MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263
FINANCIAL RETURN
FOR THE YEAR ENDED 30 JUNE 2020

I N D E X

MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263
DESIGNATED OFFICER'S CERTIFICATE
FOR THE YEAR ENDED 30 JUNE 2020

I, , being the of Masters Grocers Australia Limited, certify:

* that the documents lodged herewith are copies of the full report for the Master Grocers Australia Limited, *referred to in s268 of the Fair Work (Registered Organisations) Act 2009* ; and

* that the full report was provided to members on ____________ October 2020 and

* that the full report was presented to a general meeting of members of Master Grocers Australia Limited on ___________ November 2020 in accordance with section 266 of the *Fair Work (Registered Organisations)*

DATED this day of November 2020

For the Committee of Management: ______________________________

MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263
SUBSECTION 255(2A) EXPENDITURE REPORT
FOR THE YEAR ENDED 30 JUNE 2020

The Committee of Management presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 30 June 2020

	2020	**2019**
Categories Of Expenditure	**$**	**$**
Remuneration and other employment related costs and expenses - employees	1,701,671	1,592,411
Advertising	33,855	30,899
Operating Costs	624,380	713,600
Donations to political parties	-	-
Legal Costs	2,400	-

For the Committee of Management: ____________________________

Title of Office held: President

DATED this 26th day of October 2020

MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263
OPERATING REPORT
FOR THE YEAR ENDED 30 JUNE 2020

The Committee of Management of Master Grocers Australia Limited presents their report on the results of the Company for the financial year ended 30 June 2020

MEMBERSHIP OF THE COMMITTEE OF MANAGEMENT
The membership of the Committee of Management during the year ended 30th June 2020 is as follows:

Name	Position	Period Held	Casual Vacancy
ANILE, Ross	Director	1 July 2019 to 30 June 2020	
DALY, Michael	Director	1 July 2019 to 30 June 2020	
DOS SANTOS, Christopher	Director	1 July 2019 to 30 June 2020	
HARPER, Jeff	Director	21 November 2019 to 30 June 2020	1 July 2019 to 20 November 2020
HINCHCLIFFE, Grant	Vice President	1 July 2019 to 30 June 2020	
SMITH, Deborah	President	1 July 2019 to 30 June 2020	
GOUGH, Graeme	Director	1 July 2019 to 30 June 2020	
GOLDSMITH, Carmel	Director	1 July 2019 to 30 June 2020	
WYMER, Lincoln	Director	1 July 2019 to 30 June 2020	

PRINCIPAL ACTIVITIES
Master Grocers Australia Limited (MGA) trading as MGA Independent Retailers and Timber Merchanst Australia, (MGATMA) is a national Industry Employer Association providing independent retail food, liquor timber and hardware stores with services and support within its 5 key function areas of Legal and HR, Training and Compliance, Industry Representation, Industry Community and to protect the status and best interests of its members.

MGATMA has its own Consent Awards negotiated with the trade unions on behalf of its members. MGA publishes 8 editions of its Independent Retailer magazine each year, provides a fortnightly E Checkout bulletin and conducts seminars, forums and workshops for its members. MGATMA also provides a suite of face to face and Online Compliance Training programs for its members and a widespread series of valuable store assistance programs presented at a store level.
MGA's "Higher Purpose" is to "Make Life Easier" for all its members and industry stakeholders.
MGA is dedicated to the business well being of its members. This is achieved through the committed and dedicated MGA Staff who deliver MGA's key functions professionally and consistently day in and day out, face to face, on line and via the telephone.

MGA's key objectives for the financial year are summarised as follows:
- to achieve financial sustainability
- to grow independent retail food and liquor membership nationally
- to develop non food and retailer membership opportunities
- to deliver excellent Legal/IR/HR and membership support and services
- to develop and deliver online training solutions (Workplace Health & Safety system) in addition to existing training products
- to continue to grow the Company's image and presence in the media and with State and Federal politicians and regulators

In order to meet these objectives, MGA implemented the following strategies:
- develop and periodically review an operating budget that delivers all desired membership objectives
- grow independent food, liquor, timber and hardware retailer and corporate memberships
- develop and implement a media and public relations plan to lift MGA's profile with the media and State and Federal politicians ie "Partnering for Success"
- invest resources into developing On Line Training solutions specific to the independent retailer industry sectors. develop and distribute a MGA Training Course Guide and calendar
- continue to further develop MGA team skills and capability to achieve the organisation's objectives in Legal and IR, training, public relations and industry representation

Performance in achieving MGA's objectives is measured in a number of different ways including quantity of contacts, quality of advice (time), number of seminars attended, E Alerts sent, Magazines distributed, training courses provided (face to face and online) and number of representations.

NUMBER OF MEMBERS
As at year end there were 2,196 members, 312 associate members and 27 corporate members.

NUMBER OF EMPLOYEES
As at year end, the number of employees were 13 Part Time staff and 9 Full Time staff

MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263
OPERATING REPORT
FOR THE YEAR ENDED 30 JUNE 2020

REVIEW OF OPERATIONS
"Making Life Easier" for Members

MGA's Board of Directors wishes to state that It has again been a privilege to lead a committed team of professionals at MGATMA. The MGATMA organisation has no conflicts of interest and is completely dedicated to the welfare and prosperity of family enterprises and privately-owned businesses in the supermarket liquor and timber and hardware sectors. We do not represent “Big Business”.

MGA’s Board of Directors have again worked very hard toward MGATMA providing strong support services and advocacy for its members around Australia. Drought, bushfires and the Covid-19 pandemic has brought many challenges to our members

MGA’s membership has slightly increased since FY2019 and numbers remain steady at 2,619 - including 361 Associate Members. 75% of members are supermarkets many licensed, with the balance of 25% comprising stand alone liquor, hardware and timber family businesses.

Vale - Former long serving MGA Board President Rod Allen passed away on 19 September 2019. Rod’s 15 year leadership of the Board and his passion to do what is right for members helped drive MGA to new levels of excellence each year. Rod retired from MGA in November 2018. Rod oversaw the growth of MGA from a state based organisation in 2005 (MGAV) into a National Industry Employer Association today.

There were many matters of concern that consumed MGATMA’s time both at a Federal and State level as some federal matters MGA has been handling include; Immediate matters such as drought and bushfires and then the Covid-19 pandemic, the Annual Wage review, many Industrial relations issues and impediments to employing staff, the increase in unfair dismissal claims, Energy Costs, Company Tax reductions – to 25% for businesses with less than $50m sales, Unfair Contract Terms, Merchant Fees reductions – Least Cost Routing. Much of MGA's time was spent addressing the many business risks members faced as a consequence of the bushfire and Covid - 19 including small business recovery forums. Many support solutions were developed by the federal government including Job Keeper, Cash flow boosts and instant assett write off provisions to name a few.

There were State based challenges our members faced which include; trading hours deregulation (SA, Qld, WA), continued unfettered floorspace development of Aldi and Chain stores, restrictions for members to sell packaged liquor in Qld, "wage theft" regulations and Industrial Manslaughter laws pertaining to Covid-19. So the list goes on and on. Other matters include; Single use Plastic and Plastic Bag Bans, Container Deposit Schemes (QLD, NSW, WA), Planning, zoning and development matters. The very good news for members accross Australia was the withdrawal of the massive German retailer Kaufland from Australia. MGA together with members opposed the Kaufland business based solely on planning and zoning laws being unfairly relaxed. Other matters include; tobacco laws, payroll tax, land tax, red tape and cost burdens.

MGA’s Legal and IR team led by Marie Brown has had a very busy year assisting and supporting members with a plethora of staff related queries. Unfair dismissals continue to be on the rise which is still a cause for concern owing to the time-consuming nature for members and MGA. Once again the team produced a range of state and federal submissions, including the Annual Wage Review submitted in March 2020. Extensive member research was conducted through surveys to guage the economic health of members businesses and their propensity to absorb any future wage increases. Covid-19 caused much angst with members in regard to JobKeeper, staffing, staff and customer WH&S matters. MGA’s Legal and IR team successfully completed another year of service to the Australian Hairdressing Council (AHC) as per the agreement struck in 2018, by providing AHC members with a reliable and trusted workplace relations support service. This is a unique feature of the AHC organisation.

