

EOA Annual Report

Financial Year End

30 June 2021

Directors' Report and an Overview of our Activities during the Year



Overview of Employee Ownership Australia

Employee Ownership Australia (ABN 40 152 310 266) (EOA) was formed in July 2011 to ensure ongoing advocacy for broad based employee ownership and dynamic workplace participation in Australian 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. EOA 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.

+ Dealing with rights

Rights

Before

ESS

EMPLOYER

After

ESS

NEW CO

EMPLOYER

- Roll over regardless of whether employed by Employer, New Co or a different subsidiary of NewCo
- Need to replicate forfeiture/disposal restrictions on rights in NewCo
- CGT rights? Vested v unvested: See CIR
- Need to be careful for roll over for other shareholders
- If cash sale:
 - Partial roll over if cash/scrip
- If only cash:
 - Taxing point under ESS
 - CGT discount only if prior taxing point but depends on whether rights of exercise rights
 - Indeterminate rights
 - PAYG withholding
 - Buy-back?
- Company making cash payment?
 - Clough v FC of T
 - Tax basis for recognition? (Simp 1)

+ What is a startup?

To be a 'startup' under the ESOP rules, the company must meet the following requirements:

- Australian resident employer company (can have a non-resident parent)
- shares are not listed at end of most recent financial year before ESS interest acquired;
- incorporated within 10 years, and not a member of a group where company has been incorporated for longer than 10 years, at end of most recent financial year before ESS interest acquired; and
- an aggregate group turnover of less than \$50 million at end of most recent financial year before ESS interest acquired.

Not as stringent as requirements to be an "Early Stage Innovation Company"

Shares (also referred to as Restricted Shares)

Shares providing greater shareholder alignment by providing shareholder rights immediately

Advantages

- Shareholder alignment - employees enjoy tangible ownership of the shares before vesting conditions are met (e.g. dividend / voting rights are available immediately).
- Provided vesting conditions are achieved, shares will always have some value, even in a falling market (unlike a Market Value Option).
- Cannot go out of the money like Market Value Options.
- Where vesting conditions are not met and a trust structure is in place, the forfeited shares can be recycled to make future share offers.
- Where tax deferral is available, the shares are typically subject to income tax at vesting.

Disadvantages

- The company must issue / purchase the Shares up front.
- Employers have voting rights and access to dividends while the shares are unvested.
- The company receives no capital contribution for the issue of shares.
- Generally requires an employee share trust to run the plan effectively.
- Subject to taxation at least unless 75% of employees can participate in an employee share plan.

Commonly used in ...

- Broad-based employee equity arrangements
- Deferred bonus
- Combined incentive

Typically not used in ...

- Long term incentive arrangements
- Start-up shares (tax concessional)

What are the steps involved?

STEP 1: Company issues ESS (shares) to employees. Also known as: Grant ESS interest vest

STEP 2: Company makes a cash contribution to the trust equal to the current market value of the shares.

STEP 3: Trustee directed to use the cash contribution to purchase the shares from the company.

STEP 4: The restricted shares are held by the trustee for the benefit of the employees, and withdrawn for the employee. Company receiving from trust shares are added to employee.

STEP 5: Trustee directed to use the cash contribution to purchase the shares from the company.

STEP 6: Trustee directed to use the cash contribution to purchase the shares from the company.

- A selection of slides from the 2021 EOA Expert Panel Webinars (Online)



Employee Ownership
Australia *Making it your business*



- 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.
- 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.
- e. To provide exceptional services to our members.

