "strike" on remuneration (being a vote of more than 25% against) (2016: 15). ASA voted against the remuneration report for two of the seven companies. An additional 35 monitored companies (2016: 26) 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 \$3.963 billion worth of proxies in 2017 (2016: \$3.8976b)

Standing proxies

In 2017, we undertook a campaign seeking a standing proxy from members, which attracted over 800 responses. Overall, the proxy numbers were only slightly higher than those in 2016 — a lift of 1.7% — as many of the standing proxies replaced individual proxies received for the 2016 meeting and the registry did not always process the standing proxies prior to the meeting taking place. Furthermore, in 2016 NAB held an EGM, which contributed 3% of the year's total proxies.





Promoting retail shareholders' interests

ASA's advocacy activities 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 2017, ASA contributed to 9 formal inquiries (2016: 7), as follows:

- Submission to Treasury on beneficial ownership of companies — March
- Joint Submission to Treasury on Design and Distribution Obligations and Product Intervention Power: Proposals paper — March
- Submission to Treasury on safe harbour for directors from insolvency provisions — April
- Submission to ASX on reverse takeovers — May
- Submission to Senate Economics Legislation Committee on adding email address to the member register — July
- Submission to Treasury re Banking Executive Accountability Regime — July
- Supplementary submission to the Senate Economics Legislation Committee re Modernisation of Member Register — August
- Submission to the Victorian Law Reform Commission on access to justice: litigation funding and group proceedings — October
- Submission to Treasury re Exposure draft: Treasury Laws Amendment (banking accountability and related measures) Bill 2017 — September

The ASA also proactively sought reform of the listing rules by lodging a submission calling for standardised disclosure of voting results; and wrote to ASIC with its views on whether proxy advisers need to be regulated and to the Financial Reporting Council about audit quality.

During 2017 the ASA introduced position and policy papers on the Banking Royal Commission; class actions; advisory shareholder resolutions; Network Ten; AUSTRAC proceedings against Commonwealth Bank of Australia; Slater & Gordon recapitalisation; Four Corners/Fairfax report into Aveo Group and the major bank levy.

ASA is represented on the following committees and panels:

- AASB Disclosure Initiative Project Advisory Panel
- ASIC Consumer Advisory Panel (CAP)
- ASIC Regional Liaison Committee
- ASX Corporate Governance Council
- ASX CHES Replacement project
- ATO Individual Stewardship Group
- Business Reporting Leaders Forum (BRLF)
- Corporate Reporting Users Forum
- Security Registrars Association of Australia

The ASA was also involved in the following matters:

- ASIC roundtable on the role of proxy advisers
- Australian Council of Superannuation Investors roundtable on shareholder resolutions
- discussions with administrators of Network Ten
- discussions with remuneration consultants on incentive scheme structures and the streamlining of the remuneration report
- writing to companies to encourage equitable treatment of retail shareholders in their current capital raising.

Year-on-year monitoring comparison	2017	2016	2015	2014	2013
Company monitors	109*	99	94	91	83
Companies monitored	174	177	187	195	198
Proxies received (by value)	\$3.963bn	\$3.897bn	\$3.893bn	\$3.773bn	n/a
Proxies received (by number)	48,066	51,615	56,101	50,669	n/a

*includes trainees

Education

One of ASA's core missions is to help educate investors to become more informed. The education program is designed to assist members to build knowledge and skills through access to formal and cost-effective events and access to information and resources available online, as well as through learning with other investors at structured and unstructured member meetings across the country or via our online forum.

Annual conference

ASA delivered its national conference in Melbourne in May 2017. The conference attracted 348 delegates — a 25% increase from the previous year — as well as achieving a record surplus.

The combination of high-profile presenters, a depth of program choices offered across three streams and quality presentations aimed at helping individual investors improve their investing skills and broaden their investment knowledge, as well as the opportunities to network with fellow investors and professionals, contributed to the success of the conference.

Established as an annual event alternating between Sydney and Melbourne, the conference is also gaining traction with sponsors in terms of both the number of participants and sponsorship revenue increasing each year. ASA ensures that sponsorship does not direct the conference program.

