



Australian Shareholders' Association

EMPOWERING RETAIL SHAREHOLDERS



4,818

members

537

member
meetings

\$3.8b

proxies
by value

168

ASX companies
monitored

14

educational
seminars
held

329

national
conference
delegates

16

submissions,
policy and
position
papers

\$1.3m

revenue
from all
sources

2019 IN NUMBERS

Our Purpose

We exist to provide a voice for, and improve the financial wellbeing of, Australian shareholders and investors.

Our Mission

Our mission is to be the pre-eminent representative voice of retail shareholders in the market and to build a thriving robust retail shareholder sector.

We empower shareholders through shaping public policy, improving corporate governance, and providing access to educational resources.



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CHAIRMAN'S REPORT

The unexpected happens. On 26 November 2019 a fifty-tonne tree fell on my house. This resulted in six rooms needing to be replaced. Why did it happen? A freak weather event. What do you do? You make sure you have a good insurance policy (as we did), then move out, buy new things and rebuild.

Are we in the midst of a Covid-19-led market crash? Perhaps. If not, don't worry because one day soon (could be next week, next month, next year or in five years) the share market will have another major downturn, which will be called a "crash". Why? Because it always does, and it is always unexpected. The market goes up and the market goes down. What do you do? Attend ASA seminars, webinars, the investment groups, ASA Conference, read our website or Equity magazine. Such activities can help to diversify a portfolio and if you have educated yourself enough and followed the advice you will probably have some cash left over for buying opportunities.

At the 2019 AGM I said ASA would be in profit but we had a loss of \$49,869. Why? At the end of June our CEO of two-and-a-half years, Judith Fox, resigned. In November our Operations Manager of eight years, Silvana Eccles, resigned. We then appointed a new CEO, who after a few weeks, the board and she decided that this was not a marriage made in heaven, so we parted company. All of these events cost us money and some actions that were budgeted for weren't able to take place. Additionally, the Financial Literacy program (albeit a giant PR success which resulted in no financial loss) drained the office of its time and resources. Most importantly, the activities planned to increase membership vanished. Therefore, the budgeted member revenue of \$770,000 became \$649,434. This was only slightly better than 2018's figure of \$627,400. The actual membership result of a slight increase was very satisfying even though it was below budget projections. What did we do? Fortunately, because of the skilful provisioning of previous boards our shareholders funds of \$530,344 was strong.



The loss, while disappointing, was not something that will affect us materially.

Happily, ASA's unique monitoring function was not affected. It remains something that we take great pride in and it continues to gain us respect and admiration from most people involved in the Australian share market. Unfortunately, the 2019 disruptions interfered with our planned proxy drive. Although we still had a proxy dollar value of \$3.8 billion (up almost 4% on 2018), the actual number of proxies received fell to 43,563 (down 5% on 2018). Proxies are both an important component of ASA's gaining access to ASX-200 Chairmen as well as an important factor in increasing the media's interest in ASA. As proxies are ASA's lifeblood, be assured this issue will be addressed in 2020.

The 2019 ASA Investor Conference, although marginally down in attendance, was from a financial and membership-enjoyment viewpoint our most successful ever. The second year of the Listed Investment Company (LIC) seminar proved again to be a great success. Unfortunately, the ETF seminar last February was not as popular. However, we developed our first online training program called "Investing 101" for new investors. Although it looks great and tested well, sales were poor, due for the most part, to a lack of marketing. We increased the number of webinars ASA offers and are pleased with the growth in numbers of people being educated in this manner.

Our nationwide investor local group meetings have continued to be the backbone of our successful member engagement. On average, we have over 40 of these member meetings each month with around 1,000 members attending. In order to continue building on the success of

these groups we sponsored a series of convenor days so the facilitators could meet with other convenors and share ideas on making their groups even more successful.

One of the major areas that was disrupted by last year's departures was the preparation of the 2020 Investor Conference. However, due to a great deal of hard work from everyone, the Investor Conference program is strong. It features our highest number of those-who-actually-do CEOs and former CEOs of ASX-listed companies as presenters. At the time of writing, delegate registrations are running ahead of last year's figures. As to plans for strengthening our investor groups, revitalising our online forums, increasing educational offerings and any other new initiatives, I leave it to our new CEO, John Cowling, to progress further.

The 2019 team change, while unfortunate and disruptive, provided us with a great opportunity to move forward with a new CEO, new staff and a great level of renewed energy. One of the new team's main tasks will be to build on last year's work of attracting more non-members to our events, the success of which resulted in the 2019 LIC seminar having the highest attendance of non-members ever achieved.

Last year we spent money and time experimenting with digital advertising. Now that we have employed more specialised skills in the office, we will be able to substantially increase our actions in this area. This will also focus on stronger ASA branding and targeted coordinated marketing efforts to increase our membership base and revenue streams.

Towards the end of last year we introduced new family and joint rates. I am pleased these have started to gain interest and acceptance. As the cost of ASA membership is very low compared to similar offerings, there was some discussion around increasing membership rates. However, it was felt to be more important to talk more with members, discover what you are looking for and provide even more value to your subscription prior to looking at any change.

We are building an even better Australian Shareholders' Association. However, it is not an overnight project. It will take time, and with your assistance and input we can make our organisation the one everyone wants to be part of.

Please feel free to contact me at any time.



ALLAN GOLDIN

CHAIRMAN

e: allangoldin@asa.asn.au





CEO'S REPORT

It is a great honour for me to be appointed CEO to help build ASA's important next chapter.

I am fortunate to bring to the role my personal experience as a member, a monitor, a state committee member and a discussion group convenor.

In this light, I can truly appreciate the significant contribution and service our 240 strong volunteers bring to the membership of the ASA. Without their commitment to help other members protect their wealth, the association would not be able to function.

Although ASA is only a small organisation, without a doubt it hits well above its weight in

representing retail shareholders. Our S&P/ASX200 company monitors and meeting convenors combined spend many thousands of hours volunteering to provide services for our members and the public more generally.

ASA members and retail shareholders repay this work by trusting ASA to vote their proxies at company Annual General Meetings. Last year alone over 40,000 individual proxies were given to ASA. This represented shares worth over \$3.8 billion. Furthermore, ASA attended 247 Annual General Meetings on behalf of retail shareholders.

The total market capitalisation of the S&P/ASX200 is around \$2 trillion. That is the value of the brief over which ASA volunteers are watching, so that executives and directors know if they govern companies poorly, ASA will call them out and hold them accountable.

It is not just ASA members who benefit from this vigilance. All retail shareholders, be it directly or through investment in superannuation and investment funds, all gain from our association's volunteer work.

Directors

The Board is a mix of directors from the membership base and independent or external directors, all of who generously provide their skills and guidance on a volunteer basis.

Ensuring members' voices are heard in directing the association is vital, as are the professional skills brought by all the independent directors. As CEO, I rely on the marketing and strategic skills of Alison Buxton and the strong financial background of David Fletcher.

This mix of internal and external viewpoints gives ASA a unique governing body able to balance the needs of members and the wider financial community.

All directors participate in managing the risks facing our association and establishing the strategy for ASA, and I am excited about the challenges they have set me for 2020 and beyond.