EOA recommends that public policy should be formulated so as to promote broad based employee share ownership based on the following key objectives:

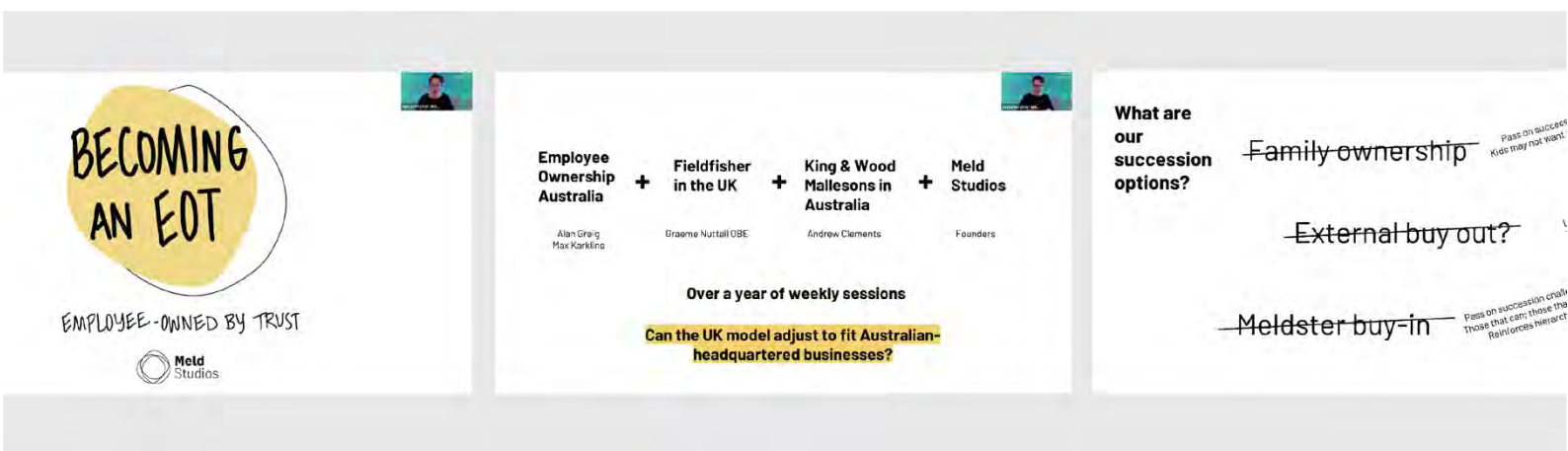
- a. To better align the interests of employees and employers so as to promote employee engagement and productivity in listed companies;
- b. To enhance national savings;
- c. To facilitate and encourage the development of small to medium, privately owned enterprises including start-up companies; and
- d. To facilitate employee buyouts and business succession.

- A selection of slides from the EOA presentation at the 2020/21 Virtual Annual Conference (Online)

EOA's Member Services

- 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. Referral to experienced, specialist advisors for advice on tax, legal, and ESOP finance matters.
- f. Access to a network of professional 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.
- h. Access to our international connections.

For further information on Employee Ownership Australia, including how to join as a member, visit our website at www.employeeownership.com.au



- A selection of slides from the Meld Studios presentation at the 2020/21 Virtual Annual Conference (Online)



Activities and Business Review

The 2020/2021 year was a time of adaptation and opportunity for EOA, with a number of key activities occurring in what was another challenging year due to the pandemic. These are as follows:



Board Renewal & Diversity

EOA welcomed two additional Board members during the year, Marie-Louise Czech and Janna DeVlyder, as well as a new company secretary, Dean Jagger, and said farewell to long-serving Board Member James Marshall. Andrew Clements continued in the role as Chair.



Key Reform Agenda

EOA Chair, Andrew Clements provided an update at the Conference on our work on the ESS reform agenda, much of which came to fruition in the Federal Budget announcements a couple of weeks previously. Particularly welcomed was the removal of 'the cessation of employment taxing point' for tax-deferred ESS. EOA's 'Experts Panel' commenced work immediately on our submission to the Government's consultation on the "Exposure Draft" for the proposed legislative amendments implementing the reforms. The Parliamentary Inquiry into the Tax Treatment of Employee Share Schemes also completed its report, which was released in August, 2021 which recommended a range of key reforms and regulatory initiatives along the lines advocated for by EOA.