	2017 Melb	2016 Syd	2015 Melb	2014 -	2013 Syd
Delegates	348	263	274	-	269
Sponsors	20	16	13	-	9

Feedback from delegates indicated:

- 98% of attendees indicated they would attend a future conference
- 98% of attendees indicated they would recommend this conference to friends or family
- 70% of attendees highly valued the conference for its educational value.

The conference was augmented by a number of optional activities held on days three and four, including two seminars and five site tours.

Seminars

In keeping with the strategy of providing stimulating, engaging and affordable educational events, ASA held the following events around Australia:

- Investor education morning in Toowoomba
- 'Balance sheets & ratios' in Canberra, Melbourne, Adelaide, Brisbane and Sydney
- 'Structuring your investments' and 'Outperforming the index' events in Melbourne
- 'Investing for the Times' in Brisbane, Sydney, Melbourne and Perth
- 'Investor Education Day' in Sydney, the Gold Coast, Melbourne, Perth and Adelaide.

	2017	2016	2015	2014	2013
Events	17	23	15	14	19
Event delegates	965	1,072	749	760	603

These events met member expectations as they consistently achieve an overall satisfaction rating of 90% or higher. Marketing for the October series included a robust foray into digital marketing. As a result, the number of non-members attending these events increased significantly compared to previous seminars, with member numbers similar to previous years.

	Balance sheets	Investing for the times	Investor education day
Month	Mar-17	Aug-17	Oct-17
Non-members	17%	12%	34%

Podcasts and videos

The ASA membership spans the entire country and a broad demographic. Approximately 20% of members attend face-to-face meetings during the year, and sometimes a member might only attend a single event due to personal circumstances. The year 2017 saw steps made to address the issue of reaching remote and time-poor members with education and information.

Members were able to access a range of podcasts throughout the year, including a recording of a Melbourne Investor Forum featuring Stephen Mayne in conversation with Adele Ferguson, a number of sessions from the national conference and the Melbourne 'Investing for the times' seminar held in August. In total, there were 4,879 plays of the 28 podcasts available in 2017, with very positive member feedback. In addition, as a trial, ASA video recorded the Sydney August 'Investing for the times' seminar and provided the links to regional convenors to present at their local meetings.





This was intended to address the challenge of holding seminars in regional areas, by utilising technology to bring high-quality presenters and relevant topics to our members outside of the capital cities.

Member meetings

Most of the new member groups established in 2016 remain active and strong. As with any dynamic association, some of the new groups either merged or were discontinued. In Tasmania, the Burnie and Devonport groups combined, while the Bathurst group in NSW and the two Gold Coast coffee groups did not continue. In NSW, the Port Macquarie and Taree groups also discontinued. Balancing this, four new groups were established in NSW – Griffith, Mona Vale, South Coast and Sutherland. While the number of groups in Victoria remains unchanged, the new Hawthorn Group replaces one of the two Ballarat coffee groups established in 2016. WA established a new group in Stirling in 2017, which brings total member groups to 45.

Online forum

Launched in early 2017, the ASA online forum has had periods of reasonable and little activity. The forum contains a wide range of educational content, provided by independent, active members; however, fewer than 10% of members has accessed the forum to date. As the forum is independent of the ASA website, access by members is not as seamless as it might be. The new website will resolve this issue, and it is hoped more members will post and exchange views with their fellow investors in 2018.

Partnerships

During 2017, ASA continued its arrangement with ASX and Morningstar. ASA also explored partnerships with like-minded organisations, with trial activities continuing into 2018. These organisations include the Self Managed Super Funds Association (SMSFA), ListCorp and early discussion with both National Seniors Australia and the Self-Managed Independent Super Fund Association (SISFA).

	2017	2016	2015	2014	2013
Member groups	45	46	34	31	35
Member meetings held	489	406	356	369	345