The Chairman explained in his report the staff changes that occurred in 2019. The Board has the responsibility for ensuring the association has a strong executive, sound policies and a member- focused culture. We believe the steps taken at the end of FY 2019 have met these objectives.

Company Monitors

Without a doubt, ASA's vigilance over director and CEO remuneration have put a brake on excesses experienced by other countries' capital markets. Admittedly the Australian culture frowns on the excesses we see in other markets.



However, our sixty years of market commentary and putting a spotlight on the issue of executive and board pay has played an important part in this restraint.

We estimate the top 200 ASX companies paid their CEO's a combined remuneration of \$900 million in 2019 and their directors combined fees around half of that, \$450 million. Without constant review and commentary on these payments by ASA monitors who knows what the figures would be? Certainly not lower.

Our vision "to stand up for retail shareholders" is our company monitors' mandate and we can't thank them enough for their work. They represent the reason why we exist and the values we encourage and foster in Corporate Australia: integrity, accountability and service leadership.

State Committees and Convenors

People join ASA to achieve tangible results from belonging to the association. A key benefit is to meet with other members on a regular basis and share knowledge and insights. Not only does joining discussion groups and educational events provide plenty of investment ideas to consider, it also often provides cautionary lessons on how to avoid investment losses.

State Committees organise such events and support the convenors who lead the discussion groups. They also seek and welcome new members to our association to ensure it remains financially sustainable.

The volunteer convenors provide over 25,000 hours of face-to-face instruction, discussion and education to our members. In addition to helping members improve their investing skills these forums are not only entertaining, they provide convivial social contacts and foster lifelong friendships.

Our vision "to help members become better investors" is the convenors mandate and we thank them for their work and service in sharing their knowledge.



Volunteers

Directors	6
Monitors	116
CMC Chairs meetings	6
Monitor Committee meetings	111
State Chairs meetings	6
State Committee meetings	30
Discussion groups	55
Post assistance	5
Event helpers	14
Conference helpers	6
Total	213

VOLUNTEERS

The board, staff and members of ASA acknowledge the contribution of the following member volunteers during 2019 (including 27 volunteers retiring during the year):

ACT

Peter Barker
 Brian Blackburn
 Robert Cason
 Sonja Davie
 Dianne Diprose
 Ian Gardner
 John Green
 David Happold
 Elton Ivers
 Lachlan Lewis
 John O'Callaghan
 Roger Penhale
 Rodney Peters
 Ed Roberts
 Jill Roberts
 Bevan Staier
 Jane Strang
 Richard Williams
 Eden Zanatta

NSW

Don Adams
 Chandra Agnihotri
 David Allen
 Ian Anderson
 Roger Ashley
 Meg Bannigan
 Gary Barton
 Patricia Beal
 Kerrie Bible
 Lyn Booth
 Colin Broad
 Nick Bury
 Michael Campbell
 John Cowling
 Bob Craig
 Mary Curran
 Diana D'Ambra
 Babette D'Arcy
 Warren Dennis
 Lisa Dunphy
 Sue Erbag
 Elizabeth Fish
 David Fletcher

Judith Freckman
 Robert Fuller
 Douglas Gannon
 Allan Goldin
 Lewis Gomes
 Ian Graves
 Geoff Hansen
 Martin Hope
 Sue Howes
 Rex Hunter
 David Jackson
 Rod Jeffery
 Karen Kundicevic
 Philip Laird
 Joan Lampe
 Harvey Langford
 Carol Limmer
 Alan Lowe
 Helen Manning
 Richard Manuell
 Linda Martin
 Richard McDonald
 Mei McGlynn
 Orlene McKinlay
 Peter Metcalf

Julieanne Mills
 Helen Muir
 Pamela Murray-Jones
 John Nesbitt
 Michael O'Loughlin
 Geoffrey Orrock
 Wayne Parry
 Alfred Pensini
 Sue Peters
 Ann Phillips
 Roger Pinferi
 Bill Radley
 Robert Ratcliffe
 Estelle Renard
 Les Renfrey
 Brian Roberts
 Ian Sellers
 Margaret Thorn
 Rob Turner
 Patricia Waley
 Raymond Wheeler
 David Woodside
 Tina Wu
 Joyce Yong

**QLD**

Noel Ambler
 Kelly Buchanan
 John Collins
 Bill Dodd
 Jill Douglas
 Ron Gordon
 Pauline Gordon
 Alison Harrington
 Steven Mabb
 Don Matthews
 Peter McNally
 Sally Mellick
 Bryan Moore
 Damien Parker
 Mike Sackett
 Lee Sackett
 Mike Stalley
 Kevin Stiff
 Alan Stubbs
 Graeme Thistlethwait
 Elizabeth Tilbrook
 John Troy
 Raema Troy
 Shirley Watson

SA

Hans Bailiht
 John Connell
 James Hahn
 Malcolm Holden
 Malcolm Keynes
 Cynthia Loh
 Brad Martin
 Des Moriarty
 Kevin Parken
 Keith Potts
 Robert Ritchie
 Bea Te
 Ken Wakeman
 Genevieve Ward
 John Worthley

TAS

Ian Chalk
 Ian Day
 Andrew McMahon

VIC

Peter Aird
 Margit Alm
 Peter Bacon
 Geoffrey Bowd
 Ross Bradbury
 Thomas Braun
 Stewart Burn
 Robin Burrows
 Alison Buxton
 Laurence Cahill
 Brian Chapman
 Betty Clarke-Wood
 Jason Cole
 Colleen Coope
 Barbara Crook
 Ian Curry
 Marie Elliot
 Claudio Esposito
 Paul Fanning
 Geoff Forryan
 Gill Fryatt
 Jack Fryer
 Lindsay Gordon
 Bill Grint
 Hans Ha
 Alan Hardcastle
 Maree Harris
 Graeme Hawkins
 Christine Haydon
 Raymond Hemphill
 Sally Holywell
 Don Hyatt
 Barbara Kilfoyle
 Heather Knight
 Lyall Knight
 Robert Koop

Christine Lai
 Belinda Leyland
 Stephen Mayne
 Brian McCarthy
 Rod McKenzie
 Noel Miller
 Brett Morris
 Gavin Morton
 Michael Muntisov
 Graham Neal
 Jacques Nicolas
 Michael O'Keeffe
 Steven Oon
 Jennifer Overington
 David Parkinson
 John Parrott
 Eric Pascoe
 Sandra Pearce
 Michael Perry
 Donald Pitkethly
 Neville Radcliffe
 Tom Rado
 Peter Rae
 Paul Rankin
 Adam Raymond
 Oliver Raymond
 Mike Robey
 Mark Rodrigues
 Duncan Seddon
 Sue Shields
 Dennis Shore
 Adrienne Skarbek
 Patricia Smith
 Julie Spragge
 John Spragge
 Henry Stephens
 Barbara Tadich
 Frank Thompson
 Ian Thomson
 Stephen Van Emmerik
 Dawn Vanderhorst
 John Virgona
 Norm West
 John Whittington

WA

Peter Adams
 Ian Berry
 Kevin Bowman
 David Brooke
 John Campbell
 Geoff Corrick
 Alan Dickson
 John Ferguson
 Geoffrey Field
 Lorraine Graham
 Bob Kelliher
 Chris Klisc
 Bernie Masters
 Anthony McAuliffe
 Keith Mellis
 Derek Miller
 Barry Nunn
 Lloyd Phillips
 Wayne Platt
 Geoff Read
 Len Roy
 Peter Scales
 Geoff Sherwin
 Peter Tallentire
 Stephen Weston
 Joe Yozzi
 Nafisa Zoeb



\$2 trillion

the total market capitalisation
of companies our volunteers
monitor on behalf of Australian
retail shareholders

\$3.8 billion

in proxies based on our volunteers'
unpaid work monitoring
Corporate Australia and
assisting in corporate
governance

HIGHLIGHTS

ADVOCACY

FIONA BALZER

Our association plays an important role in providing input to the development by government and regulatory body policies. We made ten submissions to formal enquiries in 2019 and these are listed on the association's website.