Employee Ownership Public Policy Advocacy

As well as the above activity, in collaboration with Graeme Nuttall OBE, author of *The Nuttall Review of Employee Ownership* in the UK, EOA's main project was developing the EOT structure to operate under Australian corporation and tax laws, and to test the results through successful implementation in one of our members, Meld Studios, which is based in Sydney. There are now four Australian based EOTs underway, and connection has been made with a number of UK EOTs which have offices in this country. Discussions are ongoing with our regulatory and tax authorities on the structure. The EOT has been responsible for the very rapid growth in the number of employee owned companies in the UK in the past couple of years (now numbering more than 600).



Online Training

EOA now has five 'Getting Started with Employee Ownership' online training modules up and running, accessible to EOA members. The availability of the modules is a useful attractor for new SME and startup members and are an invaluable resource for owners, founders and managers wanting to get started with employee ownership.



Annual Conference

The 2020 Employee Ownership 'Virtual Conference' was held on-line in May in conjunction with the Global Equity Organization (GEO). It was a great success, with seven sessions held over three days averaging 40 participants in each and over 130 registrations in total. EOA's Annual ESOP Awards event was held on the evening of the first day with a big attendance of winners and members. EOA launched its new 'Employee Ownership Trust' (EOT) project at the Conference, with Meld Studios in Sydney presenting.



Member Events

EOA's 'Experts Panel' commenced a series of webinars on key employee share ownership topics, both administrative and legal. Commencing in April, the webinars continue on a monthly basis. The first webinar was hosted by Marc Bosotti of PwC on the topic an 'Overview of the different types of employee equity arrangements'. A recording of each webinar is made available to the public on EOA's 'Webinars' web-page.



Collaboration

EOA has been closely collaborating with similar organisations overseas, particularly the Employee Ownership Association in the UK and the National Centre for Employee Ownership in the US. It maintains alliances with several industry groups in Australia to develop and advance its reform agenda. EOA signed up to the international initiative 'Employee-owned businesses urged to become better corporate citizens' with employee ownership peaks in England, Scotland, Wales and Ireland.



Website

The EOA website remains the main outlet for disseminating information on employee ownership in Australia with over 1000 unique visitors each month, with more than 2500 page views. Almost all visitors arrive via search engines. The website is regularly updated, providing news on all the latest changes and developments in the employee share ownership space.



Social Media

EOA outputs regular tweets to its 830 followers, and provides regular posts on the latest topics of interest to hundreds of followers across LinkedIn and Facebook.



Directors

The names of the directors are set out below. Biographical details and other information for the current directors are shown in the EOA's [Board of Directors](#) page.



Andrew Clements (Chair)

Andrew is a legal consultant in the Melbourne office of King & Wood, Mallesons, where he was partner for over 25 years.

Andrew has worked extensively in relation to both the tax and legal issues associated with employee ownership, both for listed and unlisted entities.

Andrew has had considerable involvement in various tax and corporate reviews of the regulation of Employee Ownership in Australia. He has a very strong view that we should promote not prevent Employee Ownership through our tax and regulatory framework. A major area of his focus at present is the development of effective succession models through employee ownership.

Andrew was appointed Chair of EOA by the Board on 24 July 2020.



Micaela Costello (Deputy Chair)

Micaela is currently Head of Executive Compensation, Performance Management and Equity at CSL Limited where her responsibilities include the design, development and implementation of the CSL Group executive compensation, performance management, reward and recognition and employee equity strategies and programs.

Operating in a truly global organisation, Micaela brings a global breadth of knowledge on employee share plans. With a background in performance and rewards, Micaela has over ten years' experience specifically in the design, development, implementation and management of employee equity programs, both at the executive and broad based employee levels.