	ACT	NSW	QLD	SA	TAS	VIC	WA	Total
2017	2	13	4	3	1	16	6	45
2016	2	12	6	3	2	16	5	46
2015	2	8	4	3	-	12	5	34

2017 education in numbers

45



member groups

489



member meetings

17



seminars reaching **965** delegates

348



National Conference delegates
with **20** exhibitors

4,879



plays on **28** podcasts

11



EQUITY magazine issues

Five-year summary

Financial performance	2017	2016	2015	2014	2013
Operating revenue	\$	\$	\$	\$	\$
Membership - retail	512,609	557,209	579,596	606,362	622,077
- corporate/industry	114,500	108,500	91,439	74,489	76,500
	627,109	665,709	671,035	680,851	698,577
Education & meetings	127,260	116,060	99,611	111,604	78,910
Advertising	14,200	7,800	20,819	11,720	1,350
Donations	3,415	6,135	6,905	7,077	7,760
Conference	297,872	203,882	232,512	-	204,710
Sponsorship	7,600	15,900	10,833	14,333	15,834
Other	7,630	1,251	994	1,127	2,818
Total operating revenue	1,085,086	1,016,738	1,042,709	826,712	1,009,959
Other Income					
Interest	25,298	23,345	19,812	19,846	23,326
Sundry income - unclaimed compensation	10,371	138,932	10,246	25,852	-
Total other income	35,669	162,277	30,058	45,698	23,326
Total income from all sources	1,120,755	1,179,015	1,072,767	872,410	1,033,285
Expenses					
Employee & contractor	556,088	485,754	549,151	394,131	363,013
Rent & depreciation	48,440	39,087	31,996	33,900	47,234
Advertising & promotions	9,186	11,874	7,916	10,761	14,601
Conference	154,693	120,646	150,480	-	140,876
Education & meetings	116,514	91,601	71,446	83,752	82,462
Insurance	14,783	11,397	13,711	11,176	12,628
IT infrastructure & software	19,991	10,073	18,297	54,669	55,747
Newsletter	82,789	90,038	95,733	93,601	109,711
Postage & couriers	8,381	8,138	10,537	11,363	11,901
Stationery & printing	8,987	5,127	8,741	13,042	19,753
Travelling & related expenses	15,053	11,610	11,501	17,116	25,223
General office & admin expenses	77,553	78,537	65,113	61,776	74,942
Legal and audit fees	6,660	6,788	8,007	11,762	14,492
Total expenses	1,119,118	970,670	1,042,629	797,049	972,583
Surplus	1,637	208,345	30,138	75,361	60,702
Transfer General Reserve	39,187	103,400	-	-	-
Members' funds at 31 December	613,721	572,898	467,952	437,814	362,453





Volunteers

The board, staff and members of ASA acknowledge the contribution of the following member volunteers during 2017.

ACT

Peter Barker
Robert Cason
Sonja Davie
Dianne Diprose
John Green
David Happold
Elton Ivers
Steve Kirk
Greg Newlyn
John O'Callaghan
Edward Patching
Rodney Peters
Marguerite Ranicar
Dan Steiner
Richard Williams
Eden Zanatta

NSW

Victoria Adams
David Allen
Ian Anderson
Aramais Aroustian
Roger Ashley
Meg Bannigan
Peter Barker
Gary Barton
Patricia Beal
Stephen & Kerry Bible
Nick Bury
Michael Campbell
John Cowling
Mary Curran
Diana D'Ambra
Warren Dennis
Ross Dickson
Elizabeth Dunphy
Sue Erbag
Elizabeth Fish
David Fletcher
Judith Freckman
Robert Fuller
Douglas Gannon
Michael Giuffrida
Michael Glennon
Allan Goldin
Ian Graves
Geoff Hansen
Martin Hope
David Jackson
Alan Jacobs
Rod Jeffery
Barry & Lois Korendijk
Philip Laird
Joan Lampe
Harvey & Velda Langford
Carol Limmer
Ken Lindsay
Alan Lowe
Helen Manning
Dick Manuell

Allan McAskill
Richard McDonald
Mei Ling McGlynn
Kent & Dianne McNab
Peter Metcalf
Jeff Morrow
Helen Muir
Warren Muirhead
Pamela Murray-Jones
John Nesbitt
Michael O'Loughlin
Geoff Orrock
Wayne & Janice Parry
Alfred Pensini
Bill Radley
Rob Ratcliffe
Estelle Renard
Ros Renfrey
Ian Sellers
Kerrie Tarrant
Patricia Waley
Ray Wheeler
Kathleen Wilcox
Richard Wilkins
Joyce Yong

QLD

Malcolm Badgery
Kelly Buchanan
John Collins
David Dilger
Bill Dodd
Jill Douglas
Peter Driessen
Mike Glajnaric
Ron & Pauline Gordon
Alison Harrington
Chris & Diane Kelly
Ross Marples
Don Matthews
Sally Mellick
Bryan Moore
Bill Myers
Mike Sackett
Peter Schiefelbein
Mike Stalley
Kevin Stiff
Matthew Taylor
Graeme Thistlethwait
Eileen Turner
Michael Waterhouse

