

EOA Annual Report Financial Year End

Directors Report & An Overview Of Our
Activities During The Year

30 June 2017



Overview of Employee Ownership Australia

Employee Ownership Australia and New Zealand (EOA) was formed in July 2011 to ensure ongoing advocacy for broad based employee ownership and dynamic workplace participation in Australian and New Zealand companies. It engages with and assists companies that have or aim to implement employee ownership or employee share plans, whilst also being a key advocacy body for broad based employee ownership. EOA is independent and entirely member funded.

EOA is a member-focused, not for profit Public Company, Limited by Guarantee and replaced the Australian Employee Ownership Association, which was formed by 20 companies in 1986. EOA is the only independent, dedicated advocacy and education group in this space in Australia and New Zealand.



- 2017 EOA Annual Conference

EOA's core aims

- a. To be the centre of excellence for companies seeking to implement or support employee share ownership or ESOPs;
- b. To be the voice on employee share ownership issues in Australia and New Zealand;
- c. To encourage research into the productivity impacts of employee ownership;
- d. To encourage government at all levels to develop taxation and other incentives to promote employee ownership; and,
- e. To provide exceptional services to our members.

EOA's Policy Recommendations

- a. The EOA recommends that public policy should be formulated so as to promote broad based employee share ownership based on the following key objectives:
- b. To better align the interests of employees and employers so as to promote employee engagement and productivity in listed companies;
- c. To enhance national savings;
- d. To facilitate and encourage the development of small to medium, privately owned enterprises including start-up companies; and,
- e. To facilitate employee buyouts and business succession.



- EOA August Event EO & Social
Responsibility (Sydney)

EOA's Member Services Include

- a. Regular blogs that help demystify employee share ownership;
- b. Reduced rates for our training programs;
- c. Attendance at the Annual Conference and Awards night;
- d. Free access to a network of like-minded people to exchange ideas, experience and practices;
- e. Access to experienced, specialist advisors for advice on tax, legal, ESOP finance matters;
- f. Access to like-minded HR specialists, company secretaries, workplace relations professionals and employee representatives;
- g. To be an active voice in research and policy work that can be used to influence Government and other decision-makers; and,
- h. Access to our international connections.



- EOA August Event EO & Social Responsibility (Melbourne)

Activities and Business Review

The 2016/7 year was an important one for the EOA with the implementation of a number of key initiatives and consolidation of the organisation's brand name. These are as follows.



Key Reform Agenda

EOA continued to engage with companies around the key changes that are needed to influence and guide their policy conversations with Government and also understand the needs of their members. This has included a survey that was sent to over 200 companies and received 68 companies' responses.



Start-up Community

EOA have had increased engagement with the start-up community and has helped to broaden the knowledge and implementation of recent start-up focused tax law changes. This has included launching a video series where successful founders discussed their employee ownership journeys.



Company Consultations

EOA has had a significant increase in the number of enquiries from SMEs and start-ups looking to implement employee equity plans, and has engaged with, and helped, a number of companies in this process.



Increase Social Media Presence

EOA has continued to create connections and build a greater voice in the social media space globally, including launching a Facebook page.



Government Lobbying for EO Reform

EOA has been in frequent conversations with politicians around some important tax and Corporations Law changes that are still needed in this space; including, the removal of tax at cessation, a CGT concession for retiring business owners, the potential ability for employee ownership to be rolled over into superannuation and the increase in the \$1,000 limit for employee share schemes. Given our role in encouraging employee ownership, we have made a number of submissions throughout the year to ESS and worker owner consultations.



Member Review

Antony McMullen (former Communications and Member Development of EOA) was engaged to review the member value proposition. This resulted in key changes to the membership structure including simplification of the fee structure, an understanding of our core member demographic, improved communication and value bundles for members.



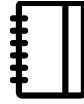
Training & Events

EOA organised training opportunities and events throughout the year culminating in the Annual Conference which was the largest ever yet this year.



Website

The EOA website remains one of the main outlets for disseminating information on employee ownership in Australia and throughout the world. It received upward of 2,000 visitors per month and content is constantly being updated and added to.