Micaela holds a Bachelor of Business Studies (Human Resource Management and Communication Management) and a Postgraduate Diploma in Business and Administration (Management Systems) from Massey University, New Zealand.

Micaela was appointed Deputy Chair of EOA by the Board on 24 July 2020.



Mathew Ronald

Mathew is a Director in People Advisory Services at Ernst & Young. Mathew advises companies on executive remuneration and employee share plans across the full spectrum of employee share plan life-cycle, including 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 EY, Mathew was General Manager of the equity plan division of Link Market Services and worked as an equity plan lawyer at Linklaters LLP (UK) and Corrs Chambers Westgarth.



Marc Bosotti

With over 15 years of experience working in Australia and the United Kingdom, Marc's expertise is in consulting to organisations and executives in relation to reward, compensation, taxation and global mobility matters.

Marc successfully helps Boards and Senior Executives to design reward programs that create alignment with the organisation's business and people strategy.

Extensive experience working in global mobility and international tax means Marc has in-depth knowledge of the tax and regulatory requirements of operating reward programs, including the cross-border challenges for employees and employers.



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 most recently (2011) while driving the setting up of Employee Ownership Australia Ltd.

Alan is Director, Ownership Strategies at Mercury Cooperative Ltd, an agency specialising in building collaborative enterprises through consultancy, research, information, advice and training. At Mercury, 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.

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

Matthew is an Executive Director at the Commonwealth Bank of Australia. Matt maintains a global perspective gained through work assignments in the United Kingdom, 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 Matts focus for EOA 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. Matthew is leading EOA's development of Employee Ownership Index.





James Marshall

James has had a 26 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 and support.

James resigned from the Board effective 1 July 2021.



Tom McCarty

Tom McCarty is General Manager of the equity plan division of Link Market Services.

As General Manager, Tom manages employee plans services to Link's 150+ equity plan clients across the full spectrum of the employee share plan lifecycle, including share plan administration, legal and regulatory advice, data metrics, employee engagement and trustee services.

Tom's breadth of registry and employee equity plan knowledge and extensive experience allows him to add significant value to clients in maintaining an effective and efficient employee equity plan.



Phillip Muhlbauer

Phillip is a Principal at Global Investors Pty Ltd and is a professional investor across numerous asset classes, focussing on venture capital for start up and early stage companies. He runs a family office and is actively involved in the RegTech, FinTech and alternative markets.

With over 30 years' experience in the financial services industry, Phillip has domestic and global CEO experience. Phillip was CEO of Link Market Services for 7 years, serving on the boards of companies in India, South Africa, Germany, United Arab Emirates, New Zealand and Papua New Guinea. Specific areas of focus include corporate restructuring, mergers and acquisitions, credit and treasury risk management, asset management, investor education, new product and services development and strategic business development.

Phillip has also worked for a number of top tier financial institutions including UBS Australia, Australian Securities Exchange and Commonwealth Bank of Australia.

Phillip is a Strategic Advisor to Linqto Inc, Director of LBW Trust (Learning for a Better World Charity), Advisory Member of the Sydney FC Foundation, Mentor at Startupbootcamp (FinTech) and a member of YPO Gold.





Marie-Louise Czech

Marie-Louise is a HR professional with over 20 years' experience. Working the last 10 years in Remuneration and Benefits at Newcrest Ltd and specialising in employee share plans, she brings her global knowledge to the Executive, and to the broad employee base. She has developed a broad range of skills in employee share plan delivery, working with the share registry, internal and external teams, to ensure tax and securities law compliance, improve employee communications and ease of use with employee share sales facility.

As a member of EOA for 7 plus years, Marie-Louise greatly values the work carried out to educate, inform on issues and promote best practice on employee share plan management. Marie-Louise also values community and is the Vice President of a local community Board, bringing to the Board both a Corporate and community perspectives.