SA

Ron Andrews
Hans Bailiit
John Connell
George Crowe
Michael Davey
James Hahn
Ian Humphreys
Malcolm Keynes
Stefan Landherr

Cynthia Loh
Brad Martin
David Paech
Kevin Parken
Keith Potts
Wendy Reynolds
Bob Ritchie
Rosemary Symons
Brenton Taylor
Ken Wakeman
Genevieve Ward
John Worthley

TAS

Ian Chalk
Ian Day
Jane Donohue
Andrew McMahon
John Quinn

VIC

Peter Aird
Janet Allan
Margit Alm
Peter Bacon
Geoff Bowd
Ross Bradbury
Paul Buchhorn
Robin Burrows
Alison Buxton
Mike Caldwell
Helen Clarke
Betty Clarke-Wood
Jason Cole
Ian Curry
Claudio Esposito
Lyle Fletcher
Gil Fryatt
Lindsay Gordon
William Grint
Daniel Grioli
Hans Ha
Graeme Hawkins
Trevor Holden
Sally Holywell
Glenn Howell
Don Hyatt
Gaveen Jayarajan
Heather Knight
Belinda Leyland
Claudia Mah
Linda Martin
Stephen Mayne
Brian McCarthy
Mervyn McDougal
Rod McKenzie
Brett Morris
Gavin Morton
Keith Mundy
Mike Muntisov
Graham Neal
Robert Nelder

Jacques Nicolas
Michael O'Keefe
Jennifer Overington
David Parkinson
John Parrott
Eric Pascoe
Sandra Pearce
John Poppins
Peter Rae
Adam Raymond
Oliver Raymond
Mike Robey
Duncan & Judith Seddon
Sue Shields
Dennis Shore
Adrienne Skarbek
Barbara Tadich
Ian Thomson
John Virgona
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
Len Genoni
Lorraine Graham
Ian Greenham
Bob Kelliher
Peter Kent
Christine Klisc
Bernie Masters
Tony McAuliffe
Keith Mellis
Derek Miller
Barry Nunn
Lloyd Phillips
Wayne Platt
Geoff Read
Len Roy
Gail Saleeba
Peter Scales
Geoff Sherwin
Peter Tallentire
Stephen Weston
Joe Yozzi

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

Directors' report

Your Directors present this report on the company for the financial year ended 31 December 2017.

Directors

The names and details of the Directors in office during the financial year and at the date of this report are:

- Diana D'Ambra (appointed 1 January 2014)
- Betty Clarke-Wood (retired 10 May 2017)
- Geoff Bowd (elected 6 May 2015)
- Alison Buxton (appointed 12 June 2017)
- David Fletcher (appointed 24 October 2016)
- Allan Goldin (elected 17 May 2016)
- Don Hyatt (appointed 8 January 2015)
- Stephen Mayne (elected 17 May 2016)

Experiences, qualifications and responsibilities

Diana D'Ambra BCom MCom FCA MAICD

Diana was appointed Chairman on 7 May 2015. Diana is a member of the Finance and Audit 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 ten years' non-executive board experience. Diana also provides independent advice to corporates on mergers and acquisitions, investment assessment and related strategy issues; and facilitates director courses at the Australian Institute of Company Directors and bespoke finance course for investment bankers.

Geoff Bowd BCom MCom

Geoff joined the ASA in 2005, has been a company monitor since 2007 and was Chairman of the Victorian Company Monitor Committee from 2012 to late 2016. Geoff also serves on 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.

Alison Buxton BCom (Marketing) GAICD

Alison joined the board of ASA in 2017. She is also a non-executive director of Wiljuma Pty Ltd, Confoil Pty Ltd and Independent Director and Marketing Committee Lead for Women Sport Australia. She was previously an independent director of the East Gippsland Food Cluster (EGFC) and a member of its Remuneration & Nominations

Committee and Member & Stakeholder Communications & Engagement Committee. Alison has more than 20 years' experience as a senior executive having built a successful career in blue-chip, multinational organisations across several industries. With a background in marketing and supply chains, she has led large teams across Australia and the broader Asia-Pacific market, driving transformational change in complex environments.