Our representatives and I also attend a number of panels and committees dealing with regulations over capital markets and ASA remains the main voice of retail shareholders in these bodies. In this work, often technical in nature, we always represent the interests of our members so that retail shareholders are protected in the development of complex new rules and regulations.

Of particular concern in the coming year will be the changes occurring at the ASX. It will be our job to ensure such changes are not prejudicial.

ASX plans to replace its CHES system, which delivers key post-trade settlement services for the Australian Securities Exchange, and this involves building out two core components: a replacement application for the CHES system that will support a distributed network of nodes (similar to "blockchain"), and the underlying infrastructure platform that will support its operation.

This application will use Digital Asset Modeling Language (DAML) and will deliver the existing CHES functionality, as well as supporting many new features requested by market participants.

We will be watching closely so that retail shareholders, especially those who are do-it-themselves investors, are protected.

MONITORING

FIONA BALZER

The four focus areas covered by our monitors during 2019 were:

1. Board composition and directors' skills;
2. Remuneration disclosure;
3. Skin in the game; and
4. Shareholder participation.

Company monitors held meetings with the chairs of 83% of monitored companies and met with a non-executive director other than the chairman of a further 5% of monitored companies.

Provision of actual remuneration and allocation of LTI awards using face value of shares have been focus issues for ASA for a number of years and it is pleasing to see the majority of S&P/ASX200 companies now

meeting that expectation. We note that skin-in-the-game statistics have slipped. This appears to be associated with the smaller companies joining as member companies of the S&P/ASX200 and shows the importance of maintaining the focus issues.

ASA opposed the remuneration reports of a total of 41 companies in 2019 (55 in 2018), representing approximately 25% 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; the figure was 18 in 2018). ASA voted against the remuneration report for seven of these 15 companies (2018 was 9 out of 18). An additional 31 (2018: 22) monitored companies received a protest vote of more than 10%.

Details of the number of companies monitored, proxies gathered and ASA attendance at AGMs is contained in the Five-Year Summary on page 15.

After a very busy 2018 lobbying for changes to Labor's proposed franking credits policy, and following the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, we are pleased both matters were resolved in favour of the retail investor.

Our voice on the franking issue was clearly heard and our submission to Commissioner Hayne was one of over 10,000 submissions he received.

Commissioner Hayne submitted his final report to the Governor-General on 1 February 2019 and the final report was tabled in Parliament on 4 February 2019.

This report has had significant impact on the way financial institutions and boards of directors behave and we have all seen the fallout of the Royal Commission throughout 2019 and into 2020.

It is notable that four findings were:

1. Management often operated outside the board's approved risk appetites;
2. Boards often failed to take ownership of the information they were receiving in their board packs;
3. Remuneration structure supported bad behaviours;
4. Often, Board Risk Committees were not holding executives to account.

Key findings of the Royal Commission were:

- Customer's lack of knowledge and power allowed banks and other entities to act as they did.
- Intermediaries often acted in the interest of the provider not the customer.
- Financial entities that broke the law were not held to account by regulators and company boards.

Monitors will be following and examining these issues during 2020.

MEMBERSHIP

VISHAD SHARMA

Like other non-profit associations it has been a challenge to grow our membership base during 2019 and total membership has been mostly static over the past five years. Steps are being taken to address this and these efforts will continue during 2020. You can help by spreading the word among your friends and associates.

New membership initiatives including joint and family membership were introduced in 2019 and they have successfully attracted growing interest from our members.

Membership will also be promoted through a number of new marketing channels (social media) over 2020 as part of a stronger marketing effort.

The trend of younger investors to avoid permanently joining organisations and to have more flexible participation options, has been recognised and will be reflected in our marketing and education programs in 2020. The idea of introducing younger investors to some of our benefits through the organisation of additional partnered events will be tested.

Staff departures and budget disruptions have led to us curtailing some of our educational offerings in the first half of FY2020. Monthly webinars will be reinstated, as will other event offerings that continue to educate and engage our members. The nature of this work is still being decided, and all staff are working towards enabling better member services with a long-term view of maintaining sustainable services, helping members to become better investors.

With the ASA National Conference taking place in May 2020, staff members have been concentrating on getting the right mix of speakers and sponsors to ensure that members who can attend benefit through their participation. An additional push has been created to market to non-members who can join our member cohort and understand how ASA can benefit them.

Together, these initiatives are intended to build a strong revenue base that can then be funnelled into creating better offerings for members of our organisation. Steps are also being taken to provide our members with access to not just what ASA has to offer but also to third-party resources that can enable them to manage their investments better.

Our new website continued to settle down during the year and we have

received positive feedback that most members now find it easier and quicker to use. There will be more refinement of the website in 2020 to ensure ease of use, and to attract a younger membership cohort.

For members challenged by the technology, please remember we have a telephone response commitment to reply to all calls within one business hour if you can't get through when you first ring and you leave a message.

EQUITY magazine remains a firm favourite with members, and this is a credit to former editor Silvana Eccles. With eleven issues each year we aim to both educate and amuse members, as well as provide details of meetings and upcoming events. This benefit alone justifies the cost of membership according to many members.

EVENTS & MEETINGS

KRISTINE NUNEZ

Although the annual conference is our flagship event and attracts some 350 delegates, it is secondary to the 1000-plus members who attend our 49 discussion groups each month.



The annual conference is an important convention where members immerse themselves in two solid days of investment education and networking with peers. Many have found great value in having a support network of peers. The opportunity to form new friendships and the value of having someone to share their investment journey with, lasts well after the conference is concluded.

The 2019 conference was a great success, attracting new members, top-ranking presenters and many sponsors, who demonstrated their investment products to attendees. We are committed to ensuring that members gain positive investment outcomes from attending our events, and we will continue this, with the vision of the 2020 conference being "achieving your investing vision".

Likewise, we presented a series of seminars and webinars during 2019 to enhance member knowledge and skills. Of note was the LIC Showcase series we ran in October in Sydney, Melbourne and Brisbane that attracted a large number of non-members.

Our digital offering has significantly evolved during 2019 and this is aimed at directly helping members to become better investors. The offering includes videos, podcasts, an online forum and a section on the website entitled "Investor Journey".