MGA’s Training offer has had significant challenges including the withdrawal of certificate 3 and 4 training from its training portfolio back in 2018. Whilst MGA has an arrangement with another RTO to provide MGA Certificate training there has been no demand from members at all.
There continues to be no Government funding to support certificate training for our members staff, limiting any opportunities for members to upskill and train their staff. MGATMA, as the industry compliance training specialists, has continued to focus on accredited compliance training courses such as Food Safety, Food Safety Supervisors, Responsible Service of alcohol, Tobacco, Timber and Hardware OH&S and so on. MGA is currently developing an online Registered Organisations Board of Directors Financial Governance course that must be approved by ROC.

Despite drought and bushfire disasters and the castastrophic Covid - 19, as wekll as the economic uncertainty, the tech disruption and many “crowding out” challenges from the chains we have again seen members invest heavily back into their businesses. Members who have taken the risk to invest their “hard earned” back into their businesses with innovations, refurbishments and restorations to give a point of difference to the chains have delighted their customers and have seen significant sales increases. This continues
MGATMA has achieved a high profile in the states, territories and at a federal level when addressing the many matters of concern. When members incur issues at store level they know they can call MGA to access its professional and qualified employment law team and be assured MGATMA is a strong voice for members at state and federal government levels too!

MGA’s Board has worked very hard this year to better understand the needs of members and has pledged to continue to deliver value for money to members. MGATMA Membership fees are very reasonable for the support and services provided to members. As per poliocy MGA’s Board resolved to increase MGA’s membership fees by a modest 2% for Financial Year 2021.

MGA’s Heads of departments and staff have worked very hard this last financial year assisting and supporting its grocery, liquor or timber and hardware members. Their passion and commitment to support members is demonstrable. I sincerely thank MGA management and staff for their commitment to “making life easier” for members.

Corporate Member support is an extremely important component of MGATMA’s day to day role to support members. Not only do MGATMA’s 30 plus Corporate Members provide both MGATMA with valuable insights and engage with members but their corporate membership fee enables MGATMA to better resource itself and to strongly represent members best interests at State and Federal government levels.

MGA’s National Liquor Committee, led by Management Committee President George Kovits, has once again been very active in pursuing a myriad of matters and issues effecting members packaged liquor business. With more than 1200 members nationally having a packaged liquor license, the MGA National Liquor Committee has an important role to play in working with relevant state governments and bureaucrats to minimise the risk of any regulatory and red tape impacts on members businesses.
The MGA National Liquor Committee is to be commended for the high level of engagement it has with our industry, industry stakeholders and state governments. We thank the MGA Liquor Committee for their valuable time, enthusiasm and insights.

MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263
OPERATING REPORT
FOR THE YEAR ENDED 30 JUNE 2020

FINANCIAL AFFAIRS

Overall the MGA's financial position remains strong, with the 2020 financial year focusing on strong internal financial processes to ensure delivery of member services, covering advocacy, legal and IR advice.
Membership numbers and revenue remain steady, as well as strong Corporate Membership revenue continues.
MGA's share portfolio is holding steady during this volatile financial climate.

SIGNIFICANT CHANGES TO FINANCIAL AFFAIRS

There were no significant changes to the financial affairs of the MGA during the 2020 financial year.

LIKELY DEVELOPMENTS

Investment of MGA funds and resources will continue to be allocated to the development of support services for members. Levels of investment and the resulting impact on the Profit and Loss will be closely monitored throughout the year. Modest increases in membership and revenue is forecasted however renumeration and operational costs will need to be monitored.

SUPERANNUATION TRUSTEES

The following Officers are acting as a trustee or as a director of a company that is a trustee of a Superannuation entity:

Deborah M Smith - The Trustee for A&D Super Fund
Jos de Bruin - The Trustee for J & J Future Wealth Super Fund
Graeme Gough - Gough Family Superannuation Fund
Carmel Goldsmith - Fredericks Goldsmith Superannuation Fund
Rosario Anile - Gratin Executive Employees Superannuation Fund

RIGHT OF MEMBERS TO RESIGN

A member has a right to resign membership under Rule 10 of the Constitution and/or Section 174 of the Act.

This report is made in accordance with a resolution of the Directors

DATED this 26th day of October 2020

Director | Director

MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263
COMMITTEE OF MANAGEMENT STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020

On the 26th of October 2020, the Committee of Management of Master Grocers Australia Limited passed the following resolution in relation to the general purpose financial report (GPFR) for the financial year ended 30th June 2020:

The Committee of Management declares in relation to the GPFR that in its opinion:

(a) the financial statements and notes comply with the Australian Accounting Standards;

(b) the financial statements and notes comply with any other requirements imposted by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered organisations) Action 2009 (the RO Act);

(c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;

(d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;

(e) during the financial year to which the GPFR relates and since the end of that year:

(i) meetings of the Committee of Management were held in accordance with the rules of the organisation including the rules of a branch concerned; and

(ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and

(iii) the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and

(iv) where information has been sought in any request by a member of the reporting unit or Commissioner duly made under section 272 of the RO Act has been provided to the member or Commissioner; and

(v) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

For the Committee of Management: ______________________

Title of Office held: President

DATED this 26th day of October 2020

MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 $	2019 $
Revenue from contracts with customers	3		
Membership subscriptions		1,351,166	1,401,028
Corporate sponsorship		378,027	363,571
Other sales of goods or services		378,267	436,326
Total revenue from contracts with customers		2,107,460	2,200,925
Income for furthering objectives	3		
Grants and donations	3A	149,000	-
Total income from furthering objectives		149,000	-
Other income			
Net gain from sale of assets	3B	-	-
(Loss) on financial assets at fair value through profit or loss	3C	(127,331)	(2,378)
Revenue from recovery of wages activity		-	-
Investment income	3D	78,747	105,729
Rental income	3E	66,693	73,168
Other income	3F	59,988	13,943
Total other income		78,097	190,462
Total income		2,334,557	2,391,387
Expenses			
Employee expenses	4A	(1,701,671)	(1,592,411)
Affiliation fees	4B	(7,497)	(7,497)
Administration expenses	4C	(371,887)	(353,128)
Audit fees	19	(12,737)	(14,223)
Campaign and project expenses	4D	(165,496)	(269,005)
Depreciation and amortisation	4F	(63,637)	(70,509)
Finance costs	4G	(139)	-
Grants or donations	4E	(45)	-
Legal costs	4J	(2,400)	-
Writedown and impairment of assets	4H	-	-
Net losses from disposal of assets	4I	-	-
Other expenses	4K	(36,797)	(30,137)
		(2,362,306)	(2,336,910)
Profit (loss) before tax		(27,749)	54,477
Income tax expense	6	-	-
Profit (loss) for the year		**(27,749)**	**54,477**
Other comprehensive income			
Item that will not be subsequently reclassified to profit or loss			
Gain on revaluation of properties		-	-
Total comprehensive income (loss) for the year attributable to members		**(27,749)**	**54,477**

MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 $	2019 $
CURRENT ASSETS			
Cash and cash equivalents	7	768,827	562,697
Trade and other receivables	8	278,891	234,998
Financial asset investments	10	1,909,568	2,013,855
Other current assets	9	45,447	71,165
Total current assets		3,002,733	2,882,715
NON CURRENT ASSETS			
Investment property	11	830,000	830,000
Intangible assets	12	33,737	26,577
Property, plant and equipment	13	1,626,828	1,672,475
Right-of-use assets	14	13,623	-
Total non-current assets		2,504,188	2,529,052
TOTAL ASSETS		5,506,921	5,411,767
CURRENT LIABILITIES			
Trade and other payables	15	274,101	109,655
Lease liability	14	3,171	-
Employee provisions	16	203,001	179,688
Contract liabilities	8	191,033	245,797
Total current liabilities		671,306	535,140
NON CURRENT LIABILITIES			
Lease liability	14	11,183	-
Employee provisions	16	10,231	34,674
Total non current liabilities		21,414	34,674
TOTAL LIABILITIES		692,719	569,815
NET ASSETS		4,814,202	4,841,951
Represented by:			
MEMBERS' EQUITY			
Revaluation Reserves		1,158,938	1,158,938
Retained earnings		3,655,264	3,683,013
TOTAL MEMBERS' EQUITY		4,814,202	4,841,951

MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Revaluation Reserves $	Retained Earnings $	Total $
Balance at 1st July 2018	1,158,938	3,628,536	4,787,474
Adjustment for adoption of new accounting standards	-	-	-
Comprehensive income			
Profit (loss) for the year	-	54,477	54,477
Other comprehensive income			
Gain on revaluation of properties	-	-	-
Total comprehensive income / (loss) for the year	-	54,477	54,477
Balance at 30th June 2019	1,158,938	3,683,013	4,841,951

	Revaluation Reserves $	Retained Earnings $	Total $
Balance at 1st July 2019	1,158,938	3,683,013	4,841,951
Adjustment for adoption of new accounting standards	-	-	-
Comprehensive income			
Profit (loss) for the year	-	(27,749)	(27,749)
Other comprehensive income			
Gain on revaluation of properties	-	-	-
Total comprehensive income / (loss) for the year	-	(27,749)	(27,749)
Balance at 30th June 2020	1,158,938	3,655,264	4,814,202

MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 $	2019 $
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from operations (GST inclusive)		2,312,004	2,179,371
Government grants received		66,000	-
Dividend & trust Income received		69,016	86,952
Interest received		9,731	18,456
Rents received (GST inclusive)		70,180	84,509
Sundry receipts		59,988	159,165
Short term lease payments		(3,850)	(4,620)
Payments to suppliers and employees		(2,329,336)	(2,430,849)
Net cash provided by (used in) operating activities	17A	253,733	92,984
CASH FLOW FROM INVESTMENT ACTIVITIES			
Proceeds from disposal of investments		457,950	447,346
Proceeds from sale of plant & equipment		-	-
Purchase of plant and equipment		(6,935)	(11,446)
Purchase of intangibles		(17,623)	(9,164)
Purchase of investments		(480,995)	(485,491)
Net cash provided by (used in) investment activities		(47,603)	(58,755)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of lease liability		-	-
Net cash provided by (used in) financing activities		-	-
NET INCREASE / (DECREASE) IN CASH HELD		206,130	34,229
CASH AS AT START OF FINANCIAL YEAR		562,697	528,468
CASH AS AT END OF FINANCIAL YEAR	7	768,827	562,697

NOTE 1 Summary of significant accounting policies

1.1 Basis of preparation of the financial statements

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period and the *Fair Work (Registered Organisation) Act 2009.* For the purpose of preparing the general purpose financial statements, Master Grocers Australia Limited is a not-for-profit entity.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost, except for certain assets and liabilties measured at fair value, as explained in the accounting policies below. Historical cost is generally based on fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial postion. The financial statements are presented in Australian dollars.

1.2 Comparative amounts

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in the presentation for the current financial year.

1.3 Significant accounting judgements and esimates

The following accounting assumptions or estimates have been identifed that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Key Estimates

Intangible assets

Accounting standards require management to assess, at each reporting period, whether there are any indicators of impairment in relation to the carrying amount of intangible assets. Where an impairment indicator is identified, the recoverable amount of the asset must be determined and compared to the carrying amount.

Judgement is applied by management in assessing whether there are any impairment indicators and, where required, in determining the recoverable amount.

Provisions

A provision is recognised for items where the company has a present obligation arising from a past event. It is probable that an outflow of economic resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. The provision is measured as the best estimate of the expenditure required to settle the present obligation. Management applies judgement in assessing whether a particular item satisfies the above criteria and in determing the best estimate.

1.4 New Australian Accounting Standards

Adoption of New Accounting Standard requirements

The accounting policies adopted are consistent with those of the previous financial year except for the following standards and amendments, which have been adopted for the first time this financial year:

- AASB 15 Revenue from Contracts with Customers, which replaces AASB 118 Revenue, and AASB 1058 Income of Not-for-Profit-Entities, which replaces in the income recognition requirements of AASB 1004 Contributions

- AASB 16 Leases and amending standards, which replaces AASB117 Leases.

No accounting standard has been adopted earlier than the application date stated in the standard.

Impact on adoption of AASB 15 Revenue from Contracts with Customers (AASB 15) and AASB 1058 Income of Not-for-Profit Entities (AASB 1058)

AASB 15 Revenue from Contracts with Customers supersedes AASB 111 Construction Contracts, AASB 118 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers.

AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. AASB 15 also includes implementation guidance to assist not-for-profit entities to determine whether particular transactions, or components thereof, are contracts with customers. If a transaction is outside the scope of AASB 15, the recognition and measurement of income arising from the transaction may instead be specified by another Standard, for example AASB 1058 Income of Not-for-Profit Entities.

-

AASB 1058 replaces the income recognition requirements in AASB 1004 Contributions that had previously applied to MGA. AASB 1058 provides a more comprehensive model for accounting for income of not-for-profit entities and specifies that:

· the timing of revenue or income recognition will depend on whether a performance obligation is identified or a liability is recognised;

· not-for-profit lessees can elect to recognise assets, including leases provided at significantly less than fair value, at their fair value; and

· all not-for-profit entities can elect to recognise volunteer services at fair value if the fair value of those services can be reliably measured.

MGA adopted AASB 15 and AASB 1058 using the modified retrospective method of adoption, with the date of initial application of 1 July 2019. In accordance with the transition approach, mgat recognised the cumulative effect of applying these new standards as an adjustment to opening retained earnings at the date of initial application, i.e., 1 July 2019. Consequently, the comparative information presented has not been restated and continues to be reported under the previous standards on revenue and income recognition. In addition, MGA has applied the practical expedient and elected to apply these standards retrospectively only to contracts and transactions that were not completed contracts at the date of initial application, i.e., as at 1 July 2019.

The adoption of AASB 15 and AASB 1058 did not have a material impact on MGA's financial statements

1.4 New Australian Accounting Standards

Impact on adoption of AASB 16

AASB 16 Leases supersedes AASB 117 Leases, Interpretation 4 Determining whether an Arrangement contains a Lease, Interpretation 115 Operating Leases—Incentives and Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

MGA has adopted AASB 16 using the modified retrospective method of transition, with the date of initial application of 1 July 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. MGA elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at 1 July 2019.

Instead, MGA applied the standard only to contracts that were previously identified as leases applying AASB 117 and Interpretation 4 at the date of initial application.

MGA has one lease contract for office equipment. Before the adoption of AASB 16, MGA classified its leases (as lessee) at the inception date as operating lease.

Upon adoption of AASB 16, MGA applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by MGA.

Leases previously accounted for as operating leases
MGA recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

MGA also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

Based on the above, as at 1 July 2019, MGA has applied the practical expedient allowed by AASB 16 for an existing lease which ends within 12 months of the date of initial application and applied short term lease exemption and continued to account for it as it has been under AASB 117 and therefore no adjustment to retained earnings was necessary.

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019, as follows:

Finance lease liabilities	-
Operating lease commitments disclosed as at 30 June 2019	3,465
Less: Short-term leases recognised on a straight-line basis as an expense	(3,465)
Lease liability recognised as at 1 July 2019	-

Additions to the right of use asset during the year was $14,215. The tables below show the amount of adjustment for each financial statement line item affected by the application of AASB 16 for the current year:

Impact on assets, liabilities and equity

Right of use asset - office equipment	14,215
Accumulated depreciation - Right of use asset	(592)
Net impact on total assets	**13,623**
Lease liability	16,020
Less finance charges	(1,666)
Net impact on total liabilities	**14,354**
Total impact on equity	(731)

Impact on profit or loss

Increase in depreciation and amortisation expense	592
Increase in interest expenses on lease liability	139
Decrease in administration expenses	-
Decrease in profit for the year	**731**

1.4 **New Australian Accounting Standards (cont'd)**

Impact on adoption of AASB 16

Impact on Statement of Cashflows

Under AASB 16, lessees are presenting cash payments for the interest and principal portion for leases liability as part of financing activities. Under AASB 117, all lease payments on operating leases were presented as part of cash flows from operating activities.

The adoption of AASB 16 did not have an impact on net cash flows.