David Fletcher BA CC CA GAICD

David is Chairman of the Finance and Audit Committee. He has over 30 years' experience in public and private companies, holding senior financial and operational roles in major companies in retail, wholesale, fast-moving consumer goods 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. He has been the NSW Company Monitor Chairman since 2012 and is a member of the Policy Committee. Allan has extensive experience in general management and marketing in wide-ranging fields from listed companies to well-established mid-sized firms. In his senior-level roles, including as 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. He was a director of a large ASX listed company in the 1990s and in addition has a number of international advertising and public relation awards to his name.

Don Hyatt BAppSc DipEd MEd MACE

Don joined the ASA in 2007 and was Chairman of the Education Committee until 2017. He 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 first joined the ASA as a member in the mid-1990s and has spoken at numerous ASA events and forums over the past 20 years. He was first elected to the board in May 2011, resigning in September 2012 to take up a paid consultancy as ASA Policy & Engagement Coordinator, a role he concluded in September 2014. He was re-elected to the ASA board in 2016 and sits on the Policy Committee. A Walkley Award-winning business journalist and founder of Crikey.com, Stephen is currently working as a contributor to Alan Kohler's website, *The Constant Investor*, as well as being Communications Adviser at The Alliance For Gambling Reform. A respected shareholder activist, Stephen owns shares in more than 500 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.

Company secretary

David Fletcher BAcc CA GAICD is the company secretary and was appointed to the role on 10 May 2017.

Table of attendance

During 2017 attendance by individual Directors (including when represented by alternates) at meetings they were entitled to attend, is set out in the table below.

	Number eligible to attend	Number attended
Diana D'Ambra	5	5
Betty Clarke-Wood	2	2
Geoff Bowd	5	5
Alison Buxton	2	2
David Fletcher	5	5
Allan Goldin	5	5
Don Hyatt	5	5
Stephen Mayne	5	5

Principal activities, objectives and strategies

The principal activities of the ASA during the year were to protect and advance the interests of retail investors, monitor and improve corporate performance and governance and provide education to member investors.

There was no significant change in the nature of the activities during the year and the operations are in accordance with the constitution.

Strategy

ASA Directors are charged with ensuring the sustainability of our organisation. They set the strategic directions to ensure the organisation remains financially strong, that the membership is vibrant and renewing and that the organisation remains relevant to constituents, listed companies, government and business regulators, business media and other key stakeholders now and into the future.

All of the major strategic decisions made by ASA are the result of a strategic planning process. Input was sought from State Chairmen and State Committees for the Board meeting in August held off-site to provide for a sustained focus on strategy alone. The Board also reviews strategy at each Board meeting. The process contributes to setting KPIs for the CEO, is clearly documented and the action plans arising from the strategic plan are reported against at each Board meeting.

A CEO was appointed at the start of 2017, charged with fulfilling the 2016—2017 strategic plan. At the August strategy meeting, the strategic plan was reviewed and further developed.

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 strategic objectives are being achieved.

Membership

Membership overall declined by 2.44% in 2017 but as noted on page 3, one-year Green membership is increasing, providing a focus for member acquisition.

Member fees increased on 1 July 2017, having not risen in the previous five years. Membership decline is not related to the increase in member fees, but is primarily driven by an ageing membership. This emphasises the need to attract new members in the demographic approaching retirement.

Financial results

Company performance is assessed by the Board of Directors at their five scheduled Board meetings held during the year.

Forecast reviews are presented and discussed as to the progress between budget and actual results achieved. The Finance and Audit Committee also reviews the budget and the results of operations prior to recommendations made to the Board of Directors for their consideration.

An operating surplus from ordinary activities of \$1,637 was made for the year (2016: \$208,345). Total revenues in 2017 were \$1,120,755 (2016: \$1,179,015).

Other revenue received during the year included \$10,371 relating to the distribution of monies returned in the NAB class action settlement. ASA was also the recipient of \$5,000 seed money from Financial Literacy Australia to prepare a comprehensive application for a financial literacy grant. ASA was pleased to be advised at the end of 2017 that its application had been successful and that it would be awarded a grant of \$110,186 in 2018.

Of the \$103,400 contribution received from the Australian Securities & Investments Commission (ASIC) at the end of 2016 to be applied to improving our education and monitoring resources, \$39,187 was expended in 2017. The balance of funds will be expended in 2018.