FINANCE

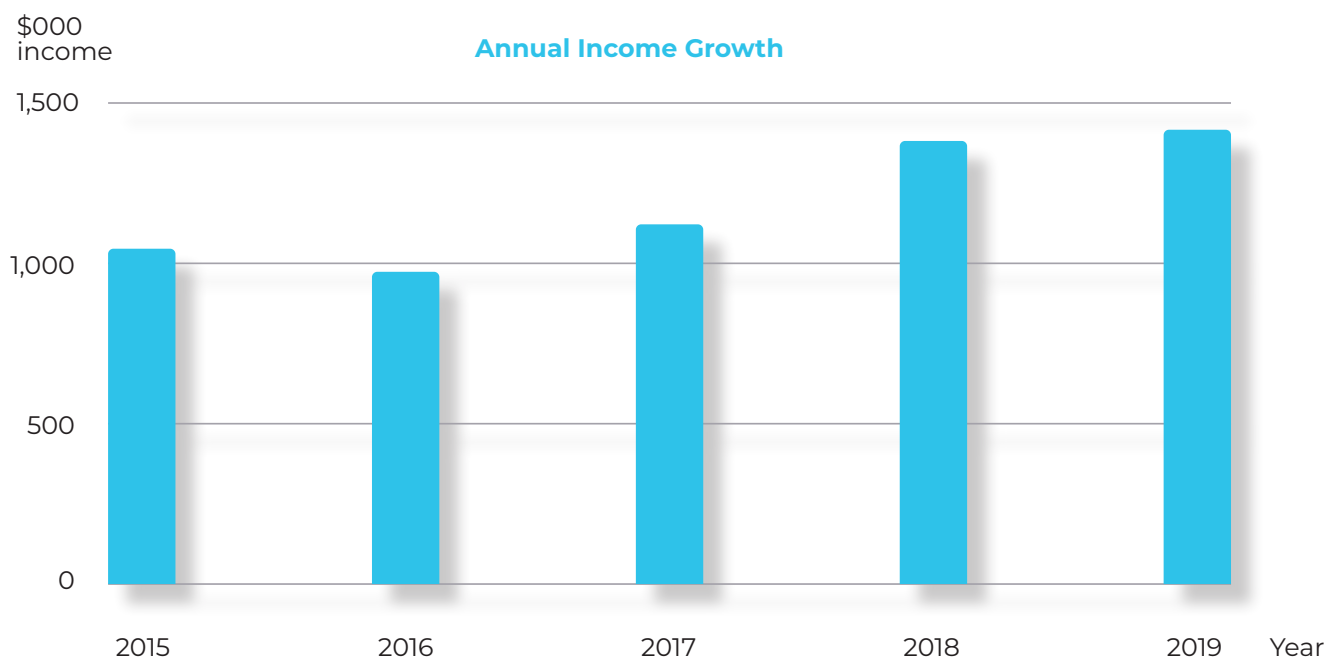
SARINA DEVI

2019 saw the disruption of changing CEOs which stalled some programs and duplicated some costs within the organisation.

The year also saw the completion of the Financial Literacy Australia pilot project. This initiative is an essential project which helps women (especially those over 50 years old) attain financial literacy but proved how difficult it is to acquire financial skills later in life.

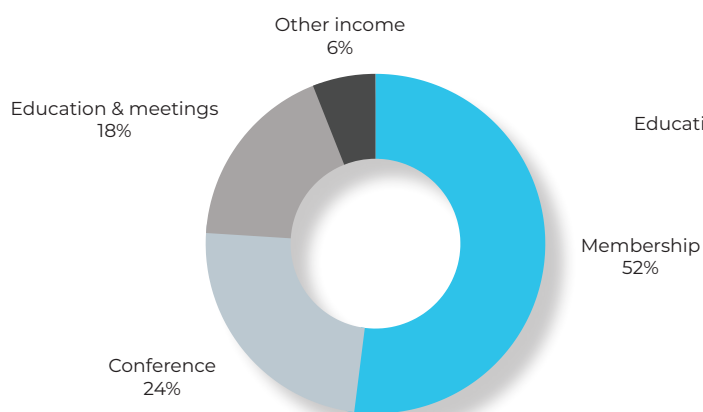
ASA members are aware that such skills are both difficult and time-consuming to attain. However, they are essential if one wants to become financially independent as they involve both intellectual and life skills, as well as common sense.

The financial performance of our association is shown by a series of graphs as follows:

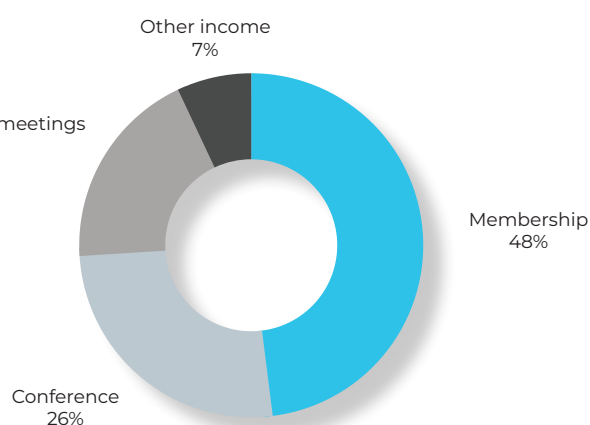


Shown in the graph below, 2019 saw revenue from education, meetings and conference income challenge membership as the primary source of income for ASA. The trend for many younger investors was to select an event "experience" over joining as a member. Such "face-to-face" income now accounts for 45% of revenue (42% in 2018) compared to membership income of 48% (52% in 2018).