Janna DeVlyder

Janna is a Founder, Director and Principal Designer at Meld Studios, an award-winning Australian service design consultancy. Meld's focus is on helping organisations to co-design better policies, services, systems, decision-making and ways of working with their customers and their people. In addition to managing Meld and leading design projects, Janna and her co-founders are guiding Meld to becoming the first Australian-based organisation that is employee-owned by trust, and are looking to find ways to support other small and medium-sized businesses to do the same.

Janna has extensive experience in the non-profit space, serving as President of the international Interaction Design Association for three years during a period of massive change and growth. She sat on their non-profit Board of Directors for four years, growing membership from 7,000 to 70,000 and global local groups from 12 to 70. She currently serves as a Good Design Australia ambassador and has served as a judge of the international Good Design Awards.



Dean Jagger (Company Secretary)

Dean is a Company Secretary at Automic Group. Dean's clients are ASX listed and private companies across a number of sectors including software, media, biotechnology and mining. Dean specialises in and provides advice across matters including corporate governance, capital raisings and continuous disclosure.

Dean holds a Bachelor of Laws and Bachelor of Business & Commerce and has a Certificate in Governance Practice from the Governance Institute of Australia.



Administration, Legal and Tax

Board Meetings

| | Board Meetings Held During The Financial Year – 6 (eligible to attend) | |
|---------------------------------|--|--|
| | Board meetings attended | Date of Appointment, Last Election or Re-election (whichever is the later) |
| Andrew Clements – Chair | 6 (6) | 28 November 2019 |
| Micaela Costello – Deputy Chair | 6 (6) | 28 November 2019 |
| Marc Bosotti | 5 (6) | 28 November 2019 |
| Alan Greig | 6 (6) | 29 November 2018 |
| Matthew Lever | 4 (6) | 29 November 2018 |
| James Marshall | 4 (6) | 28 November 2019 |
| Tom McCarty | 4 (6) | 4 May 2018 |
| Phillip Muhlbauer | 5 (6) | 29 November 2018 |
| Mathew Ronald | 6 (6) | 28 November 2019 |
| Janna DeVlyder | 4 (5) | 26 October 2020 |
| Maire-Louise Czech | 5 (5) | 21 October 2020 |



Corporate Governance

Whilst the ASX governance guidelines do not 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 EOA to appoint auditors and undertake an annual financial audit.

Indemnities and Insurance

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

EOA 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 EOA.

Governmental Regulations

EOA operations in Australia are subject to state and federal regulations of general application governing public companies and charities.

Legal Proceedings

EOA is not a plaintiff or defendant in any proceedings.

Creditor payments

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

At 30 June 2021, there were no purchases outstanding in respect of EOA.

Signed as a correct record:



Andrew Clements

CHAIR

Date: 8/10/21

EMPLOYEE OWNERSHIP AUSTRALIA LIMITED
ABN 40 152 310 266

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2021

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 year ended 30 June 2021.

Information on Directors

The names of each person who has been a director during the year are:

Mr Andrew Clements (Chair, Appointed 14 June 2018)
Ms Micaela Costello (Deputy Chair, Appointed 16 February 2018)
Mr Marc David Bosotti (Director, Appointed 23 August 2019)
Mr Alan Howard Greig (Director, Appointed 26 July 2011)
Mr Matthew Austin Lever (Director, Appointed 25 August 2014)
Mr James Marshall (Director, Appointed 17 July 2014)
Mr Phillip Muhlbauer (Director, Appointed 2 September 2014)
Mr Mathew Ronald (Director, Appointed 16 June 2017)
Mr Tom McCarty (Director, Appointed 4 May 2018)
Ms Marie-Louise Czech (Director, Appointed 21 October 2020)
Ms Janna DeVlyder (Director, Appointed 26 October 2020)

Directors have been in office since the start of the financial year 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:

Mr Dean Timothy Jagger was appointed Company Secretary on 22 April 2021.

Operating Results

The profit of the company after providing for income tax amounted to \$7,396.