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 2017 the association had cash and deposit balances totalling \$1,129,556.

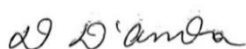
Dividends

Being limited by guarantee, the ASA does not pay dividends.

Likely developments

Likely developments in the operations of ASA in future financial years have not been included in this report but are disclosed in the Chairman and CEO reports at pages 1 and 2.

Directors' signatures



Diana D'Ambra (Director)

Dated this 27th day of February 2018



David Fletcher (Director)

Events subsequent to balance date

There are no matters or circumstances that have arisen since the end of the financial year which would significantly affect the operations of the entity in subsequent financial years.

Directors' interests and benefits

As the ASA is limited by guarantee, none of the Directors holds an interest but each, as a member of the ASA, is liable to the extent of their undertaking under the ASA's constitution.

No Director of ASA, during or since the end of the financial year, received or has become entitled to receive a benefit.

Proceedings on behalf of the company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Auditor's indemnification

The ASA has not, during or since the end of the financial year, in respect of any person who is or has been an auditor of ASA, indemnified or made any relevant agreement for indemnifying against a liability incurred as an auditor, including costs and expenses in successfully defending legal proceedings, or paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an auditor for the costs or expenses to defend legal proceedings.

Liability of members on winding up

The liability of members (or within one year after ceasing to be a member) on winding up is limited to an amount not exceeding \$5.00.

Auditors' independence declaration

The Auditors' independence declaration is set out on page 13 and forms part of the Directors' report for the financial year ended 31 December 2017.



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

We declare that, to the best of our knowledge and belief, during the year ended 31 December 2017 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



Wali Aziz
Principal

Dated this 2nd day of March 2018, Sydney

Statement of profit or loss and other comprehensive income

for the year ended 31 December 2017

	Note	2017 \$	2016 \$
Operating revenue	2	1,085,086	1,016,738
Interest income		25,298	23,345
Other income		10,371	138,932
Total Revenue		1,120,755	1,179,015
Employee benefits expense	3	(557,878)	(487,859)
Depreciation expense	3	(481)	(2,340)
Rental expense	3	(47,959)	(36,747)
General administration expenses	3	(352,107)	(317,078)
Conference expenses		(154,693)	(120,646)
Audit expense	3	(6,000)	(6,000)
Total expenses		(1,119,118)	(970,670)
Surplus before income tax		1,637	208,345
Income tax expense	4	-	-
Surplus for the year		1,637	208,345
Other comprehensive income after income tax:			
Transfers from/(to) reserves	12	39,187	(103,400)
Total comprehensive income for the year		40,824	104,945
Total comprehensive income attributable to members of the entity		40,824	104,945

The accompanying notes form part of these financial statements





Statement of financial position

as at 31 December 2017

	Note	2017 \$	2016 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	1,129,556	1,190,763
Receivables	6	86,753	51,151
Other assets	7	61,320	57,252
TOTAL CURRENT ASSETS		1,277,629	1,299,166
NON-CURRENT ASSETS			
Property, plant and equipment	8	-	481
TOTAL NON-CURRENT ASSETS		-	481
TOTAL ASSETS		1,277,629	1,299,647
LIABILITIES			
CURRENT LIABILITIES			
Payables	9	42,840	52,098
Provisions	10	4,119	9,797
Other liabilities	11	541,747	561,455
TOTAL CURRENT LIABILITIES		588,706	623,350
NON-CURRENT LIABILITIES			
Provisions	10	10,989	-
TOTAL NON-CURRENT LIABILITIES		10,989	-
TOTAL LIABILITIES		599,695	623,350
NET ASSETS		677,934	676,297
EQUITY			
Retained earnings		613,721	572,897
Reserves	12	64,213	103,400
TOTAL EQUITY		677,934	676,297

The accompanying notes form part of these financial statements

Statement of changes in equity

for the year ended 31 December 2017

	Reserves	Retained Earnings	Total Equity
	\$	\$	\$
Balance at 1 January 2016	-	467,952	467,952
Transfer 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
Transfers from reserves	(39,187)	-	(39,187)
Surplus attributable to members of the entity	-	40,824	40,824
Balance at 31 December 2017	64,213	613,721	677,934