2018 Income Analysis



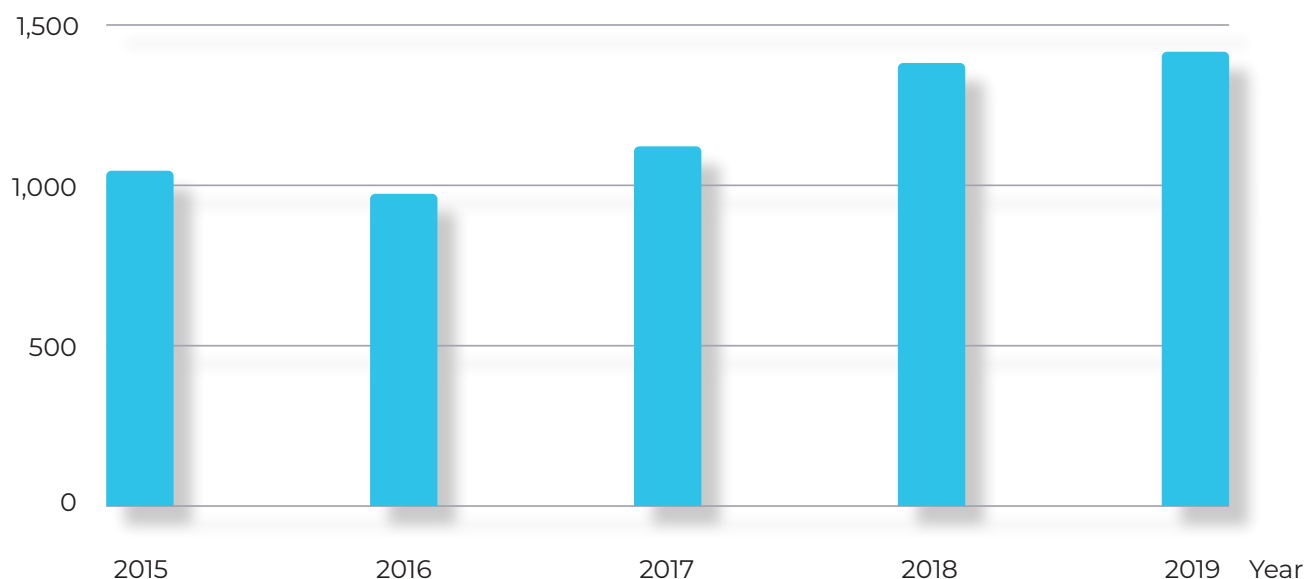
2019 Income Analysis



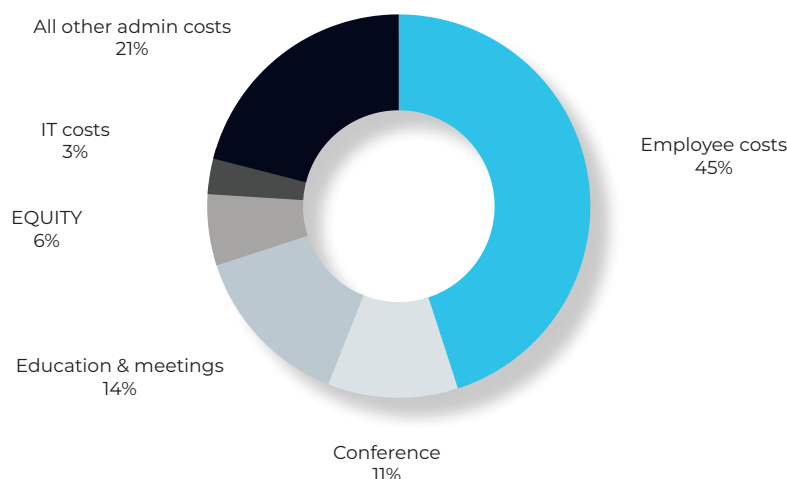
With three main streams of income ASA must now consider how to meet the challenge of the demands from member and non-member participants in 2020 and beyond.

\$000
expenses

Annual Expense Analysis



A tight control over expenses was maintained throughout 2019, with employee costs remaining the major expense at 45% of total costs (42% in 2018). As expected, IT costs came in at \$46,415 (50% less than 2018).



2019 Expenses Analysis

ADMINISTRATION SUPPORT

The National Office in Sydney is grateful for the ongoing support of many volunteers who assist us with organisational and administrative tasks. This helps us keep our costs down, which in turn keeps our membership fees low.

LOOKING TO THE FUTURE

We recognise that ASA has three main cohorts to represent, support and serve:

- Wealth Builders (those starting on their investment journey);

- Wealth Accumulators (mid-way through their journey, balancing investment income while pursuing capital accumulation);
- Wealth Protectors (safeguarding their hard-earned nest egg and living off the income it produces).

Continuing to build on the foundations established by former CEO, Judith Fox, we will continue to provide both structured and unstructured opportunities for members to build their investment knowledge and skills.

We will pursue these opportunities through appropriate avenues from both face-to-face and digital channels to meet the needs of the respective cohort.

JOHN COWLING

CHIEF EXECUTIVE OFFICER

5 YEAR SUMMARY

FINANCIAL PERFORMANCE

	2019	2018	2017	2016	2015
Operating Revenue (\$000)					
Retail membership	535.3	571.0	512.6	557.2	579.6
Corporate membership	114.2	101.4	114.5	108.5	91.4
Total membership fees	649.5	672.4	627.1	665.7	671.0
Education & meetings	259.4	269.5	127.3	116.1	99.6
Conference	348.2	318.4	297.9	203.9	232.5
Other operating revenue	84.0	41.0	32.8	31.1	39.6
	1,341.1	1,301.3	1,085.1	1,016.8	1,042.7
Interest & sundry income	23.0	23.8	35.7	162.3	30.1
Total income from all sources	1,364.1	1,325.1	1,120.8	1,179.1	1,072.8
Expenses (\$000)					
Employee & contractor	635.5	578.4	556.1	485.8	549.2
Rent & depreciation	55.0	60.6	48.4	39.1	32.0
Advertising & promotions	5.7	65.5	9.2	11.9	7.9
Conference	155.9	152.7	154.7	120.6	150.5
Education & meetings	232.7	184.4	116.5	91.6	71.4
IT Infrastructure & software	46.1	90.1	20.0	10.1	18.3
EQUITY magazine	84.3	86.8	82.8	90.0	95.7
General office & admin	198.8	160.3	131.4	121.6	117.6
Total expenses	1,414.0	1,378.8	1,119.1	970.7	1,042.6
Surplus/(Deficit)	(49.9)	(53.5)	1.6	208.3	30.1
Operational Performance					
Retail members	4,753	4,674	4,713	4,833	4,895
Corporate members	65	65	70	70	64
Companies monitored	168	172	174	177	187
Proxy collections	79	31	43	45	31
Monitors	116	111	109	99	94
Value of ASA proxies (\$m)	3,801	3,661	3,963	3,897	3,893
Proxies received (000's)	43.6	45.9	48.1	51.6	55.9
Remuneration Reports voted against	25%	32%	33%	38%	30%
Companies holding AGM voting polls	93%	87%	86%	78%	80%
Annual Conference delegates	329	357	348	263	274
Annual Conference sponsors	26	21	20	16	13
Seminars held	14	14	17	23	15
Membership meeting/discussion groups	55	55	45	46	34
Membership meetings held	537	512	489	406	356

DIRECTORS' REPORT

The directors present this report on the company for the financial year ended 31 December 2019.

DIRECTORS

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

- Allan Goldin, Chair (elected 17 May 2016)
- Alison Buxton (appointed 12 June 2017)
- David Fletcher (appointed 24 October 2016)
- Carol Limmer (appointed 1 March 2019)
- Pamela Murray-Jones (appointed 1 March 2019; retired 31 May 2019)
- Peter Rae (elected 21 May 2019)
- Mike Robey (elected 21 May 2019)
- Andrew Kearnan (appointed 27 February 2020)

EXPERIENCES, QUALIFICATIONS AND RESPONSIBILITIES:

ALISON BUXTON

BCOM (MARKETING) GAICD

Alison joined the board of ASA in 2017. She is a member of the Remuneration & Nomination Committee. 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 of 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

BACC CA GAICD

David joined the board of ASA in 2016 as 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 the retail, wholesale, FMCG and financial sectors. He 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 board in 2016. He was the NSW Company Monitor Chairman from 2012 to 2019, is a member of the Policy Committee and has been an ASA company monitor for 10 years. He was a director of a large ASX-listed company in the 1990s; in addition he has a number of international advertising and public relation awards to his name.

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 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.

CAROL LIMMER

BBUS FAICD FGIA FIML CHAHR

Carol was appointed to the Board on 1 March 2019 and is a member of the Policy Committee.