Social Enterprise Legal Models Working Group

Hosted by EOA, we launched the Social Enterprise Legal Models Comparison Matrix - which can be found here (<http://www.employeeownership.com.au/social-enterprise-legal-models/>).



Company Research

The Employee Ownership Australia Index and its initial findings have been created and published. The index will be refreshed and updated.



Media

EOA have contributed to the dialogue around EO in the media.



Director Diversity

We have increased the number of Directors, with individuals from companies, advisors, providers, and experts in the field to help EOA grow and progress.



Academic Research

EOA has entered into an agreement with QUT to support a specific postgraduate research project being undertaken by a member who will be investigating the link between productivity and employee ownership in a selected group of Australian SMEs.



- Board Member Benjamin Morris with
Chair Angela Perry at the 2017 EOA
Awards Night



Directors

The names of the directors as at 30 June 2017 are set out below. Current directors together with their biographical details and other information are shown in the Board of Directors page.



Chair

Angela J Perry, LLB, MAICD

Angela is a qualified English Barrister and Australian qualified solicitor. She is also the Chair of Employee Ownership Australia and New Zealand. She was a member of the Board for ShareGift Australia and Down Syndrome Victoria until 2013. She was the Global Head, EPS Business Development and the Executive Client Partnership Program of Link Market Services Limited from 2009 until 2014.

She has over 14 years consulting experience in the fields of equity plan design and executive compensation practice.

This experience was gained in the Australian, Europe, UK and US markets.

Angela has acted for some of the top Australian and UK public and private companies and large internationals in relation to design, implementation and administration of equity plans and equity like products.

In particular, she has advised and implemented global equity plans and short term incentive plans in over 50 countries globally.

In the UK she was part of the HM Revenue & Customs' (formerly the Inland Revenue) consultation process for the New All Employee Share Plan. She has undertaken research for the European commission on the prevalence, reasons for and barriers to employee share plans in Europe. She has worked with the Australian Employee Share Ownership Development Unit in the Department of Employment and Workplace Relations on the getting started kits.

She is passionate about employee ownership and increasing the companies that use it effectively. Angela is also a member of the Prime Minister's Community and Business Partnership Committee.



Benjamin Morris

Ben is an experienced Compensation and Benefits consultant and HR professional. He is currently Co-Head of HR and General Manager, Performance, Reward & HR Operations at Mirvac, an ASX Top 50 company. Previous to this, he was Head of Performance, Executive Compensation and Global Projects for Lend Lease. He has also been a consultant with PwC, Deloitte and Hay Group (where he was the Pacific Practice Leader for Executive Reward). Ben's interest in employee ownership has been developed over many years of assisting companies to design and implement employee share schemes.

Ben is a Chartered Accountant, a Solicitor and a Chartered Company Secretary. In addition to his professional experience, Ben is a published author and an experienced lecturer having taught accounting and law subjects at UNSW and UTS (including teaching in the UTS MBA/Masters program).



Alan Greig

Alan has had a long-standing interest in employee and community ownership dating back to the 1970s. He was the Public Officer of the Australian Employee Ownership Association (AEOA) since its inception in 1986 and was its President until 2011 while driving the establishment of the successor organisation Employee Ownership Australia.

Alan is Director, Ownership Strategies at The Mercury Centre Cooperative Ltd, a cooperative development agency and social enterprise that specialises in building collaborative enterprises through consultancy, research, information, advice and training. At the Mercury Centre, Alan's focus is on participation and empowerment structures which encourage broader involvement in the governance of

organisations and the widespread ownership of assets – for employees through their workplaces and for citizens through mutuals, co-operatives, community trusts and savings schemes. He is also a Director of Social Business Australia.

Alan worked in the NSW public sector for many years in ageing and disability services, primarily as an adviser to funded community services and not-for-profits.



Matthew Lever

Matt maintains a global perspective gained through work assignments in UK, United States and Australia/New Zealand. His clients include both public and private financial institutions, with most transactions featuring rating agencies and regulatory relationships.