Leases as lessor accounting under AASB 16

Lessor accounting under AASB 16 is substantially unchanged from AASB 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in AASB 117. Therefore, AASB 16 does not have an impact for leases where the MGA is the lessor.

Future Australian Accounting Standards Requirements

New standards, amendments to standards or interpretations that were issued prior to the sign-off date and are applicable to future reporting periods that are expected to have a future financial impact on the reporting unit include:

AASB 2020-1 – Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. For example, the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. This Standard applies to annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted.

1.5 Investment in associates and joint arrangements

An associate is an entity over which MGA has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the individual assets and obligations for the liabilities of the joint operation.

The results and assets and liabilities of associates and its joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with AASB 5 Non-current Asset Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate or joint venture is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the share of the profit or loss and other comprehensive income of the associate. When the share of losses of an associate or joint venture exceeds the interest in that associate, MGA discontinues recognising its share of further losses. Additional losses are recognised only to the extent that it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture

Any excess of the cost of acquisition over the share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

1.6 Acquisition of assets and or liabilities that do not constitute a business combination

The net book value of assets and or liabilities transferred to MGA for no consideration is used to account for an amalgamation under Part 2 of Chapter 3 of the RO Act

The assets and liabilities are recognised as at the date of transfer. There is no amalgamation during the year.

1.7 Revenue

MGA enters into various arrangements where it receives consideration from another party. These arrangements include consideration in the form of membership subscriptions, corporate sponsorship, training and industrial relation services, commission and grants.

The timing of recognition of these amounts as either revenue or income depends on the rights and obligations in those arrangements.

Revenue from contracts with customers

Where MGA has a contract with a customer, MGA recognises revenue when or as it transfers control of goods or services to the customer. MGA accounts for an arrangement as a contract with a customer if the following criteria are met:

· the arrangement is enforceable; and
· the arrangement contains promises (that are also known as performance obligations) to transfer goods or services to the customer (or to other parties on behalf of the customer) that are sufficiently specific so that it can be determined when the performance obligation has been satisfied.

Membership subscriptions

For membership subscription arrangements that meet the criteria to be contracts with customers, revenue is recognised when the promised goods or services transfer to the customer as a member of MGA.

If there is only one distinct membership service promised in the arrangement, MGA recognises revenue as the membership service is provided, which is typically based on the passage of time over the subscription period to reflect MGA's promise to stand ready to provide assistance and support to the member as required.

For member subscriptions paid annually in advance, MGA has elected to apply the practical expedient to not adjust the transaction price for the effects of a significant financing component because the period from when the customer pays and the good or services will transfer to the customer will be one year or less.

When a member subsequently purchases additional goods or services from MGA at their standalone selling price, MGA accounts for those sales as a separate contract with a customer.

Corporate sponsorships

Sponsorships revenue is recognised is based on passage of time over the sponsorship period in accordance with the terms and conditions of the sponsorship contracts.

Chargeable services and training income

Chargeable services and training income is brought to account when the service is provided.

Grants and donations

The timing of grant recognition will depend on whether there is any performance obligations or other liability. Government grants are not recognised until there is reasonable assurance that MGA will comply with the conditions attaching to them and that the grant will be received.

Government grants received by MGA to enable it to further its objectives are recognised as income when the consideration is received or eligibility requirements are met and MGA has the right to receive it.

Gains from sale of assets

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the statement of comprehensive income when the asset is derecognised.

Interest income

Interest revenue is recognised on an accrual basis using the effective interest method.

Rental income

Leases in which MGA as a lessor, does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the relevant lease term. Contingent rents are recognised as revenue in the period in which they are earned.

1.8 Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and termination benefits when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities for short-term employee benefits (as defined in AASB 119 *Employee Benefits*) and termination benefits which are expected to be settled within twelve months of the end of reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits which are expected to be settled beyond twelve months are measured as the present value of the estimated future cash outflows to be made by the reporting unit in respect of services provided by employees up to reporting date.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Provision is made for separation and redundancy benefit payments. The company recognises a provision for termination as part of a broader restructuring when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations. A provision for voluntary termination is recognised when the employee has accepted the offer of termination.

1.9 Leases

MGA assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases as a lessee

MGA applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The reporting unit recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

MGA recognises right-of-use assets at the commencement date of the lease (i.e., 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. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to MGA at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, MGA recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the reporting unit and payments of penalties for terminating the lease, if the lease term reflects the reporting unit exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, MGA uses the implicit the interest rate or incremental borrowing rate if the implicit lease rate 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. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments.

Short-term leases and leases of low-value assets

MGA's short-term leases are those that have a lease term of 12 months or less from the commencement. It also applies the lease of low-value assets recognition exemption to leases of reporting unit that are below $10,000. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

1.10 Borrowing costs

All borrowing costs are recognised in profit and loss in the period in which they are incurred.

1.11 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand, deposits held at call with bank, other short-term highly liquid investments with original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value and bank overdrafts. Bank overdrafts, if any are shown within short-term borrowings in current liabilities on the statement of financial position.

1.12 Financial instruments

Financial assets and financial liabilities are recognised when MGA becomes a party to the contractual provisions of the instrument.

1.13 Financial assets

Contract assets and receivables

A contract asset is recognised when the right to consideration in exchange of goods or services that has transferred to the customer when that right is conditioned on future performance or some other condition.

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets and receivables are subject to impairment assessment. Refer to accounting policies on impairment of financial assets below.

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (**OCI**), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and MGA's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, MGA initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest’ (**SPPI**) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

MGA's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

1.13 Financial assets (cont'd)

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that MGA commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in five categories:

- (Other) financial assets at amortised cost
- (Other) financial assets at fair value through other comprehensive income
- Investments in equity instruments designated at fair value through other comprehensive income
- (Other) financial assets at fair value through profit or loss
- (Other) financial assets designated at fair value through profit or loss

Financial assets at fair value through profit or loss (including designated)

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

Derecognition

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired or

- MGA has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either:
a) MGA has transferred substantially all the risks and rewards of the asset, or
b) MGA has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When MGA has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, MGA continues to recognise the transferred asset to the extent of its continuing involvement together with associated liability.

1.13 Financial assets (cont'd)

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Impairment

Expected credit losses

Receivables for goods and services, which have 30-day terms, are recognised at the nominal amounts due less any loss allowance due to expected credit losses at each reporting date. A provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment has been established.

(i) Trade receivables

For trade receivables that do not have a significant financing component,MGA applies a simplified approach in calculating expected credit losses (**ECLs**) which requires lifetime expected credit losses to be recognised from initial recognition of the receivables.

Therefore, MGA does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. MGA has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(ii) Debt instruments other than trade receivables

For all debt instruments other than trade receivables and debt instruments not held at fair value through profit or loss, MGA recognises an allowance for expected credit losses using the general approach. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that MGA expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages:

· Where there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses from possible default events within the next 12-months (a 12-month ECL).

· Where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the debt, irrespective of the timing of the default (a lifetime ECL).

MGA considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, MGA may also consider a financial asset to be in default when internal or external information indicates that MGA is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

1.14 Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, at amortised cost unless or at fair value through profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

MGA's financial liabilities include trade and other payables.

Subsequent measurement

Financial liabilities at amortised cost

After initial recognition, trade payables and interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

1.15 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

1.16 Property, Plant and Equipment

Asset Recognition Threshold

Purchases of land, buildings, plant and equipment are recognised initially at cost in the Statement of Financial Position. The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Revaluations - Land and Buildings

Following initial recognition at cost, properties are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Revaluations are perfomed with sufficient frequency such that the carrying amount of assets do not differ materially from those that would be determined using fair values as at the reporting date.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the profit or loss except to the extent that they reverse a previous revaluation increment for that class. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful life using either dimishing value or straight line method of depreciation. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or curren and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2020	2019
Property and improvements	47 years	47 years
Plant and equipment	3 to 25 years	3 to 25 years

As no finite useful life for land can be determined, related carrying amounts are not depreciated.

1.16 Property, Plant and Equipment (cont'd)
Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss.

1.17 Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit and loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and not future economic beneifts are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

1.18 Intangible assets

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful life. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. The useful life of the intangible assets are:

	2020	2019
Intangible assets	5 years	5 years

No amortisation provided for software assets under development until ready for use.

Derecognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit and loss when the asset is derecognised.

1.19 Impairment for non-financial assets

All assets are assessed for impairment at the end of each reporting period to the extent that there is an impairment trigger. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the company was deprived of the asset, its value in use is taken to be its depreciated replacement cost.

1.20 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs of disposal.

1.21 Taxation

MGA is exempt from income tax under section 50.1 of the Income Tax Assessment Act 1997 however still has obligation for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST except:
· where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
· for receivables and payables.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office is classified within operating cash flows.

1.22 Fair value measurement

MGA measures financial instruments, such as, financial asset as at fair value through the profit and loss, and non-financial assets such as land and buildings and investment property, at fair value at each balance date. The fair value measurement of financial instruments are disclosed in Note 24.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

1.22 Fair value measurement (cont'd)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

MGA uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1—Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as land and buildings and investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, MGA has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

1.23 Going concern

MGA is not reliant on the agreed financial support of another entity to continue on a going concern basis.

NOTE 2 Events after the reporting period

In July 2020 MGA Independent Retailers entered in to a JV arrangement with easyNRG to create Australian Circular Economy Solutions (ACES). The JV, ACES, will operate within the waste Industry, focusing on providing sustainability solutions to members to help reduce both business costs and the negative environmental impact of the site. The JV will conduct waste assessments to assist members to improve sustainability levels and reduce running costs, with the initial market focus on the independent supermarket industry and food waste.

		2020	2019
		$	$
NOTE 3	**REVENUE AND INCOME**		
	Disaggregation of revenue from contracts with customers		
	A disaggregation of the revenue by type of arrangements is provided on the face of the Statement of comprehensive income. The table below also sets out a disaggregation of revenue by type of customer.		
	Type of customer		
	Members	1,534,435	1,634,051
	Government	-	-
	Other parties	573,025	566,874
	Total revenue from contracts with customers	2,107,460	2,200,925
	Disaggregation of income for furthering activities		
	A disaggregation of the reporting unit's income by type of arrangement is provided on the face of the Statement of comprehensive income. The table below also sets out a disaggregation of income by funding source:		
	Income funding sources		
	Members	-	-
	Government	149,000	-
	Other parties	-	-
	Total revenue for furthering activities	149,000	
NOTE 3A	**Grants and /or donations**		
	Grants	149,000	-
	Donations	-	-
	Total grants and donations	149,000	-
NOTE 3B	**Net gains from disposal of assets**		
	Plant and equipment	-	-
	Other	-	-
	Total net gains from disposal of assets	-	-
NOTE 3C	**Gain (loss) on financial assets at fair value through profit or loss**		
	Domestic , international equities and debt securities	(127,331)	(2,378)
NOTE 3D	**Investment income**		
	Interest		
	Deposits	9,731	18,777
	Trust distributions	18,086	27,235
	Dividends	50,930	59,717
	Total investment income	78,747	105,729
NOTE 3E	**Rental income**		
	Properties	66,693	73,168
	Total rental income	66,693	73,168
NOTE 3F	**Other income**		
	Payroll tax waiver refund	27,249	-
	Others	32,739	13,943
	Total other income	59,988	13,943
NOTE 4	**EXPENSES**		
NOTE 4A	**Employee expenses**		
	Holders of Office:		
	- Wages and salaries	92,238	91,517
	- Superannuation	8,728	7,507
	- Separation and redundancies	-	-
	- Transfers to provisions for annual leave	(4,747)	(8,359)
	- Transfers to provisions for long service leave	1,430	3,295
	- Other employee expenses	-	-
		97,649	93,960
	Employees other than Holders of Office:		
	- Wages and salaries	1,339,132	1,315,462
	- Superannuation	114,860	113,229
	- Separation and redundancies	80,222	-
	- Transfers to provisions for annual leave	5,647	(30,287)
	- Transfers to provisions for long service leave	(3,462)	19,134
	- Other employee expenses	67,623	80,913
		1,604,022	1,498,451
	Total employee expenses	1,701,671	1,592,411
NOTE 4B	**Affiliation fees**		
	- Political parties	-	-
	- Council of Small Business Association	7,497	7,497
		7,497	7,497

		2020 $	2019 $
NOTE 4C	**Administration expenses**		
	Consideration to employers for payroll deductions	-	-
	Fees - Meeting and conference	12,000	12,000
	Meeting and conference expenses	4,968	3,039
	Promotion expenses	33,855	30,899
	Accounting fees	74,211	8,925
	Allowance for expected credit loss	(4,780)	19,862
	Contractors/consultants	2,654	12,175
	Compulsory levies	-	-
	Human resource costs	22,841	17,581
	Information technology	44,772	36,093
	Insurance	9,156	9,343
	Occupancy	47,448	43,467
	Office services and supplies	50,113	53,222
	Travel and accomodation	47,145	83,213
	Venue hire and catering	23,654	18,689
		368,037	348,505
	Operating lease rentals:		
	Minimum lease payments	3,850	4,620
		371,887	353,125
NOTE 4D	**Campaign and project expenses**		
	Magazine costs	84,219	73,939
	Training costs	35,672	32,112
	Legal and HR expenses recharged	-	103,374
	Timber - Wood advisory	8,266	7,913
	Penalty rates expenses funded	-	41,549
	Campaigns/Penalty Rates & IR Reform	25,600	1,932
	Postage / email campaigns	11,739	8,186
		165,496	269,005
NOTE 4E	**Loans, Grants and/ or donations**		
	Grants		
	Total paid that were $1000 or less	-	-
	Total paid that exceeded $1000	-	-
		-	-
	Donations		
	Total paid that were $1000 or less	45	-
	Total paid that exceeded $1000	-	-
		45	213
NOTE 4F	**Depreciation and amortisation**		
	Depreciation		
	Right of use assets	592	-
	Property,plant & equipment	52,581	60,624
		53,173	60,624
	Amortisation		
	Intangible assets	10,464	9,885
	Total depreciation and amortisation	63,637	70,509
NOTE 4G	**Finance costs**		
	Unwinding of discount	139	-
NOTE 4H	**Writedown and impairment of assets**		
	Property, plant and equipment	-	-
	Intangibles	-	-
		-	-
NOTE 4I	**Net losses from disposal of assets**		
	Property, plant and equipment	-	-
	Intangibles	-	-
		-	-
NOTE 4J	**Legal costs**		
	Litigation	1,000	-
	Other legal matters	1,400	-
		2,400	-

		2020	2019
		$	$
NOTE 4K	**Other expenses**		
	Penalties - via RO Act or RO Regulations	-	-
	Brokerage	25,811	21,267
	Rental property costs	10,986	8,870
		36,797	30,137

NOTE 5 DIVIDENDS POLICY

No dividends were paid during the financial year or are proposed to be paid.

NOTE 6 INCOME TAX

The company is income tax exempt effective from a Private Ruling dated 18th July 2003

NOTE 7 CASH & CASH EQUIVALENTS

	2020	2019
Current		
Cash at bank	405,237	15,720
Cash on hand	300	265
Short-term deposits	363,290	546,712
Other	-	-
	768,827	562,697

Cash at bank and short-term deposits are classified as financial assets held at amortised cost.
Short-term deposits are made for varying periods depending on the immediate cash requirement and earn interest at the respective short term interest rates.

NOTE 8 TRADE AND OTHER RECEIVABLES

	2020	2019
Current		
Trade receivables	210,739	254,860
Less: allowance for expected credit loss	(15,082)	(19,862)
	195,657	234,999
Other receivables:		
Receivables from other reporting units		
Others	83,234	-
	83,234	-
	278,891	234,999

The movement in the allowance for expected credit losses for trade and other receivables is as follows:-

	2020	2019
At 1 July	19,862	-
Provision for expected credit losses	(4,780)	19,862
Amounts written off as uncollectible	-	-
At 30 June	15,082	19,862

The exposure to credit risk and allowance for expected credit loss on receivables is disclosed in Note 23D.

No collateral is held over trade and other receivables.