Carol is currently a non-executive director of The Whiddon Group, a member of its Audit & Risk and Property & Services Committees and was previously Chair of its HR & Nominations Committee and a member of its Governance Committee. She is also a member of the Board Nominations and Remuneration Committee of the Australian Red Cross. Until recently Carol was Deputy Chair of Pyrmont Community (Bendigo) Bank where she is still an adviser. She is a member of Jacksons Landing Pyrmont Community Association and also actively engaged in a range of local community organisations.

Carol has had a long career in the banking/finance industry, including senior executive roles, which has taken in human

resources, public relations, retail banking and involvement in mergers and acquisitions.

Carol has been an ASA company monitor for over 10 years.

PETER RAE

GRAD DIP APP FIN

Peter joined the board of ASA in 2019, and has been a member of the Finance and Audit Committee. He has been a member of ASA for more than 25 years. Since retiring from full-time employment in 2014 he has been actively involved in ASA activities, including company monitoring, contributions to EQUITY, presenting to local groups and assisting in the development of educational programs where he is the educational contact point for the board.

Peter has extensive experience in banking and finance in a career spanning four decades. He has held senior positions in bank balance sheet risk management and securities analysis and has led teams of analysts based in both Australia and Asia.

Peter is highly regarded in the investment industry and has been instrumental in achieving changes that benefit retail investors.

He has been ASA Victorian State Chair since February 2018.

MIKE ROBEY

BSC PHD

Mike joined the ASA board at the AGM in 2019 and is a member of the Policy Committee.

Mike has served as a director of an ICI Credit Union and as an adviser to entrepreneurs in the Fudan Software Park in Shanghai. He started his working life as a research scientist and spent 10 years with ICI in a range of applied R&D areas. He spent a further 18 years in Telstra in various management positions and was the founding COO of Telstra's HK-based mobile operator HKCSL. He returned to Australia to lead Telstra for

the marketing of 3GSM services in Australia and left the company in 2009 to form his own business consultancy.

Mike brings a range of skills to the board, from strategic planning, customer service management in digital businesses, technical management and organisational development to marketing and product management.

He has a PhD in chemical physics from the ANU and was a recipient of the German Government Alexander Von Humboldt fellowship for postdoctoral research in Munich. He has been a company monitor for three years and is currently joint Company Monitoring Committee Chair for Victoria.

ANDREW KEARNAN

BSC HONS, MBA, MAICD

Andrew joined the Board in 2020.

Andrew has thirty years of experience in banking, finance and investment markets and held executive positions across a range of companies including Bank of America Merrill Lynch and Commonwealth Bank of Australia. His past non-executive roles include APRA regulated entities, early stage fin tech companies and the Australian Accounting Standards Board (AASB).

He has a BSc Hons in Biochemistry and Microbiology from the University of Western Australia and an MBA.

Andrew will be seeking election by the members at the AGM in May.

COMPANY SECRETARY

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

Ann Phillips BBus, CPA, AGIA, GAICD is joint company secretary and was appointed to the role on 1 May 2018.

PRINCIPAL ACTIVITIES, OBJECTIVES & STRATEGIES

The principal activities of the ASA during the year were to protect and advance the interests of retail investors, to monitor and improve corporate performance and governance, and to 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 that 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, both now and in 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 Monitoring Committee Chairs and the CEO for the Board strategy meeting in March 2020.

The Board also reviews progress with the strategy at each Board meeting. The process contributes to setting KPIs for the CEO; it is clearly documented and the action plans arising from the strategic plan are reported against at each Board meeting.

A CEO was appointed on 1 January 2020 and is now charged with fulfilling the 2020 strategic plan.



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.

2019 TABLE OF ATTENDANCE

During 2019 attendance by individual directors at meetings they were eligible and entitled to attend is set out in the table below.

	APPOINTED	RESIGNED	NO. ELIGIBLE	NO. ATTENDED
Allan Goldin	17/05/2016	current	5	5
Alison Buxton	12/06/2017	current	5	4
David Fletcher	24/10/2016	current	5	5
Carol Limmer	01/03/2019	current	5	2
Peter Rae	21/05/2019	current	3	3
Mike Robey	21/05/2019	current	3	3
Geoff Bowd	06/05/2015	12/03/2019	1	1
Don Hyatt	08/01/2015	12/03/2019	1	1
Stephen Mayne	17/05/2016	21/05/2019	2	2
Pamela Murray-Jones	01/03/2019	31/05/2019	3	2
Diana D'ambra	17/05/2016	01/03/2019	0	0

BOARD SUBCOMMITTEES

The following are the membership of the Board subcommittees -

Remuneration & Nomination

Chair: Alison Buxton
Members: Carol Limmer and Allan Goldin

Finance, Risk & Audit

Chair: David Fletcher
Members: Peter Rae and Andy Kearnan

Policy

Chair: Mike Robey
Members: Carol Limmer and Andy Kearnan



MEMBERSHIP

Membership increased overall by 1.7% in 2019 to 4,818.

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 the progress between budget and actual results achieved is discussed. 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 deficit from ordinary activities of \$49,869 was made for the 2019 year (2018: \$53,526). Total revenues in 2019 were 2.9% higher at \$1,364,144 (2018: \$1,325,142)

Other revenue received during the year included \$71,094 (2018: \$21,397) from Financial Literacy Australia to run a project assisting women aged 65 and older to gain confidence in financial literacy and decision. The total grant was \$110,186 and will be fully expended during 2020.

Although the result for the year was disappointing, the directors are confident that the small improvement made in 2019 will be further improved in 2020.

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 2019 the association had cash and deposit balances totalling \$1,032,751 (2018: \$1,110,683).

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 report and CEO report section.

EVENTS SUBSEQUENT TO BALANCE DATE

Apart from any as yet undetermined impacts from the coronavirus outbreak (COVID-19), 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 hold 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 22 and forms part of the Directors' Report for the financial year ended 31 December 2019.



ALLAN GOLDIN

Director



DAVID FLETCHER

Director

Dated this 17th day of March 2020, Sydney





Walker Wayland NSW

Chartered Accountants

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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 2019 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
Partner

Dated this 17th day of March, Sydney

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 \$	2018 \$
Revenue from continuing operations:			
Operating revenue	2	1,341,127	1,300,546
Interest income		22,417	23,560
Other income		600	1,036
Total revenue		1,364,144	1,325,142
 Employee benefits expense	3	(635,529)	(584,467)
Amortisation expense	3	(55,000)	-
Occupancy expenses	3	-	(60,600)
General administration expenses	3	(550,302)	(572,945)
Conference expenses		(155,850)	(152,656)
Interest paid – lease liability		(9,132)	-
Professional services	3	(8,200)	(8,000)
Total expenses		(1,414,013)	(1,378,668)
Deficit before income tax		(49,869)	(53,526)
Income tax expense	4	-	-
Deficit for the year		(49,869)	(53,526)
Other comprehensive income after income tax:			
Transfers from reserves	12	(9,550)	(34,645)
Total comprehensive deficit for the year		(59,419)	(88,171)
Total comprehensive deficit attributable to members of the entity		(59,419)	(88,171)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	1,032,751	1,110,683
Trade and other receivables	6	104,711	174,457
Other assets	7	42,990	72,679
TOTAL CURRENT ASSETS		1,180,452	1,357,819
NON-CURRENT ASSETS			
Other assets	7	11,300	11,300
Property, plant and equipment	8	-	-
Right-of-use asset	13	100,835	-
TOTAL NON-CURRENT ASSETS		112,135	11,300
TOTAL ASSETS		1,292,587	1,369,119
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	47,819	55,583
Provisions	10	9,138	16,047
Other liabilities	11	603,343	695,940
Lease liability	13	55,283	-
TOTAL CURRENT LIABILITIES		715,583	767,570
NON-CURRENT LIABILITIES			
Operating lease liability	13	46,660	-
Provisions	10	-	11,786
TOTAL NON-CURRENT LIABILITIES		46,660	11,786
TOTAL LIABILITIES		762,243	779,356
NET ASSETS		530,344	589,763
EQUITY			
Retained surplus		510,326	560,195
Reserves	12	20,018	29,568
TOTAL EQUITY		530,344	589,763