Whilst the financial services sector reform in Australia will continue Matt is focused on more effective regulatory frameworks and better Government relationships.

In dealing with complex financing concepts Matt's focus for ESO Australia is to improve the connection for this employee share plans across financial institutions, corporate and market associates. Linking these initiatives to improving productivity and competitiveness is an important as wider benefits of broad equity ownership.



James Marshall

James has a 25-year career with Computershare that enables him to bring a depth of experience from his role as Managing Director of the Computershare Plan Managers to EOA. Before becoming a Director of EOA, he most recently served as Managing Director of Computershare New Zealand, a role that saw him integrally involved in significant projects for all the company's business lines. James also worked in Computershare's US and Canadian offices for several years and is an expert at sharing and implementing best practice throughout the organisation.

James has developed a broad range of skills across the listed entity space and understands the role employee equity plays within a company's strategy.



Phillip Muhlbauer

Phillip has global and domestic CEO financial services experience spanning 30 years. Specific areas of focus include corporate restructuring, mergers and acquisitions, credit and treasury risk management, asset management, new product and service development, strategic business development.

Phillip was CEO of Link Markets Services for over 7 years before being Global CEO Link Markets Services Registry for almost 3 years. Phillip remains a Corporate Advisor to Link Group.

Phillip is a Director of Employee Ownership Australia and New Zealand, Director of the LBW Trust (Learning for a Better World charity) a practitioner member (Master) of Stockbrokers Association of Australia and a member of the Australian Institute of Company Directors.



Mathew Ronald

Mathew Ronald is General Manager of Link Market Services' Employee Equity Plan Solutions division. At Link, Mathew provides end-to-end services to Link's equity plan clients across the full spectrum of employee share plan lifecycle, including administration, consulting, legal and taxation services.

Mathew is a lawyer and equity plan specialist who has spent his career designing and advising on employee equity arrangements. Prior to joining Link, Mathew worked as an equity plan lawyer at Linklaters LLP (UK) and Corrs Chambers Westgarth, and as a remuneration consultant with Ernst & Young.



Norah Seddon

Norah is part of PwC's People business which provides an integrated people consulting and solutions services. She has over 20 years' experience with PwC and focuses on the provision of taxation advice to individuals and corporations.

Norah's clients include expatriate individuals, high net worth individuals and multinational companies. As the types of clients that Norah has worked with include individuals and multinational companies, she brings an ability to understand different perspectives and to develop solutions that incorporate these perspectives. As part of PwC's People business, Norah focuses on employer taxation matters in relation to mobility, employee share schemes and expatriate taxation matters.

Norah has been involved in submissions to the Government on many topics including the changes to the Living Away from Home rules in October 2012 and the changes to the non-resident CGT rules in 2013. Norah is a member of the Institute of Chartered Accountants in Australia and holds a Bachelor of Commerce (Accounting) with Distinction from the University of Western Sydney.

Administration, Legal & Tax

	Board Meetings Held – 12 (eligible to attend)	
	Board meetings attended	Date of Election or Re-election
Angela Perry	8 (10)	27 November 2015
Alan Greig	10 (10)	27 November 2015
Matthew Lever	10 (10)	24 November 2016
James Marshall	10 (10)	27 November 2015
Benjamin Morris	8 (10)	24 November 2016
Phillip Muhlbauer	9 (10)	24 November 2016
Mathew Ronald	1 (1)	14 June 2017
Norah Seddon	5 (10)	24 November 2014

Corporate Governance

Whilst the ASX governance guidelines do not fully apply to EOA the Board and management team believes that it is important to comply with those guidelines where it is applicable and appropriate. As a small company limited by guarantee according to ASIC guidelines, it is not necessary for Employee Ownership Australia Ltd to appoint auditors and undertake an annual financial audit.

Indemnities and Insurance

The Constitution of the Company provide for them to indemnify, to the extent permitted by law, officers of the Company, against liabilities arising from the conduct of the organisation. The directors have been indemnified in accordance with these provisions. No amount has been paid under any of these indemnities during the year.