The reporting unit has recognised the following assets and liabilities related to contracts with customers:

	2020	2019
Receivables		
Trade receivables - current	193,942	229,796
Trade receivables - non-current	-	-
	193,942	229,796
Contract liabilities		
Deferred revenue - current	191,033	245,797
Deferred revenue - non-current	-	-
	191,033	245,797

Contract liabilities arise from contracts with customers and represent amounts paid (or due) by customers before receiving the services promised under the contract.

Revenue recognised in the year that was included in the contract liability balance at the beginning of the year was $225,338. Contract liability is released to the statement of profit or loss over time as the performance obligation is met.

Unsatisfied performance obligations

MGA expects that 100% of the transaction price allocated to remaining performance obligations is expected to be recognised as revenue within one year. These performance obligations primarily relate to member subscription contracts and corporate sponsorship .

NOTE 9 OTHER CURRENT ASSETS

Current		
Accrued income	18,321	26,248
Prepayments	22,125	37,414
Project loans	5,000	7,501
	45,447	71,165

NOTE 10 FINANCIAL ASSET INVESTMENTS

Current		
Fair value through profit or loss (FVTPL)		
- Held for trading and those designated at fair value through profit or loss on initial recognition		
Domestic equities	1,057,830	1,130,504
International equities	726,363	705,316
Debt securities	125,375	178,035
	1,909,568	2,013,856
Fair value through other comprehensive income (FVOCI)	-	-
Amortised cost	-	-
	1,909,568	2,013,856

Changes in fair values of financial assets at fair value through profit or loss are recorded in gains/(losses) in the statements of comprehensive income.

	2020	2019
	$	$
NOTE 11 INVESTMENT PROPERTY		
Non current		
As at 1st July	830,000	830,000
Additions	-	-
Net gain from fair value adjustment	-	-
As at 30 June	830,000	830,000

MGA has reclassified the property, located at Suite 9, 1 Milton Parade, Malvern 3144 from property, plant and equipment to investment property with effect from 18 October 2016. The property was inspected and valued by Charter Keck Cramer on 18 October 2016.

The fair value of completed investment property has been determined on a market value basis in accordance with International Valuation Standards (IVS), as set out by the International Valuation Standards Council (IVSC). In arriving at their estimates of market values, the valuers have used their market knowledge and professional judement and not only relied on historical transactional comparables.

The highest and best use of the investment property is not considered to be different from its current use.

Rental income earned and reimbursements received from the investment property during the year was $62,233 (2019: $66,568).

Direct expenses incurred in relation to the investment property that generated rental income during the year was $3,984 (2019: $8,870). During the year and as at the year-end, no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal were present. MGA does not have any contractual obligations to purchase, construct or develop the investment property or for repairs, maintenance or enhancements.

The fair value of investment property was determined by Charter Keck Cramer, using recognised valuation techniques. These techniques comprise both the direct sales comparison and income capitalisation method.

Under the income capitalisation method, a property's fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation rate of 6.25%.

The fair value of the investment property is included within Level 2 of the fair value hierarchy as stated at Note 1.22 to the financial statements.

		2020	2019
		$	**$**
NOTE 12	**INTANGIBLE ASSETS**		
	Non current		
	Software assets	72,641	55,017
	Less: accumulated amortisation and impairment	(38,904)	(28,440)
	Net book value 30 June	33,737	26,577
	Reconciliation of the opening and closing balances		
	As at 1st July		
	Gross book value	55,017	-
	Accumulated depreciation and impairment	(28,440)	-
	Net book value 1 July	26,577	-
	Additions:		
	Transfers from property, plant and equipment	-	27,299
	By purchase	17,623	9,164
	Impairment	-	-
	Amortisation	(10,464)	(9,885)
	Disposals	-	-
	Net book value 30 June	33,736	26,578
	Net book value as at 30 June represented by:		
	Gross book value	72,641	55,017
	Accumulated depreciation and impairment	(38,904)	(28,440)
	Net book value 30 June	33,737	26,577

		2020	2019
NOTE 13	**PROPERTY, PLANT AND EQUIPMENT**		
	Non current		
	Property - Land and building		
	at fair value	1,700,000	1,700,000
	accumulated depreciation	(136,233)	(99,400)
		1,563,767	1,600,600
	Property improvements		
	at cost	16,630	16,630
	accumulated depreciation	(1,152)	(599)
		15,478	16,031
	Plant & equipment - at cost		
	at cost	138,088	131,153
	accumulated depreciation	(90,504)	(75,310)
		47,584	55,843
	Net book value 30 June	1,626,828	1,672,475

NOTE 13 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Reconciliation of the Opening and Closing Balances

	Property	Property Improvements	Plant & Equipment	Total
As at 1st July 2018				
Gross book value	1,700,000	16,630	165,562	1,882,192
Accumulated depreciation and impairment	(62,566)	(125)	(70,549)	(133,240)
Net book value 30 June 2018	1,637,434	16,505	95,013	1,748,952
Year ended 30 June 2019				
Additions:				
By purchase	-	-	11,445	11,445
Revaluations	-	-	-	-
Transfers to intangible assets (Note12)	-	-	(27,299)	(27,299)
Depreciation expense	(36,833)	(474)	(23,317)	(60,624)
Disposals	-	-	-	-
Net book value 30 June 2019	1,600,600	16,031	55,842	1,672,474
Net book value as at 30 June 2019 represented by:				
Gross book value	1,700,000	16,630	131,153	1,847,783
Accumulated depreciation and impairment	(99,400)	(599)	(75,310)	(175,309)
Net book value 30 June 2019	1,600,600	16,031	55,843	1,672,474
Year ended 30 June 2020				
Additions:				
By purchase	-	-	6,935	6,935
Revaluations	-	-	-	-
Transfers to intangible assets (Note12)	-	-	-	-
Depreciation expense	(36,833)	(554)	(15,194)	(52,581)
Disposals	-	-	-	-
Net book value 30 June 2020	1,563,767	15,478	47,584	1,626,828
Net book value as at 30 June 2020 represented by:				
Gross book value	1,700,000	16,630	138,088	1,854,718
Accumulated depreciation and impairment	(136,233)	(1,152)	(90,504)	(227,890)
Net book value 30 June 2020	1,563,767	15,478	47,584	1,626,828

NOTE 14 RIGHT OF USE ASSET AND LEASE LIABILITY

	2020 $	2019 $

Amount of right of use asset recognised and the movements during the year:

	2020 $	2019 $
As at 1 July (restated)	-	-
Additions - office equipment	14,215	-
Depreciation	(592)	-
Impairment	-	-
Disposal	-	-
As at 30 June	**13,623**	-

Amount of lease liability recognised and the movements during the year:

	2020 $	2019 $
As at 1 July (restated)	-	-
Additions	14,215	-
Accretion of interest	139	-
Payments	-	-
As at 30 June	**14,354**	-
Lease liability - current	3,171	-
Lease liability - non-current	11,183	-
	14,354	-

The maturity analysis of lease liability is as disclosed in Note 23E

Amounts recognised in statement of comprehensive income:

	2020 $	2019 $
Depreciation expense of right of use asset	592	-
Interest expense on lease liability	139	-
Short-term and low value lease recognised on a straight line basis	3,850	4,620
	4,581	**4,620**

NOTE 15 TRADE AND OTHER PAYABLES

	2020 $	2019 $
Trade payables	36,513	25,385
Sundry payables & accruals	237,587	84,270
	274,101	109,655
Payables to other reporting units	-	-
	274,101	109,655
Total trade and other payables are expected to be settled in:		
No more than 12 months	274,101	109,655
More than 12 months	-	-
	274,101	109,655

The average credit period on trade and other payables is 30 days. No interest is payable on outstanding payables during this period.