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Reserves	Retained Earnings	Total Equity
	\$	\$	\$
Balance at 1 January 2018	64,213	613,721	677,934
Transfer to reserves	(34,645)	-	(34,645)
Deficit attributable to members of the entity	-	(53,526)	(53,526)
Total comprehensive loss	-	-	-
Balance at 31 December 2018	29,568	560,195	589,763
Transfers from reserves	(9,550)	-	(9,550)
Deficit attributable to members of the entity	-	(49,869)	(49,869)
Total comprehensive loss	-	-	-
Balance at 31 December 2019	20,018	510,326	530,344

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019	2018
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members and customers		1,443,789	1,513,649
Payments to suppliers and employees		(1,535,006)	(1,556,082)
Funds received		-	-
Interest expense - lease liability		(9,132)	-
Interest received		22,417	23,560
Net cash used in from operating activities	19	(77,932)	(18,873)
Net decrease in cash held		(77,932)	(18,873)
Cash and cash equivalents at beginning of financial year		1,110,683	1,129,556
Cash and cash equivalents at end of financial year	5	1,032,751	1,110,683

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 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.

Revenue from conferences is recognised upon completion of the conference.

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 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's 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 Company assesses impairment at each reporting date by evaluation of conditions and events specific to the Association that may be indicative of impairment triggers.

m. Adoption of New and Amended Accounting Policies

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current year.

The following accounting standards have been applied for the first time for the 31 December 2019 reporting period. The Directors' assessment of the impact of these new standards and interpretations (to the extent relevant to the Company) is set out below:

- i **AASB 9: Financial Instruments and associated Amending Standards** (applicable to annual reporting periods beginning on or after 1 January 2018).

The Company has adopted AASB 9 which is effective for annual periods beginning on or after 1 January 2018. The Standard includes revised requirements for the classification and measurement of financial instruments, and revised requirements for financial instruments and hedge accounting. The key changes 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. Other than the upfront accounting of expected credit loss, AASB 9 has had no material effect on the Company's financial report as the Company does not have any financial instruments or undertake any hedge accounting. The application of the upfront accounting of expected credit loss did not result in any material impairment losses for the year ended 31 December 2019.

- ii. **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*).

The Company has adopted AASB 15 which is effective for annual periods beginning on or after 1 January 2018. AASB 15 applies 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 recognises 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. The Company's accounting policies for its revenue recognition is disclosed in Note 1 (a). The application of AASB 15 has not had a significant impact on the financial position and/or the financial performance of the Company.

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

AASB 16 applies to annual reporting periods beginning on or after 1 January 2019. AASB 16 introduces a single lease accounting model that eliminates the requirement for leases to be classified as operating or finance leases. The Company has adopted AASB 16 from 1 January 2019 using the modified retrospective method, therefore no adjustments were made to comparative balances. Set out below are the new accounting policies of the Company upon adoption of AASB 16:

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Lease liabilities

At the commencement date of a lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives received or receivable and variable lease payments that depend on an index or a rate. The lease payments also include the renewal option reasonably certain to be exercised by the Company. The variable lease payments that do not depend on an index or a rate are recognised as expenses in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses an appropriately considered interest rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Significant judgement in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised. The Company applies judgement in evaluating whether it is reasonably certain it will exercise an option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) an option to renew (e.g. a change in business strategy).

Application of this accounting policy to the leases of the Company

Australian Shareholders' Association Ltd lease a commercial premise located at Suite 11, Level 22, 227 Elizabeth Street, Sydney New South Wales 2000. The initial lease term is three years, with the option to extend the lease for a further 12 month period. The impact of adopting AASB 16 was the recognition of a Right of Use Asset (\$155,835) and a Lease liability (\$155,835) on the Statement of

Financial Position at the commencement of the financial year on 1 January 2019. Depreciation on the Right of Use Asset (\$55,000) and lease liability interest expense (\$9,132), have also been recognised for the financial year ended 31 December 2019 as a result of adopting AASB 16.

Impact on the Financial Statements

Impacts on the transition – 1 January 2019

On transition to AASB 16, Australian Shareholders' Association Limited recognised additional right-of-use assets and additional lease liabilities, recognising any differences in retained earnings. The impact on transition is summarised below:

	1 Jan 2019 \$
Right-of-use assets	155,835
Operating lease Liabilities	(155,835)
Retained earnings	-

Lease Terms based on the original agreement are up to 3 years, with an additional option to renew for a further 12-months. Australian Shareholders' Association's incremental borrowing rate applied is 7%.

Impacts for the period – 31 December 2019

As a result of initially applying AASB 16, in relation to the leases previously classified as operating leases, Australian Shareholders' Association recognised \$155,835 right-of-use asset (ROUA) and \$155,835 of lease liability as at 31 December 2019.

	31 Dec 2019 \$
Impact on profit before tax	
Reduction in rent charges	64,132
Depreciation relating to AASB16 leases	(55,000)
Interest charge relating to AASB16 leases	(9,132)
Net impact on profit before tax	-

	2019	2018
	\$	\$
NOTE 2: REVENUE		
Operating Revenue		
- Membership fees	649,434	672,400
- National conference	348,154	318,446
- Education and meetings	259,493	269,491
- Financials literacy grant	71,094	21,397
- Other revenue	12,952	18,812
Total Revenue	1,341,127	1,300,546

NOTE 3: DEFICIT FOR THE YEAR**Expenses**

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

Amortisation:

- Right-of-use asset (AASB 16)	55,000	-
Total amortisation	55,000	-
Employee benefits expense	635,529	584,467
General administration expenses:		
Education and meetings	232,681	204,498
Legal expenses	3,943	4,400
Newsletter expenses	84,345	86,775
Administration expenses	183,281	187,172
IT Infrastructure	46,052	90,100
	550,302	572,945

NOTE 3: DEFICIT FOR THE YEAR (CONT'D)

	2019	2018
	\$	\$
Rental expense on operating leases		
– minimum lease payments	-	60,600
Interest expense – lease liability	9,132	-
Professional services		
– audit services	8,200	8,000
– other services	4,003	-
Total Auditor Remuneration	12,203	8,000

	2019	2018
	\$	\$

NOTE 4: TAX EXPENSE

a.	The components of tax (expense)/income comprises:		
	– current tax	-	-
	– deferred tax	-	-
		-	-
b.	The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows: Prima facie tax payable on profit from ordinary activities before income tax at 27.5% (2019: 27.5%):	(13,713)	(14,719)
	Add:		
	Tax effect of:		
	– other non-allowable items	349,944	348,343
	– losses not brought to account as a deferred tax asset	10,489	9,372
	Less:		
	Tax effect of:		
	– deductible expenses	(553)	(158)
	– non-assessable income	(346,167)	(342,838)
	Income tax attributable to entity	-	-
c.	Available tax losses	402,535	363,845

Tax losses are available for non-mutual income to the extent that it exceeds non-mutual deductible expenses.