Significant Changes in the State of Affairs

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

Principal Activities

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

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

Events After the Reporting Date

No matters or circumstances have arisen since the end of the financial year 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 years.

EMPLOYEE OWNERSHIP AUSTRALIA LIMITED
ABN 40 152 310 266

DIRECTORS' REPORT

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.

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 year and there were no options outstanding at the date of this report.

Indemnification and Insurance of Officers and Auditors

The company indemnifies current and former directors and officers for any loss arising from any claim by reason of any wrongful act committed by them in their capacity as a director or officer (subject to certain exclusions as required by law). During the 2021 financial year, a total of \$1,429.01 in premiums for Directors and Officers Liability insurance was paid. The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such by an officer or auditor.

EMPLOYEE OWNERSHIP AUSTRALIA LIMITED
ABN 40 152 310 266

DIRECTORS' REPORT

Information of Directors

| | |
|--------------------------|--|
| Mr Andrew Clement | Chair |
| Qualifications | Bachelor of Commerce and Laws, Master of Law |
| Experience | Andrew is a legal consultant in the Melbourne office of King & Wood, Mallesons, where he was partner for over 25 years. Andrew has worked extensively in relation to both the tax and legal issues associated with employee ownership, both for listed and unlisted entities. |
| Special Responsibilities | Chair of the 'Experts Panel' |
| Ms Micaela Costello | Deputy Chair |
| Qualifications | Bachelor of Business Studies (Human Resource Management and Communication Management), Postgraduate Diploma in Business and Administration (Management Systems) |
| Experience | Head of Executive Compensation and Equity at CSL Limited where responsibilities include the design, development and implementation of the CSL Group executive compensation and equity strategies and programs |
| Special Responsibilities | Nil |
| Ms Marie-Louise Czech | Director |
| Qualifications | Graduate Diploma of Human Resource Management |
| Experience | Marie-Louise is a HR professional with over 20 years' experience. Working the last 10 years in Remuneration and Benefits at Newcrest Ltd and specializing in employee share plans, she brings her global knowledge to the Executive, and to the broad employee base. |
| Special Responsibilities | Nil |
| Mr Alan Howard Greig | Director |
| Qualifications | Bachelor of Arts |
| Experience | Director since 26 July 2011 |
| Special Responsibilities | Information coordinator and policy development |
| Mr James Marshall | Director |
| Qualifications | Bachelor of Commerce |
| Experience | Plan manager, employee equity, Investor Services |
| Special Responsibilities | Nil |
| Mr Mathew 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 |
| Mr Matthew Lever | Director |
| Qualifications | Bachelor of Business (Accounting) |
| Experience | Financial Services Sales and Business development executive |
| Special Responsibilities | Nil |

EMPLOYEE OWNERSHIP AUSTRALIA LIMITED
ABN 40 152 310 266

DIRECTORS' REPORT

| | |
|--------------------------|---|
| Ms Janna DeVlyder | Director |
| Qualifications | Bachelor of Psychology with Honors, Master of Social Sciences. |
| Experience | Joanna is a Founder, Director and Principal Designer at Meld Studios, an award-winning Australian service design consultancy. Joanna has extensive experience in the non-profit space, serving as President of the international Interaction Design Association for three years during a period of massive change and growth. |
| Special Responsibilities | Nil |
| 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 |
| Mr Tom McCarty | Director |
| Qualifications | Diploma of Business Administration |
| Experience | General Manager, Equity Plan division, Link Market Services managing equity plan clients across the full spectrum of the employee share plan lifecycle, including share plan administration, legal and regulatory advice, data metrics, employee engagement and trustee services |
| Special Responsibilities | Nil |
| Mr Marc Bosotti | Director |
| Qualifications | Bachelor of Economics |
| Experience | With over 15 years of experience working in Australia and the United Kingdom, Marc's expertise is in the consulting to organisations and executives in relation to reward, compensation, taxation and global mobility matters. Marc successfully helps Boards and Senior Executives to design reward programs that create alignment with the organisation's business and people strategy. Extensive experience working in global mobility and international tax means Marc has in-depth knowledge of the tax and regulatory requirements of operating reward programs, including the cross-border challenges for employees and employers. |
| Special Responsibilities | Nil |