NOTE 16 PROVISIONS

Employee provisions

	2020 $	2019 $
Office holders:		
Annual leave	12,038	16,785
Long service leave	4,725	3,295
Separations and redundancies	-	-
Other	-	-
Employee provisions - office holders	16,763	20,080
Employees other than office holders		
Annual leave	71,439	65,792
Long service leave	125,029	128,491
Separations and redundancies	-	-
Other	-	-
Employee provisions - other than office holders	196,468	194,283
Current		
Employee entitlements - provision for annual leave	83,477	82,577
Employee entitlements - provision for long service leave	119,524	97,112
	203,001	179,688
Non Current		
Employee entitlements - provision for annual leave	-	-
Employee entitlements - provision for long service leave	10,231	34,674
	10,231	34,674

		2020 $	2019 $
NOTE 17	**CASH FLOW**		
NOTE 17A:	**Cash flow reconciliation**		
	Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement:		
	Cash and cash equivalents as per:		
	Cash flow statement	768,827	562,697
	Balance Sheet	768,827	562,697
	Difference	-	-
	(a) Reconciliation of operating profit after income tax to net cash provided by (used in) operating activities:		
	Profit (loss) for the year	(27,749)	54,477
	Non-cash flows in operating profit:-		
	(Profit) Loss on disposal of plant & equipment	-	-
	Write-down or impairment of assets	-	-
	Loss on financial assets at fair value through profit or loss	127,333	2,378
	Lease interest expense	139	-
	Depreciation and amortisation	63,637	70,509
	Allowance for expected credit loss	(4,780)	19,862
	Change in assets and liabilities:		
	(Increase) / decrease		
	- Trade receivables	(39,113)	(13,711)
	- Sundry receivables and prepayments	25,716	(6,369)
	(Decrease) / increase		
	- Trade, sundry payables & accruals	164,445	(17,946)
	- Contract liabilities	(54,764)	-
	- Employee provisions	(1,131)	(16,216)
	Net cash provided by operating activities	253,733	92,984
NOTE 17B	**Cashflow information**		
	Cash inflows from reporting unit/ controlled entity	-	-
	Cash outflows from reporting unit/ controlled entity	-	-

NOTE 18 RELATED PARTY TRANSACTIONS

(a) Key management personnel compensation

Any person(s) having authority and responsibility for planing, directing and controlling the activities of the company directly or indirectly is considered key management personnel.

	2020 $	2019 $
Short term employee benefits	479,230	419,700
Post employment benefits	31,297	27,556
Other long term employee benefits	18,316	5,287
Termination benefits	-	-
Share based payments	-	-
Total	528,843	452,543

(b) Other transactions with key management personnel and their close family members

	2020 $	2019 $
Loans to / from key management personnel	-	-
Other transactions with key management personnel	-	-
	-	-

(c) Other related party transactions

(i) Travel cost incurred, paid or reimbursed to officeholders

	2020 $	2019 $
Rodney Allen	-	1,386
Stephen Miller	-	323
Michael Daly	468	1,227
Deborah Smith	6,833	9,615
Andrew Bray	-	390
Christopher Dos Santos	2,903	4,424
Gino Divitini	-	1,312
Grant Hinchcliffe	5,006	6,246
Graeme Gough	1,315	4,717
Carmel Goldsmith	2,577	6,240
Jeff Harper	135	790
Ross Anile	2,997	3,005
Lincoln Wymer	58	2,795
	22,292	42,470

	2020 $	2019 $
(ii) Committee meeting attendance fees paid directly or indirectly to officeholders who are not employees	12,000	12,000

NOTE 19 REMUNERATION OF AUDITORS

	2020 $	2019 $
Financial statement audit services	12,737	14,223
Other services	-	-
	12,737	14,223

NOTE 20 CONTINGENT LIABILITIES, ASSETS AND COMMITMENTS

Operating lease commitments - as lessor

MGA lease out one of its offices under non-cancellable operating lease expiring between one to two years.

Commitments for minimum lease payments in relation to non-cancellable operating lease is as follows:

	2020 $	2019 $
Within one year	67,521	61,362
After one year but not more than five years	-	-
More than five years	-	-
	67,521	61,362

Contractual commitments

The financial commitment that MGA will make to the Joint Venture with EasyNRG to form ACES is $100,000. The commitment may include in kind services, supply for staff to support the business or cash contributions which will be determined by proposals, presented to and passed by the board.

NOTE 21 MEMBERS GUARANTEE

The Company is limited by guarantee. If the company is wound up, the Constitution of the Company states that each member is required to contribute a maximum amount not exceeding one year's subscription towards meeting any outstanding obligations of the Company. At 30 June 2020, there were 2,196 members, 312 associate members and 27 corporate members.

NOTE 22 ADMINISTRATION OF FINANCIAL AFFAIRS BY A THIRD PARTY

There is no administration of financial affairs by a third party.

NOTE 23 FINANCIAL INSTRUMENTS

MGA is exposed to various risks in relation to financial instruments. The main types of risk are market risk, credit risk and liquidity risk.

Risk management is carried out by management under policies approved by Committee of Management. The Committee of Management identifies and evaluates financial risk as part of regular meetings.

The finance committee work in close co-operation with the company's external portfolio manager to minimise financial risk and to maximise returns.

NOTE 23A Categories of financial instruments

	2020 $	2019 $
Financial assets		
Financial assets at amortised cost		
Cash and cash equivalents	768,827	562,697
Trade and other receivables	278,891	234,998
Financial assets at fair value through profit or loss		
Financial asset investments	1,909,568	2,013,855
Carrying amount of financial assets	2,957,287	2,811,548
Financial liabilities		
Trade payables and other payables	274,101	355,452
Carrying amount of financial liabilitites	274,101	373,399

NOTE 23B Market risk analysis

MGA is exposed to market risk through its use of financial instruments and specifically to interest rate risk and equity price risks, which result from both its operating and investing activities.

Interest rate sensitivity

MGA is exposed to changes in interest rate through deposits at call at variable rates. MGA has no bank borrowings.

The following table illustrates the sensitivity of the profit and equity to a reasonably possible change in interest rates of + / - 1% (2019: + / -1%). The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

Variable rate instruments

Financial assets

	Profit for the year	
	+1%	-1%
30-Jun-20	7,688	(7,688)
30-Jun-19	5,627	(5,627)

	Equity	
	+1%	-1%
30-Jun-20	7,688	(7,688)
30-Jun-19	5,627	(5,627)

Financial liabilities

	Profit for the year	
	+1%	-1%
30-Jun-20	-	-
30-Jun-19	-	-

	Equity	
	+1%	-1%
30-Jun-20	-	-
30-Jun-19	-	-

NOTE 23B Market risk analysis (Cont'd)

Other price risk sensitivity

MGA is exposed to changes in equity price movement in respect of its equity investments.

The following table illustrates the sensitivity of the profit and equity to a reasonably possible change in price movement of of + / - 10% (2019: + / -10%). The calculations are based on financial instruments held at each reporting date that are sensitive to price movement.

	Profit for the year	
	+10%	-10%
30-Jun-20	190,957	(190,957)
30-Jun-19	201,386	(201,386)

	Equity	
	+10%	-10%
30-Jun-20	190,957	(190,957)
30-Jun-19	201,386	(201,386)

NOTE 23C Foreign Exchange risk analysis

MGA is only indirectly exposed to foreign exchange risk movement in respect of its investment in international equities through managed funds.

NOTE 23D Credit risk analysis

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to the sale of services to members and customers, including outstanding receivables and committed transactions.

MGA's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2020	**2019**
Classes of financial assets		
Carrying amounts:		
Cash and cash equivalents	768,827	562,697
Trade and other receivables	195,656	234,998
Total	**964,484**	**797,695**

Credit risk is managed through maintaining procedures that ensure, to the extent possible, that customers and counterparties to transactions are of sound credit worthiness and their financial stability is monitored and assessed on a regular basis. Such monitoring is used in assessing receivables for impairment.

The allowance for expected credit loss associated with the aging of trade receivables is detailed below:

30-Jun-20	Trade and other receivables					
	Current	<30days	30-60 days	61-90days	>91 days	Total
Expected credit loss rate	0.9%	0.9%	2.2%	3.8%	37.2%	
Estimate total gross carrying amount at default	120,049	23,930	14,080	18,185	34,494	210,738
Expected credit loss	1,033	224	315	695	12,815	15,082
Trade receivable net of allowance	119,016	23,706	13,765	17,490	21,679	195,656

30-Jun-19	Trade and other receivables					
	Current	<30days	30-60 days	61-90days	>91 days	Total
Expected credit loss rate	2.5%	2.7%	6.1%	10.3%	21.8%	
Estimate total gross carrying amount at default	90,885	27,658	73,247	11,807	51,263	254,860
Expected credit loss	2,258	760	4,490	1,211	11,143	19,862
Trade receivable net of allowance	88,627	26,898	68,757	10,596	40,120	234,998

Loss rates are estimated in each age category and are based on the probability of a receivable progressing to write-off. Factors to estimate the loss rate are based on risk assessment performed for each customer segment and economic factors.