The organisation has purchased directors' and officers' insurance during the year. In broad terms, the insurance cover indemnifies individual directors' and officers' personal legal liability and legal defence costs for claims arising out of actions taken in connection with the Company.

Governmental Regulations

Employee Ownership Australia and New Zealand Limited operations in Australia and New Zealand are subject to state and federal regulations of general application governing public companies and charities.

Legal Proceedings

EOA is not a defendant in any proceedings.

Creditor payments

It is the Company's policy to agree terms of payments with suppliers when entering into contracts and to meet its obligations accordingly. The Company does not follow any specific published code or standard on payment practice.

At 30 June 2017, there were no purchases outstanding in respect of the Company.

Signed as a correct record:



Angela Perry

CHAIR

Date: 23 October 2017



- Federal MP Terri Butler speaking at
the 2017 EOA Annual Conference

EMPLOYEE OWNERSHIP AUSTRALIA LIMITED
ABN 40 152 310 266

FINANCIAL REPORT
FOR THE PERIOD ENDED
30 JUNE 2017

Central Accounting & Taxation Advisory
Suite 105, Level 1, 50 Clarence Street
Sydney NSW 2000
Tel: 02 9791 5897 Fax: 02 9791 0554

Liability limited by a scheme approved under
Professional Standards Legislation

EMPLOYEE OWNERSHIP AUSTRALIA LIMITED
ABN 40 152 310 266

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EMPLOYEE OWNERSHIP AUSTRALIA LIMITED
ABN 40 152 310 266

DIRECTORS' REPORT

The directors present their report on the company for the financial period ended 30 June 2017.

Information on Directors

The names of each person who has been a director during the period and to the date of this report are:

Ms Angela Jane Perry (Director, Appointed 26 July 2011)
Mr Alan Howard Greig (Director, Appointed 26 July 2011)
Mr James Marshall (Director, Appointed 17 July 2014)
Mr Matthew Austin Lever (Director, Appointed 25 August 2014)
Mr Phillip Muhlbauer (Director, Appointed 2 September 2014)
Mr Benjamin Morris (Director, Appointed 24 November 2014)
Ms Norah Anne Seddon (Director, Appointed 24 November 2014)
Mr Mathew Ronald (Director, Appointed 16 June 2017)

Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

Company Secretary

The following person held the position of the company secretary at the end of the financial year:

Ms Carolyn Stewart-Smith. was appointed Company Secretary on 15 December 2011.

Operating Results

The profit of the company after providing for income tax amounted to \$625.

Significant Changes in the State of Affairs

There have been no significant changes in the state of affairs of the Company during the period.

Principal Activities

The principal activities of the company during the financial period were promotion of Employee Ownership of Business .

No significant changes in the nature of the company's activity occurred during the financial period.

Events After the Reporting Date

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial periods.

Environmental Issues

The company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

EMPLOYEE OWNERSHIP AUSTRALIA LIMITED
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DIRECTORS' REPORT

Dividends paid or recommended

The company is a company limited by guarantee and hence is precluded from declaring dividends.

Options

No options over issued shares or interests in the company were granted during or since the end of the financial period and there were no options outstanding at the date of this report.

Indemnification and Insurance of Officers and Auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial period, for any person who is or has been an officer or auditor of the company.

Information of Directors

Mr Alan Howard Greig	Director
Qualifications	Bachelor of Arts
Experience	Director since 26 July 2011
Special Responsibilities	Nil
Mr Matthew Lever	Director
Qualifications	Bachelor of Business (Accounting)
Experience	Financial Services Sales and Business development executive
Special Responsibilities	Nil
Mr James Marshall	Director
Qualifications	Bachelor of Commerce
Experience	Plan manager, employee equity, Investor Services
Special Responsibilities	Nil
Mr Benjamin Morris	Director
Qualifications	CA, CSA, LLB (Hons), B Bus (Accounting)
Experience	General Manager Performance, Reward and Employee Services at Mirvac. Ben is a Chartered Accountant, Solicitor and a Chartered Company Secretary. Work experience includes Head of performance, Executive Compensation and Global Projects at Lend Lease and consulting experience with PwC, Deloitte, and Hay Group.
Special Responsibilities	Nil