	Note	2019	2018
		\$	\$
NOTE 5: CASH AND CASH EQUIVALENTS			
CURRENT			
Cash at bank		122,988	227,173
Cash on deposit	(i)	909,763	883,510
		<u>1,032,751</u>	<u>1,110,683</u>

- (i) Term Deposits are made up of 4 deposits:
- \$276,091 – Maturing 29 April 2020, earning 2.50%
 - \$256,047 – Maturing 05 December 2020, earning 1.20%
 - \$105,833 – Matured 04 February 2020, earning 2.40%. Reinvested for a further 12 months to 04 February 2021
 - \$271,792 – Maturing 29 April 2020, earning 1.55%

Cash on Deposit is considered to be Term Deposits that have a maturity date within 3 months of year end. As all Term Deposits held can be broken at any time with a forfeiture of interest, the Term Deposits held are deemed to be Cash on deposit.

NOTE 6: TRADE AND OTHER RECEIVABLES

CURRENT			
Sundry Debtors		96,800	162,409
Interest receivable		7,911	12,048
	17	<u>104,711</u>	<u>174,457</u>

NOTE 7: OTHER ASSETS

CURRENT			
Prepaid expenses		<u>42,990</u>	<u>72,679</u>
NON-CURRENT			
Bonds Paid		<u>11,300</u>	<u>11,300</u>
TOTAL		<u>54,290</u>	<u>83,979</u>

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

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

	Note	2019 \$	2018 \$
NOTE 9: TRADE AND OTHER PAYABLES			
CURRENT			
Trade creditors		23,840	9,048
Accruals		9,953	8,000
Other creditors		14,026	38,535
	9a	47,819	55,583

a. Financial liabilities classified as payables

Payables:

— total current		47,819	55,583
Financial liabilities as payables	17	47,819	55,583

NOTE 10: PROVISIONS

CURRENT

Annual leave	10a	9,138	16,047
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NON-CURRENT

Long Service Leave	10a	-	11,786
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**Employee
Benefits**
\$

a. Analysis of total provisions:

Opening balance at 1 January 2019	27,833
Additional provisions raised/(used) during year	(18,695)
Balance at 31 December 2019	9,138

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.

	2019	2018
	\$	\$
NOTE 11: OTHER LIABILITIES		
Membership fees in advance	445,900	444,588
Conference income in advance	138,618	179,000
Unallocated membership payments	950	935
Financial literacy grant in advance	17,695	55,733
Education event income in advance	180	15,685
	<u>603,343</u>	<u>695,941</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 2019 income) at 31 December 2019.

	2019	2018
	\$	\$
NOTE 12: RESERVES		
Opening Balance	29,568	64,213
Transfer (from) / to reserves	(9,550)	(34,645)
Closing Balance	<u>20,018</u>	<u>29,568</u>

The reserve relates to funds received from ASIC, which were transferred to a reserve account rather than recognised as revenue in the year the money was received. This was provided from ASIC for the purpose of improving education offerings to members, improve resources to member monitors, and enhanced accessibility to member services. The reserve decreases each year based on the amount spent by the Association on aforementioned educational activities.

	2019	2018
	\$	\$
NOTE 13: RIGHT OF USE ASSET, LEASE LIABILITY		
Right-of-use asset		
At cost:	155,835	-
Less accumulated amortisation	(55,000)	-
Carrying amount	<u>100,835</u>	<u>-</u>
Balance at the beginning of the year	-	-
Additions at cost	155,835	-
Amortisation expense	(55,000)	-
Disposals	-	-
Carrying amount at the end of the year	<u>100,835</u>	<u>-</u>

	2019	2018
	\$	\$
Operating lease liability		
Current	55,283	-
Non-current	46,660	-
	<u>101,943</u>	<u>-</u>

The company has adopted AASB 16: Leases for the first time in the year ended 31 December 2019. Due to this there is no comparative information, as the standard did not apply in the previous financial year. Refer to Note 1 (m) (iii) for details.

Operating Lease Commitments

Payable — minimum lease payments:

— not later than 12 months	-	63,024
— later than 12 months but not later than five years	-	54,080
	<u>-</u>	<u>117,104</u>

- 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.
- The company adopted AASB16: Leases for the year ended 31 December 2019. In doing so, there is no longer an operating lease commitment for future periods. Refer to Note 1 (m) (iii) for details.

NOTE 14: EVENTS AFTER THE REPORTING PERIOD

Apart from any as yet undetermined impacts from the coronavirus outbreak, 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 remuneration for key management personnel (KMP) is:

	2019	2018
	\$	\$
CEO(s)	183,158	180,000
Other key management personnel compensation	214,048	190,635
	<u>397,206</u>	<u>370,635</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.

Directors' transactions with the Association

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

Directors' Remuneration

Directors are not remunerated for their services to the Association.

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

NOTE 17: FINANCIAL RISK MANAGEMENT

The Association's financial instruments consist of deposits with banks, accounts receivable and payable. The totals for each category of financial instruments, measured at cost, are as follows:

	Note	2019 \$	2018 \$
Financial assets			
Cash and cash equivalents	5	1,032,751	1,110,683
Receivables	6	104,711	174,457
Total financial assets		<u>1,137,462</u>	<u>1,285,140</u>
Financial liabilities			
Financial liabilities at cost:			
Payables	9a	47,819	55,583
Total financial liabilities		<u>47,819</u>	<u>55,583</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 loss to net cash generated from operating activities:

Deficit for the year	(49,869)	(53,526)
Non-cash flows in surplus:		
Movement in reserve	(9,550)	(34,645)
Changes in assets and liabilities:		
Decrease/(increase) in receivables	69,746	(87,704)
Decrease/(increase) in prepayments	29,689	(22,659)
(Decrease)/increase in payables	(6,656)	12,743
(Decrease)/increase in provision	(18,695)	12,725
(Decrease)/increase in income in advance	(92,597)	154,193
Net cash used in operating activities	<u>(77,932)</u>	<u>(18,873)</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



DIRECTORS' DECLARATION

The directors of the entity declare that:

1. The financial statements and notes, as set out on pages 23 to 38, 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 2019 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.



ALLAN GOLDIN

Director



DAVID FLETCHER

Director

Dated this 17th day of March 2020, Sydney



Walker Wayland NSW

Chartered
Accountants

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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 2019, 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 2019 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 2019, 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.



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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 skepticism throughout the audit. We also:

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



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

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

Wali Aziz
Partner

Dated this 17th day of March, Sydney

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**AUSTRALIAN
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