NOTE23E Liquidity risk analysis

Liquidity risk is that the company might be unable to meet its obligations. MGA's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding as required and the ability to close-out market positions if necessary. The finance committee aims at maintaining flexibility in funding by keeping adequate liquidity available.

Contractual maturities for financial liabilities 2020

	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
	$	$	$	$
Trade and other payables	274,101	-	-	-
Total	**274,101**	-	-	-

Contractual maturities for financial liabilities 2019

	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
	$	$	$	$
Trade and other payables	109,655	-	-	-
Total	**109,655**	-	-	-

Lease liability maturity for 2020

	On demand	< 1 year	1 to 5 years	Later than 5 years
	$	$	$	$
Lease liability	-	3,171	11,183	-
Total	**-**	**3,171**	**11,183**	-

Lease liability maturity for 2019

	On demand	< 1 year	1 to 5 years	Later than 5 years
	$	$	$	$
Lease liability	-	-	-	-
Total	**-**	-	**-**	-

NOTE23F Changes in liabilities arising from financing activities

	01-Jul-19	Cash flows	Non-cash changes			**30-Jun-20**
			Acquisition	Foreign Exchange	Fair Value Changes	
Short-term borrowings	-	-	-	-	-	-
Total liabilities from financing activities	-	-	-	-	-	-

	01-Jul-18	Cash flows	Non-cash changes			**30-Jun-19**
			Acquisition	Foreign Exchange	Fair Value Changes	
Short-term borrowings	-	-	-	-	-	-
Total liabilities from financing activities	-	-	-	-	-	-

NOTE 23G Net income and expense from financial assets and financial liabilities

	2020	**2019**
	$	**$**
Net income and expense from financial assets		
Fair value through profit or loss - Held for trading and those designated as fair value through profit and loss:		
- Change in fair value	(127,331)	(2,378)
- Dividend revenue	50,930	59,717
- Interest revenue	5,546	14,812
- Trust distributions	18,086	27,235
- Exchange gains/(loss)	-	-
Total held for trading and designated as fair value through profit and loss	(52,770)	99,386
At Amortisation		
- Interest revenue	4,185	3,965
Net income/(expense) from financial assets	**(48,585)**	**103,351**
Net income and expense from financial liabilities		
At Amortised cost		
- Interest expense	-	-
Net expense from financial liabilties	**-**	**-**

NOTE 24 FAIR VALUE MEASUREMENT

Financial assets and liabilities fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial postion are grouped into three (3) levels of a fair value hierarchy. The three (3) levels are defined based on the observabiliy of significant inputs to the measurement, as follows:

a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability; either directly or indirectly
c) Level 3: unobservable inputs for the asset or liability

The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 30 June 2020 and 30 June 2019:

	Level 1 $	Level 2 $	Level 3 $	Total $
30-Jun-20				
Assets				
Fair value through profit or loss	1,909,568	-	-	1,909,568
Net fair value	1,909,568	-	-	1,909,568
30-Jun-19				
Assets				
Fair value through profit or loss	2,013,856	-	-	2,013,856
Net fair value	2,013,856	-	-	2,013,856

Fair value through profit or loss financial assets have been determined by reference to their quoted bid prices at the reporting date.

The fair value of cash, trade and other receivables and trade and other payables and borrowings are assumed to approximate their carrying amounts due to their short-term nature.

Non-financial assets fair value hierarchy

	Level 1 $	Level 2 $	Level 3 $	Total $
30-Jun-20				
Assets				
Property, plant & equipment - Land & building	-	1,563,767	-	1,563,767
Investment property	-	830,000	-	830,000
Net fair value	-	2,393,767	-	2,393,767
30-Jun-19				
Assets				
Property, plant & equipment - Land & building	-	1,600,600	-	1,600,600
Investment property	-	830,000	-	830,000
Net fair value	-	2,430,600	-	2,430,600

Fair value of MGA's main property assets is estimated based on appraisals performed by independent, professionally-qualified property valuers. The significant inputs and assumptions are developed in close consultation with management.

Further information about the valuation of the property assets are in Note 11.

NOTE 25 INFORMATION TO BE PROVIDED TO MEMBERS

In accordance with the requirements of the *Fair Work (Registered Organisations) Act 2009,* the attention of members of Master Grocers Australia Limited is drawn to the provisions of subsections (1), (2) and (3) of Section 272, which reads as follows:

(1) A member of a reporting unit, or the Commissioner, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.

(2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.

(3) A reporting unit must comply with an application made under subsection (1).

MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263
OFFICER DECLARATION STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020

I, Deborah Smith, being the President of Master Grocers Australia Limited, declare that the following activities did not occur during the year ended 30 June 2020.

- agree to provide financial support to another reporting unit to ensure they continue as a going concern
- acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission
- receive capitation fees or any other revenue from another reporting unit
- receive revenue via compulsory levies
- pay capitation fees or any other expense to another reporting unit
- have a payable to an employer for that employer making payroll deductions of membership subscriptions
- have a payable in respect of legal costs relating to litigation
- have a payable in respect of legal costs relating to other legal matters
- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity
- make a payment to a former related party of the reporting unit

For the Committee of Management: ________________________________

Title of Office held: President

DATED this 26th day of October 2020

AUDITORS' INDEPENDENCE DECLARATION
TO THE MEMBERS OF MASTER GROCERS AUSTRALIA LIMITED

As auditor for the audit of Master Grocers Australia Limited for the year ended 30 June 2020,
I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020 there have been:

(a) no contraventions of the auditors' independence requirements of Australian professional ethical pronouncements in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

Cobain & Lim Pty Ltd

N A Cobain

Melbourne
Dated this 26th day of October 2020

Registration number (as registered by the RO Commissioner under the RO Act)10: AA2017/55

Cobain & Lim Pty Ltd
Chartered Accountants
Suite 211, Level 2
566 St Kilda Road
Melbourne Vic. 3004
T: 03 95105233 F: 03 9521 7900

Independent Audit Report to the Members of Master Grocers Australia Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Master Grocers Australia Limited, which comprises the statement of financial position as at 30th June 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30th June 2020, notes to the financial statements, including a summary of significant accounting policies; and the Committee of Management Statement, the subsection 255(2A) report and the Officer Declaration Statement.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of Master Grocers Australia Limited as at 30th June 2020, and its financial performance and its cash flows for the year ended on that date in accordance with:

a) the Australian Accounting Standards; and

b) any other requirements imposed by the reporting guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act).

We declare that management's use of the going concern basis in the preparation of the financial statements of Master Grocers Australia Limited is appropriate.

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 Master Grocers Australia Limited in accordance with 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 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 Auditor's Report Thereon

The Committee of Management is responsible for the other information. The other information obtained at the date of this auditor's report is in the Operating Report accompanying the financial report.

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 Committee of Management for the Financial Report

The Committee of Management of Master Grocers Australia Limited is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the Committee of Management 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 Committee of Management is responsible for assessing Master Grocers Australia Limited's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee of Management either intend to liquidate the Reporting Unit or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objective is 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 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 the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my 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 Master Grocers Australia Limited's internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.

• Conclude on the appropriateness of the Committee of Management's 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 Master Grocers Australia Limited'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 Master Grocers Australia Limited 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.

• Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Master Grocers Australia Limited to express an opinion on the financial report. We are responsible for the direction, supervision and performance of Master Grocers Australia Limited audit. We remain solely responsible for our audit opinion.

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We communicate with the Committee of Management 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.

I declare that I am an approved auditor, a member of Chartered Accountants Australia and New Zealand and hold a current Public Practice Certificate.

Cobain & Lim Pty Ltd

N A Cobain

Melbourne
Dated this 26th day of October 2020.

Registration number (as registered by the RO Commissioner under the RO Act)10: AA2017/55