MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

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MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263
DIRECTORS REPORT
FOR THE YEAR ENDED 30 JUNE 2019

The Directors of Master Grocers Australia Limited present their report to the members on the results of the Company for the financial year ended 30 June 2019 and on the state of affairs of the Company as at that date.

The following Directors of Master Grocers Australia Limited held office during the financial year and, unless noted, until the date of this report:

Rodney Allen - President	Retired November 2018	Christopher Dos Santos	Director
Grant Hinchcliffe - Director	Vice President from January 2019	Gino Divitini - Director	Retired February 2019
Michael Daly	Director	Ross Anile - Replaced Gino Divitini	Director from February 2019
Deborah Smith - Director & Vice President	President from January 2019	Carmel Goldsmith	Director
Graeme Gough	Director	Jeff Harper - Casual Vacancy	Director from February 2019
Lincoln Wymer	Director		

PRINCIPAL ACTIVITIES

Master Grocers Australia Limited (MGA) 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, Indus Representation, Industry Community and to protect the status and best interests of its members.

MGA 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. MGA 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/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

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 launch a MGA Training Course Guide and calendar
- further develop MGA team skills and capability to achieve the organisation's objectives in Legal and HR, 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.

OPERATING RESULTS

The results reported for the year is as follows:

	FY2019	FY2018
Profit before other comprehensive income	$54,477	$218,296
Total comprehensive income	$54,477	$218,296

DIVIDENDS

The Directors do not recommend the payment of any dividend. No dividends have been paid or provided for since the end of the previous financial year.

YEAR IN REVIEW
"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 MGA & MGATMA. The MGA 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 MGA and MGATMA providing strong support services and advocacy for its members around Australia.

MGA's membership numbers remain steady at 2,555. 78% of members are licensed supermarkets with the balance of 22% comprising stand alone liquor, hardware and timber family businesses.

Sincere thanks to Gino Divitini who retired as MGA's WA Director in February 2019 after 7 years of service. Gino did an outstanding job representing all independent supermarket operators in WA. Thank you Gino.

MGA's Board of Directors extends a deep gratitude to former MGA Board President Rod Allen. Rod's leadership of the Board and his passion to do what is right for members has driven MGA to new levels of excellence each year. Rod has served on MGA's Board for 20 years and as MGA's President for 15 of those amazing years, overseeing the growth of MGA from a state based organisation in 2005 (MGAV) into a National Industry Employer Association today. Thank you RodAllen

There were many matters of concern that consumed MGA and MGATMA's 's time both at a Federal and State level as some federal matters MGA has been handling include;
The National Wage review, Industrial relations issues and impediments to employing staff, the increase in unfair dismissal claims and the lack of triaging legitimate claims by the FWC, Energy Costs, Company Tax reductions – to 25% for businesses with less than $50m sales, Unfair Contract Terms, Merchant Fees reductions – Least Cost Routing and the Shopper Dockets "enforceable undertaking" continues.

Some of the State based challenges our members have been facing include; trading hours deregulation (SA, Qld WA), unfettered floorspace development of Aldi and Chain stores, restrictions to sell packaged liquor (SA, Qld), and Chain of Responsibility regulations and so the list goes on and on. Other matters include; Plastic Bag Bans, Container Deposit Schemes, liberalisation of Trading Hours, Planning, zoning and development matters – in particular Kaufland entry into Australia, tobacco laws, payroll tax, red tape and cost burdens, land tax

MGA's Legal and HR team led by Marie Brown have had a very busy year assisting and supporting members with a plethora of staff related queries. Unfair dismissals have been on the rise which is cause for concern owing to their time-consuming nature for members and MGA. The team also produced a range of state and federal submissions, including the National Wage Review submitted in April 2019. The Victorian Planning Ministers independent planning review panel hearings concerning the 4th largest retailer in the world, Kaufland and their request of the state government to unfairly rezone industrial and commercial land have been particularly time consuming.
MGA's Legal and HR 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. MGA & 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.