EMPLOYEE OWNERSHIP AUSTRALIA LIMITED
ABN 40 152 310 266

DIRECTORS' REPORT

Meeting of Directors

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

| | Directors Meetings | |
|--------------------|---------------------------|-----------------|
| | Number Eligible to Attend | Number Attended |
| Andrew Clements | 6 | 6 |
| Micaela Costello | 6 | 6 |
| Marc Bosotti | 6 | 5 |
| Alan Howard Greig | 6 | 6 |
| Matthew Lever | 6 | 4 |
| James Marshall | 6 | 4 |
| Phillip Muhlbauer | 6 | 5 |
| Mathew Ronald | 6 | 6 |
| Tom McCarty | 6 | 4 |
| Marie-Louise Czech | 5 | 5 |
| Janna DeVylder | 5 | 4 |

EMPLOYEE OWNERSHIP AUSTRALIA LIMITED
ABN 40 152 310 266

DIRECTORS' REPORT

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

Director: Alan H. Greig
Mr Alan Howard Greig

Director: ap28
Mr Andrew Clements

Dated this 14 day of October 2021

EMPLOYEE OWNERSHIP AUSTRALIA LIMITED
ABN 40 152 310 266

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

| | Note | 2021 \$ | 2020 \$ |
|--|------|------------|------------|
| Income | | | |
| Revenue | 3 | 27,034 | 31,275 |
| Expenditure | | | |
| Accountancy expenses | | (1,600) | (1,600) |
| Other expenses | | (18,038) | (24,679) |
| | | 7,396 | 4,996 |
| Profit for the year | | 7,396 | 4,996 |
| Total comprehensive income for the year | | 7,396 | 4,996 |

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 YEAR ENDED 30 JUNE 2021

| | 2021 \$ | 2020 \$ |
|---------------------------------|---------------|---------------|
| INCOME | | |
| Conference Fees | - | 2,465 |
| Membership Fee | 27,032 | 28,802 |
| | <u>27,032</u> | <u>31,267</u> |
| OTHER INCOME | | |
| Interest Received | 2 | 8 |
| | <u>27,034</u> | <u>31,275</u> |
| EXPENSES | | |
| Accountancy Fees | 1,600 | 1,600 |
| Bank Charges | 61 | 59 |
| Conference Expense | - | 626 |
| Filing Fees | 1,599 | 1,435 |
| Insurance | 1,887 | 1,249 |
| Membership & Research | - | 179 |
| Newsletter Production | 644 | 68 |
| Postage and Shipping | 434 | 431 |
| PR & Communications | 12,689 | 18,699 |
| Printing & Stationery | - | 142 |
| Subscription | 130 | 233 |
| Travelling Expenses | - | 830 |
| Website Hosting | 594 | 728 |
| | <u>19,638</u> | <u>26,279</u> |
| Profit before income tax | <u>7,396</u> | <u>4,996</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 2021

| | Note | 2021 \$ | 2020 \$ |
|----------------------------------|------|------------|------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 4 | 62,432 | 52,715 |
| Trade and other receivables | 5 | 382 | 450 |
| TOTAL CURRENT ASSETS | | 62,814 | 53,165 |
| TOTAL ASSETS | | 62,814 | 53,165 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 6 | 5,380 | 3,127 |
| TOTAL CURRENT LIABILITIES | | 5,380 | 3,127 |
| TOTAL LIABILITIES | | 5,380 | 3,127 |
| NET ASSETS | | 57,434 | 50,038 |
| EQUITY | | | |
| Retained earnings | 7 | 57,434 | 50,038 |
| TOTAL EQUITY | | 57,434 | 50,038 |