EMPLOYEE OWNERSHIP AUSTRALIA LIMITED
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DIRECTORS' REPORT

Mr Phillip Muhlbauer	Director
Qualifications	Bachelor of Commerce (with merit), Practitioner Member of (Master) of Stockbrokers Association of Australia (MSAA), Member of the Australian Institute of Company Directors (MAICD).
Experience	Global and domestic CEO Financial Services experience spanning 30 years. Specific areas of focus include corporate restructuring, mergers and acquisition, credit and treasury risk management, asset management, new product and service development, strategic business development.
Special Responsibilities	Nil
Ms Angela Jane Perry	Director
Qualifications	UK Barrister, Australian Qualified Solicitor, LLB Law Degree, MAICD, Member of EOA and NCEO. An Accredited Life Coach.
Experience	Director since 26 July 2011
Special Responsibilities	NIL
Ms Norah Seddon	Director
Qualifications	Bachelor of Commerce (Accounting) with Distinction. Member of the Institute of Chartered Accountants
Experience	Taxation advice to individuals and corporations relating to global and domestic mobility, employee share schemes and expatriate matters.
Special Responsibilities	NIL
Mr Matthew Ronald	Director
Qualifications	Master of Business Administration, Bachelor of Laws (Hons), Bachelor of Communication.
Experience	Equity plan specialist, equity plan management, legal, tax and consulting
Special Responsibilities	NIL

EMPLOYEE OWNERSHIP AUSTRALIA LIMITED
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DIRECTORS' REPORT

Meeting of Directors

During the financial year, 10 meetings of directors were held. Attendances by each director were as follows:

	Directors Meetings	
	Number Eligible to Attend	Number Attended
Angela Jane Perry	10	8
Alan Howard Greig	10	10
Matthew Lever	10	10
James Marshall	10	10
Benjamin Morris	10	8
Phillip Muhlbauer	10	9
Norah Seddon	10	5
Mathew Ronald	1	1
Carolyn Stewart-Smith	10	7

EMPLOYEE OWNERSHIP AUSTRALIA LIMITED
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DIRECTORS' REPORT

Signed in accordance with a resolution of the Board of Directors:

Director: Alan H. Greig
Mr Alan Howard Greig

Director: Angela Perry
Ms Angela Jane Perry

Dated this 24th day of Aug 2017

EMPLOYEE OWNERSHIP AUSTRALIA LIMITED
ABN 40 152 310 266

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
Income			
Revenue	3	42,691	42,284
Expenditure			
Accountancy expenses		(1,500)	(1,500)
Other expenses		(40,566)	(41,717)
		625	(933)
Profit (Loss) for the period		625	(933)
Total comprehensive income for the year		625	(933)

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the attached
compilation report of Central Accounting & Taxation Advisory.

EMPLOYEE OWNERSHIP AUSTRALIA LIMITED
ABN 40 152 310 266

PROFIT AND LOSS STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2017

	2017 \$	2016 \$
INCOME		
Conference Fees	8,710	12,158
Membership Fee	33,978	30,098
	<u>42,688</u>	<u>42,256</u>
OTHER INCOME		
Interest Received	3	28
	<u>42,691</u>	<u>42,284</u>
EXPENSES		
Accountancy Fees	1,500	1,500
Bank Charges	131	52
Conference Expense	2,538	21,560
Other Conference Expense	-	1,749
Filing Fees	80	-
Insurance	2,446	2,323
Membership & Research	2,234	4,900
Newsletter Production	106	196
Postage and Shipping	400	385
PR & Communications	31,807	8,755
Sponsorship	-	615
Sundry Expenses	17	424
Travelling Expenses	-	403
Website Construction & Maintenance	807	355
	<u>42,066</u>	<u>43,217</u>
Profit (Loss) before income tax	<u>625</u>	<u>(933)</u>

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the attached
compilation report of Central Accounting & Taxation Advisory.