Despite 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.
MGA& 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 MGA & 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. MGA & MGATMA Membership fees are very reasonable for the support and services provided to members. MGA's Board resolved to increase MGA's membership fees by 2% for Financial Year 2019.

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 MGA & MGATMA's day to day role to support members. Not only do MGA & MGATMA's 32 Corporate Members provide both MGA and MGATMA with valuable insights and engage with members but their corporate membership fee enables MGA & MGATMA to better resource itself, 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 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.

SIGNIFICANT CHANGES

There are no significant changes other than those described in the Review of Operations.
As at year end, the number of employees were 12 Part Time staff and 9 Full Time staff

EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Since the end of the financial year and to the date of this report, in the opinion of the Directors, no matters or circumstances have arisen which significantly affect:

(I) the operations of the Company;
(ii) the results of those operations, or
(iii) the state of affairs of the Company, in the financial year subsequent to 30th June, 2019

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.

DETAILS OF DIRECTORS

	Date Appointed	Experience and Special Responsibilities
Rodney Allen Dip. Industrial Engineering S.A.I.B.T	7th October 2002	Rodney was elected as President of MGA in November 2004/5. Rodney has 31 years experience as a owner/operator of a licensed independent supermarket in Victoria. Previous to this, Rodney had 23 years experience with General Motors Holden, beginning as a tool maker and then filling various management roles. Rodney has sat on numerous committees and was a director of Tuckerbag Supermarkets Pty Ltd and a founding director of FoodWorks Supermarkets Pty Ltd. Rodney's other directorships include Mount Martha Village Self Service Pty Ltd, Nizark Holdings Pty Ltd, Herod Pty Ltd Independent Retailer Pty Ltd and Comptrain Services Pty Ltd.
Michael Daly	21st November 2001	Michael has had 33 years experience running Daly's Supermarkets in Victoria and is responsible for all operations of the business. Michael's expertise centres around marketing and merchandising, IT infrastructure, design and development, external influences and day to day operations. Michael's other directorships include Kevmille Pty Ltd, Houseinvest.com Pty Ltd, M.A. Daly Pty Ltd, The Network Company Pty Ltd, MA & DM Daly Pty Ltd and MA Daly No 2 Pty Ltd.
Deborah Smith Dip.Of Teaching, Cert. of Business Mangement, Dip. Of Business Management, Masters of Business Management	7th June 2006	Deborah as been an independent retailer for 21 years and owns 3 stores in Queensland in Oakey, Toowoomba Cambooya and Blue Mountain. Deborah has been on the Board of Directors for FoodWorks (Australian United Retailers Ltd) from 2002 and stood down in 2015. Deborah's other directorships include A & D (QLD) Holdings Pty Ltd, Australian United Retailers Ltd (2002-2015), DAALT Pty Ltd, Australian United Grocers Pty Ltd and Oakey FoodWorks Pty Ltd.
Jeff Harper	1st March 2019	Jeff owns and operates 2 supermarkets in Melbourne Victoria. Jeff has over 35 years' experience across the fields of Hospitality, retail, grocery and liquor. Jeff has considerable experience in holding a directorship and managerial roles and has been involved within the independent supermarket sector holding leadership positions in various state and national industry and brand committees and boards. Director - Bayvew Pty Ltd May 2004 to current – 15 years

DETAILS OF DIRECTORS (CONT)