Statement of cash flow

for the year ended 31 December 2017

	Note	2017	2016
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members and customers		1,147,721	1,310,175
Payments to suppliers and employees		(1,234,227)	(1,128,548)
Funds received		-	103,400
Interest received		25,299	23,345
Net cash generated from operating activities	19	(61,207)	308,372
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		-	-
Net cash used in investing activities		-	-
Net increase in cash held		(61,207)	308,372
Cash and cash equivalents at beginning of financial year		1,190,763	882,391
Cash and cash equivalents at end of financial year	5	1,129,556	1,190,763

The accompanying notes form part of these financial statements





Notes to the financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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 the date of signing this report 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.

- 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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.

i. Provisions

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

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.
- Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:
 - AASB 9: *Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).
- The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.
- The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.
- Although the directors anticipate that the adoption

These notes form part of the financial statements





NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8: *Amendments to Australian Accounting Standards – Effective Date of AASB 15*).
- When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a Limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.
- The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:
 - identify the contract(s) with a customer;
 - identify the performance obligations in the contract(s);
 - determine the transaction price;
 - allocate the transaction price to the performance obligations in the contract(s); and
 - recognise revenue when (or as) the performance obligations are satisfied.
- The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.
- Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements,

it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases and related Interpretations*. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 2014-3: *Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations* (applicable to annual reporting periods beginning on or after 1 January 2016).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	\$	\$
NOTE 2: REVENUE		
Operating Revenue		
— Membership fees	627,109	665,709
— National conference	297,872	203,882
— Education and meetings	128,219	117,137
— Other revenue	26,886	30,010
— Financial Literacy Grant	5,000	-
Total Revenue	1,085,086	1,016,738

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
— computer equipment	481	1,075
Total depreciation and amortisation	481	2,340

Employee benefits expense	557,878	487,859
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Other operational expenses:

Education and meetings	116,514	91,601
Legal expenses	660	-
Newsletter	82,789	90,038
General and administration expenses	132,153	125,366
IT infrastructure	19,991	10,073
	352,107	317,078

Rental expense on operating leases

— Minimum lease payments	47,959	36,747
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Auditor Remuneration

— audit services	6,000	6,000
— other services	-	788
Total Auditor Remuneration	6,000	6,788

These notes form part of the financial statements





NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 4: TAX EXPENSE

a. The components of tax (expense)/income comprises:

- Current tax
- Deferred tax

2017	2016
\$	\$

-	-
-	-
-	-

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 27.5% (2016: 30%):

450	62,507
-----	--------

Add:

Tax effect of:

- other non-allowable items
- losses not brought to account as a deferred tax asset

282,988	255,835
8,407	15,135

Less:

Tax effect of:

- deductible expenses
- non-assessable income

(431)	(1,992)
(291,424)	(331,485)

Income tax attributable to entity

-	-
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c. Available tax losses

322,193	291,611
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Tax losses are available for non mutual income to the extent that it exceeds non mutual deductible expenses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	\$	\$
NOTE 5: CASH AND CASH EQUIVALENTS		
CURRENT		
Cash at bank	113,788	405,818
Cash on deposit	1,015,768	751,827
Funds in transit from NAB	-	33,118
	<u>1,129,556</u>	<u>1,190,763</u>

NOTE 6: RECEIVABLES

CURRENT		
Sundry Debtors	79,688	42,900
Interest receivable	7,065	8,251
	<u>86,753</u>	<u>51,151</u>

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NOTE 7: OTHER ASSETS

CURRENT		
Bank Guarantee	-	25,285
Bonds Paid	11,300	300
Prepaid operating expenses	50,020	31,667
	<u>61,320</u>	<u>57,252</u>

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

Office equipment:		
At cost	11,541	11,541
Less accumulated depreciation	(11,541)	(11,541)
	<u>-</u>	<u>-</u>
Computer equipment:		
At cost	8,224	8,224
Accumulated depreciation	(8,224)	(7,743)
	<u>-</u>	<u>481</u>
Total property, plant and equipment	<u>-</u>	<u>481</u>

These notes form part of the financial statements





NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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:

	Office Equipment \$	Computer Equipment \$	Total \$
2016			
Balance at the beginning of the year	1,265	1,556	2,821
Additions at cost	-	-	-
Depreciation expense	(1,265)	(1,075)	(2,340)
Disposals	-	-	-
Carrying amount at the end of the year	-	481	481
2017			
Balance at the beginning of the year	-	481	481
Additions at cost	-	-	-
Depreciation expense	-	(481)	(481)
Disposals	-	-	-
Carrying amount at the end of the year	-	-	-

NOTE 9: PAYABLES

CURRENT

Trade Creditors		26,369	16,323
Accruals		6,680	6,000
Other Creditors		9,791	29,775
	9a	<u>42,840</u>	<u>52,098</u>
a. Financial liabilities classified as payables			
Payables:			
— total current		<u>42,840</u>	<u>52,098</u>
Financial liabilities as payables	17	42,840	52,098

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

		2017	2016
			\$
NOTE 10: PROVISIONS			
CURRENT			
Annual leave	10a	4,119	9,797
NON-CURRENT			
Long Service Leave	10a	10,989	-
		Employee Benefits	Total
a.		\$	\$
Analysis of total provisions:			
Opening balance at 1 January 2016		9,797	9,797
Additional provisions raised/(used) during year		5,311	5,311
Balance at 31 December 2017		<u>15,108</u>	<u>15,108</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.

	2017	2016
	\$	\$
Membership fees in advance	440,645	430,645
Advertising revenue in advance	750	-
Conference income in advance	637	19,210
Sponsorship received in advance	99,000	111,600
Unallocated membership payments	715	-
	<u>541,747</u>	<u>561,455</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 2017 income) at 31 December 2017.

	2017	2016
	\$	\$
Opening Balance	103,400	-
Transfer (from) / to reserves	(39,187)	103,400
Closing Balance	<u>64,213</u>	<u>103,400</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 enhanced accessibility to member services.

These notes form part of the financial statements



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 13: CAPITAL AND LEASING COMMITMENTS

Operating Lease Commitments

Payable — minimum lease payments:

	2017 \$	2016 \$
— not later than 12 months	60,400	43,695
— later than 12 months but not later than five years	116,896	-
	<u>177,296</u>	<u>43,695</u>

- a. The property lease commitment is non-cancellable operating leases contracted for but not capitalised in the financial statements. The current lease in Elizabeth St Sydney expires in October 2020.

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:

	2017 \$	2016 \$
CEO (commenced 27 February 2017)	151,385	-
Other key management personnel compensation	<u>224,682</u>	<u>230,000</u>
	<u>376,067</u>	<u>230,000</u>

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.

	2017 \$	2016 \$
Payments to Cowlcorp Pty Ltd, a company owned by a director's spouse, for consultancy services (services ceased on 29 February 2016)	-	19,600

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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	2017 \$	2016 \$
Financial assets			
Cash and cash equivalents	5	1,129,556	1,190,763
Receivables	6	86,753	51,151
Total financial assets		<u>1,216,309</u>	<u>1,241,914</u>
Financial liabilities			
Financial liabilities at cost:			
— Payables	9a	42,840	52,098
Total financial liabilities		<u>42,840</u>	<u>52,098</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	1,637	208,345
Non-cash flows in surplus:		
Depreciation and amortisation	481	2,340
Movement in lease incentive	-	(1,555)
Changes in assets and liabilities:		
Decrease/(increase) in receivables	(35,602)	14,527
(Increase)/decrease in prepayments	(4,068)	(23,103)
(Decrease)/increase in payables	(9,259)	(12,256)
(Decrease) in provision	5,311	(5,516)
Increase in income in advance	(19,707)	125,590
Net cash generated from operating activities	<u>(61,207)</u>	<u>308,372</u>

NOTE 20: ENTITY DETAILS

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

Australian Shareholders' Association Limited
Suite 11, Level 22, 227 Elizabeth 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 2017 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.
 - a. This declaration is made in accordance with a resolution of the Board of Directors.

Directors' signatures

Diana D'Ambra (Director)

David Fletcher (Director)

Dated this 27th day of February 2018

**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 2017, 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.

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 2017 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 2017, 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:

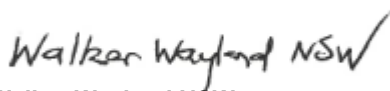
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a 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.


Walker Wayland NSW
Chartered Accountants


Wali Aziz
Principal

Dated this 2nd day March 2018, Sydney



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