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 YEAR ENDED 30 JUNE 2021

| | Note | Retained earnings \$ | Total \$ |
|--|------|----------------------------|-------------|
| Balance at 1 July 2019 | | 45,042 | 45,042 |
| Profit attributable to equity shareholders | | 4,996 | 4,996 |
| Balance at 30 June 2020 | | 50,038 | 50,038 |
| Profit attributable to equity shareholders | | 7,396 | 7,396 |
| Balance at 30 June 2021 | | 57,434 | 57,434 |

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 YEAR ENDED 30 JUNE 2021

The financial reports cover Employee Ownership Australia Limited as an individual entity. Employee Ownership Australia Limited is a for profit proprietary 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.

Basis of Preparation

- 1** 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.

Summary of Significant Accounting Policies

2 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.

EMPLOYEE OWNERSHIP AUSTRALIA LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

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.

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.

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.

EMPLOYEE OWNERSHIP AUSTRALIA LIMITED
ABN 40 152 310 266

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

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
ABN 40 152 310 266

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

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.

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)

Revenue, 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.

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 YEAR ENDED 30 JUNE 2021

| | 2021 \$ | 2020 \$ |
|---|---------------|---------------|
| 3 Revenue and Other Income | | |
| Revenue | | |
| Sales revenue: | | |
| Rendering of services | 27,032 | 31,267 |
| Other revenue: | | |
| Interest received | 2 | 8 |
| Total revenue | <u>27,034</u> | <u>31,275</u> |
| Interest revenue from: | | |
| Interest Received | <u>2</u> | <u>8</u> |
| Total interest revenue on financial assets not at fair value through profit or loss | <u>2</u> | <u>8</u> |
| 4 Cash and Cash Equivalents | | |
| Cash at Bank - Westpac *513 | 62,431 | 52,714 |
| Cash at Bank - Westpac *302 | <u>1</u> | <u>1</u> |
| | <u>62,432</u> | <u>52,715</u> |
| 5 Trade and Other Receivables | | |
| Current | | |
| Input Tax Credits | <u>382</u> | <u>450</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.

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short term nature of the balances.

EMPLOYEE OWNERSHIP AUSTRALIA LIMITED
ABN 40 152 310 266

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

| | 2021 \$ | 2020 \$ |
|--|---------------|---------------|
| 6 Trade and Other Payables | | |
| Current | | |
| GST Payable | 2,703 | 3,126 |
| ATO Integrated Client Account | 2,676 | - |
| GST suspense account | 1 | 1 |
| | <u>5,380</u> | <u>3,127</u> |
| 7 Retained Earnings | | |
| Retained earnings at the beginning of the financial year | 50,038 | 45,042 |
| Net profit attributable to members of the company | 7,396 | 4,996 |
| Retained earnings at the end of the financial year | <u>57,434</u> | <u>50,038</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 have any derivative instruments at 30 June 2021.

EMPLOYEE OWNERSHIP AUSTRALIA LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

| 2021 | 2020 |
|------|------|
| \$ | \$ |

Objectives, Policies and Processes

The board of directors receives overall responsibility for the establishment of the company's financial risk management framework. This includes the development of policies covering specific areas such as interest rate risk and credit risk.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

The day-to-day risk management is carried out by the company's finance function under policies and objectives which have been approved by the board of directors. The chief financial officer has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate and assessment of market forecasts for interest rate movements.

The board of directors receives monthly reports which provide details of the effectiveness of the processes and policies in place.

Mitigation strategies for specific risks faced are described 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 17, for the year ended 30 June 2021 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: Alan H. Greig
Mr Alan Howard Greig

Director: ap28
Mr Andrew Clements

Dated this 14 day of October 2021

**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 2021, and the statement of comprehensive income, statement of changes in equity for the year 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 **day of**

15/10/2021