EMPLOYEE OWNERSHIP AUSTRALIA LIMITED
ABN 40 152 310 266

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	2017 \$	2016 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	35,117	31,798
Trade and other receivables	5	1,916	3,999
TOTAL CURRENT ASSETS		<u>37,033</u>	<u>35,797</u>
TOTAL ASSETS		<u>37,033</u>	<u>35,797</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	6	4,836	4,226
TOTAL CURRENT LIABILITIES		<u>4,836</u>	<u>4,226</u>
TOTAL LIABILITIES		<u>4,836</u>	<u>4,226</u>
NET ASSETS		<u>32,197</u>	<u>31,571</u>
EQUITY			
Retained earnings	7	32,197	31,571
TOTAL EQUITY		<u>32,197</u>	<u>31,571</u>

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the attached
compilation report of Central Accounting & Taxation Advisory.

EMPLOYEE OWNERSHIP AUSTRALIA LIMITED
ABN 40 152 310 266

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2017

	Note	Retained earnings \$	Total \$
Balance at 1 July 2015		32,504	32,504
Profit attributable to equity shareholders		(933)	(933)
Balance at 30 June 2016		31,571	31,571
Profit attributable to equity shareholders		625	625
Balance at 30 June 2017		<u>32,196</u>	<u>32,196</u>

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the attached
compilation report of Central Accounting & Taxation Advisory.

EMPLOYEE OWNERSHIP AUSTRALIA LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2017

The financial reports cover Employee Ownership Australia Limited as an Australian Public Company. Employee Ownership Australia Limited is a not for profit company incorporated and domiciled in Australia.

The functional and presentation currency of Employee Ownership Australia Limited is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and the other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

These financial statements and associated notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial statements 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 significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Summary of Significant Accounting Policies

Financial Instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

EMPLOYEE OWNERSHIP AUSTRALIA LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2017

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The company's trade and most other receivables fall into this category of financial instruments.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

In some circumstances, the company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the company does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets or which have been designated in this category. The company's available-for-sale financial assets comprise listed securities.

All available for sale financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income.

Gains and losses arising from financial instruments classified as available-for-sale are only recognised in profit or loss when they are sold or when the investment is impaired.

In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to the profit or loss.

EMPLOYEE OWNERSHIP AUSTRALIA LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2017

Available-for-sale financial assets

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

Impairment of Non-Financial Assets

At the end of each reporting period the company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss

Cash and Cash Equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

EMPLOYEE OWNERSHIP AUSTRALIA LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2017

Revenue and Other Income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the company and specific criteria relating to the type of revenue as noted below, has been satisfied.

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

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Interest revenue

Interest revenue is recognised using the effective interest rate method.

Rendering of services

Revenue in relation to rendering of services is recognised depends on whether the outcome of the services can be measured reliably. If this is the case then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period. If the outcome cannot be reliably measured then revenue is recognised to the extent of expenses recognised that are recoverable.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

EMPLOYEE OWNERSHIP AUSTRALIA LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2017

Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.

Where a change in comparatives has also affected the opening retained earnings previously presented in a comparative period, an opening statement of financial position at the earliest date of the comparative period has been presented.

EMPLOYEE OWNERSHIP AUSTRALIA LIMITED
ABN 40 152 310 266

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2017

	2017 \$	2016 \$
3 Revenue and Other Income		
Revenue		
Sales revenue:		
Rendering of services	42,688	42,256
Other revenue:		
Interest received	3	28
Total revenue	<u>42,691</u>	<u>42,284</u>
Interest revenue from:		
Interest Received	<u>3</u>	<u>28</u>
Total interest revenue on financial assets not at fair value through profit or loss	<u>3</u>	<u>28</u>
4 Cash and Cash Equivalents		
Cash at Bank - Westpac *513	35,116	31,797
Cash at Bank - Westpac *302	<u>1</u>	<u>1</u>
	<u>35,117</u>	<u>31,798</u>
5 Trade and Other Receivables		
Current		
Input Tax Credits	<u>1,916</u>	<u>3,999</u>

The company does not hold any financial assets with terms have been renegotiated, but which would otherwise be past due or impaired.

The other classes of receivables do not contain impaired assets.

These notes should be read in conjunction with the attached compilation
report of Central Accounting & Taxation Advisory.

EMPLOYEE OWNERSHIP AUSTRALIA LIMITED
ABN 40 152 310 266

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2017

	2017 \$	2016 \$
The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short term nature of the balances.		
6 Trade and Other Payables		
Current		
Other Creditors	566	-
GST Payable	4,269	4,226
GST suspense account	1	-
	<u>4,836</u>	<u>4,226</u>
7 Retained Earnings		
Retained earnings at the beginning of the financial period	31,572	32,504
Net profit (Net loss) attributable to members of the company	625	(933)
Retained earnings at the end of the financial period	<u>32,197</u>	<u>31,571</u>

8 Financial Risk Management

The company is exposed to a variety of financial risks through its use of financial instruments.

The company's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The company does not speculate in financial assets.

The company does not have any derivative instruments at 30 June 2017.

EMPLOYEE OWNERSHIP AUSTRALIA LIMITED
ABN 40 152 310 266

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2017

2017	2016
\$	\$

Objectives, Policies and Processes

Risk management is carried out by the company's risk management committee under the delegated power from the Board of Directors. The Finance Manager has primary responsibility for the development of relevant policies and procedures to mitigate the risk exposure of the company, these policies and procedures are then approved by the risk management committee and tabled at the board meeting following their approval.

Reports are presented at each Board meeting regarding the implementation of these policies and any risk exposure which the Risk Management Committee believes the Board should be aware of.

Specific information regarding the mitigation of each financial risk to which company is exposed is provided below.

The company does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

The other classes of receivables do not contain impaired assets.

9 Company Details

The registered office of the company is:
Employee Ownership Australia Limited
Suite 105 Level 1, 40-50 Clarence Street, Sydney NSW 2000

The principal place of business is:
Suite 105 Level 1, 40-50 Clarence Street, Sydney NSW 2000

The principal activities of the business include:
Promotion of Employee Ownership of Business

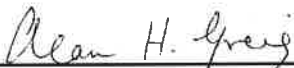
EMPLOYEE OWNERSHIP AUSTRALIA LIMITED
ABN 40 152 310 266

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 1 to 14, for the period ended 30 June 2017 are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - (b) give a true and fair view of the financial position and performance of the company.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director: 
Mr Alan Howard Greig

Director: 
Ms Angela Jane Perry

Dated this 24th day of Aug 2017

**COMPILATION REPORT
TO EMPLOYEE OWNERSHIP AUSTRALIA LIMITED
ABN 40 152 310 266**

We have compiled the accompanying general purpose financial statements of Employee Ownership Australia Limited which comprise the statement of financial position as at 30 June 2017, and the statement of comprehensive income, statement of changes in equity for the period then ended, a summary of significant accounting policies and other explanatory notes.

These have been prepared in accordance with the financial reporting framework described in Note 1 to the financial statements.

The responsibility of directors

The directors are solely responsible for the information contained in the general purpose financial statements and have determined that the financial reporting framework used is appropriate to meet their needs and for the purpose for which the financial statements were prepared.

Our responsibility

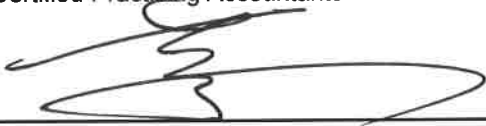
On the basis of the information provided by the directors, we have compiled the accompanying general purpose financial statements in accordance with the financial reporting framework and APES 315: Compilation of Financial Information.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the directors provided, in compiling the financial statements. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

The general purpose financial statements were compiled exclusively for the benefit of the directors. We do not accept responsibility to any other person for the contents of the general purpose financial statements.

Name of Firm: Central Accounting & Taxation Advisory
Certified Practising Accountants

Name of Partner:



Bob Cai

Address: Suite 105 Level 1, 50 Clarence Street, Sydney NSW 2000

Dated this 24th **day of** August 2017