	Date Appointed	Experience and Special Responsibilities
Lincoln Wymer Diploma Retail Management	20th November 2019	Lincoln is an experienced single and multi store Operations Manager with a demonstrated history of working in the independent licensed supermarket retail industry. Lincoln has an in-depth knowledge of the fast-moving consumer goods industry, independent retailing, store design, staff management, policies & procedure implementation, logistics and market operations. More recently has managed the operations of a multi store ownership group in Vic and NSW.
Ross Anile	1st March 2019	Ross has owned and operated the Roleystone IGA Fresh store in WA for over 35 years.Ross has been involved with various brand committees, state boards and national boards. Ross has extensive retail industry experience coupled with outstanding personal and business relationships with his fellow supermarket owner colleagues, state government and opposition MPs, as well industry suppliers and stakeholders Director - Gratin Pty Ltd since 1984 – 35 years
Graeme Gough	5th July 2017	Graeme has had 7 years experience as owner operator of SPAR West Ballina in NSW. Prior to this Graeme was Managing Director and co-owner of Northern Marketing, a fuel distribution business with 5 bulk fuel depots and 30 service station convenience stores. Graeme had previously worked for Amplo Petroleum as Operations Manager Victoria/Tasmania and Retail Manager Qld. Graeme has been a Director of APADA (now ACAPMA) and President of the Ampol National Distributor Association. He currently sits on the SPAR Guild Council. Other directorships include Negrada Pty Ltd, Quaymarket Pty Ltd, Northern
Carmel Goldsmith	31st December 2017	Carmel Goldsmith has over 35 years experience in retail. She has owned and operated two IGA stores with liquor for 20 years and currently owns and operates IGA Jamberoo. Carmel has also worked in Department store retailing and information and electrical wholesaling as well as the Training and Development industry. Carmel is actively engaged in the financial, marketing and training challenges of her small business. She has over 20 years experience trading a variety of financial instruments both in Australia and the USA. In addition she is working with the NSW Department of Education as a casual teacher with a passion for making our next generation fit for their future. Carmel is on the board of the local Chamber of Commerce, the ATO Small Business Advisory Group, local Council commitments as well as representing IGA at Federal and State lobbying events. Carmel's other Directorships include Kurrara Pty LTD, Goldricks Pty Ltd and Illouera Pty Ltd.
Grant Hinchcliffe B. Business (Accounting & Finance); Associate Dlp. Of Business (Accounting)	15th December 2011	Grant has worked in the retail grocery industry for the past 27 years via his employment with, Tasmanian Independent Retailers Coop Soc Ltd (TIR), who acts as the representative and administrative body for the IGA retailer network and other independent grocery outlets in Tasmania. TIR's Co-Operative Membership is limited to indepent grocery retailers (individuals and entities) that trade under the IGA Branding in Tasmania. Grant has held a variety of roles within TIR and was appointed to the position of CEO in 2007. Grant is also a Director of Statewide Independent Wholesalers (SIW), a joint venture company that facilitates the grocery warehousing and supply chain operations for independents and other customers in Tasmania. Grant's professional qualifications include an Associate Deploma in Business (Accounting) and a Batchelor of Business Degree (Accounting). Grant's other directorships include the Tasmania Small Business Council Inc. (TSBC)
Gino Divitini B. Business	15th December 2011	Gino has had over 40 years experience in the supermarket industry. Gino has been a joint owner/operator of SUPA IGA Hilton, WA since 2008. Gino's other directorships include LGR Hilton Pty Ltd, Oasis Nominees Pty Ltd, GSK Enterprises Pty Ltd and ACUT Pty Ltd.
Chris dos Santos Cert. IV in Business and Front Line Management	16th November 2012	Christopher has had 11 years experience in the Retail Industry owning and operating Supermarkets in SA. Along with 21 years experience in State Public Office. Christopher's roles include Business Management Manager, Procurement, Senior Project Officer Health Procurement Reform and Procurement lead Oracle ERP. Christopher's other directorships include Sorte Pty Ltd, Retiro Alergre Pty Ltd, Purveyors of Fine Foods Pty Ltd, Dos Santos Finance Pty Ltd and Santos Retail Pty Ltd.

MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263
DIRECTORS REPORT
FOR THE YEAR ENDED 30 JUNE 2019

DIRECTORS' MEETINGS

The number of Board of Director's meetings and the number of meetings attended by each of the directors during the financial year were:

Director	Board Meetings		Comments
	Number eligible to attend	Number attended	
Rodney Allen	4	2	Retired November 2018
Deborah Smith	9	9	
Michael Daly	9	0	Leave of Absence - Health
Ross Anile	3	3	Replaced Gino Divitini Feb 19
Graeme Gough	9	8	
Christopher Dos Santos	9	9	
Gino Divitini	5	3	Retired February 2019
Grant Hinchcliffe	9	8	
Carmel Goldsmith	9	9	
Lincoln Wymer	6	6	Elected Nov 2018
Jeff Harper	3	3	Casual Vacancy from Feb 19

DIRECTORS BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company, or a related corporation with a Director, a firm of which a Director is a member or an entity in which a Director has a substantial financial interest other than as shown in the Company's accounts or received as a fixed salary of a full-time employee of the Company or related corporation.

AUDITORS' INDEPENDENCE DECLARATION

A copy of the independence declaration is set out on page 6.

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

DATED this 15th day of October 2019

Director

Director

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

In accordance with section 307C of the *Corporations Act 2001* , I declare that,
to the best of my knowledge and belief, during the year ended 30 June 2019 there have been:

(a) no contraventions of the auditors' independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

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

DATED this 15th day of October 2019

COBAIN & LIM PTY LTD
Chartered Accountants

Cobain

N A COBAIN
Registered Company Auditor Number: 10612

211 / 566 St. Kilda Rd
MELBOURNE VIC 3004

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 2019

	NOTE	2019 $	2018 $
INCOME			
Revenue	3A	2,390,960	2,182,694
Other Income	4	427	156,395
		2,391,387	2,339,089
Expenses			
Employee expenses	5A	(1,592,411)	(1,527,224)
Affiliation fees	5C	(7,497)	(7,695)
Administration expenses	5D	(353,128)	(350,399)
Audit fees	19	(14,223)	(12,091)
Campaign and project expenses	5E	(269,005)	(124,072)
Depreciation and amortisation	5G	(70,509)	(64,913)
Finance costs	5H	-	(5,525)
Grants or donations	5F	-	(213)
Legal costs	5K	-	-
Writedown and impairment of assets	5I	-	-
Net losses from disposal of assets	5J	-	(1,327)
Other expenses	5L	(30,137)	(27,334)
		(2,336,910)	(2,120,793)
Profit (loss) before tax		54,477	218,296
Income tax expense	7	-	-
Profit (loss) for the year		**54,477**	**218,296**
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		**54,477**	**218,296**

MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	NOTE	2019 $	2018 $
CURRENT ASSETS			
Cash and cash equivalents	8	562,697	528,468
Trade and other receivables	9	234,998	241,149
Other current assets	10	71,165	64,795
Financial asset investments	11	2,013,855	1,978,088
Total current assets		2,882,715	2,812,500
NON CURRENT ASSETS			
Investment property	12	830,000	830,000
Intangible assets	13	-	-
Property, plant and equipment	14	1,699,051	1,748,952
Total non-current assets		2,529,051	2,578,952
TOTAL ASSETS		5,411,766	5,391,452
CURRENT LIABILITIES			
Payables and borrowings	15	355,452	373,399
Provisions	16	82,577	121,223
Total current liabilities		438,029	494,622
NON CURRENT LIABILITIES			
Payables and borrowings	15	-	-
Provisions	16	131,786	109,356
Total non current liabilities		131,786	109,356
TOTAL LIABILITIES		569,815	603,978
NET ASSETS		4,841,951	4,787,474
Represented by:			
MEMBERS' EQUITY			
Revaluation Reserves		1,158,938	1,158,938
Retained earnings		3,683,013	3,628,536
TOTAL MEMBERS' EQUITY		4,841,951	4,787,474

MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Revaluation Reserves $	Retained Earnings $	Total $
Balance at 1st July 2017	1,158,938	3,410,240	4,569,178
Adjustment for initial application of new accounting standard	-	-	-
Comprehensive income			
Profit (loss) for the year	-	218,296	218,296
Other comprehensive income			
Gain on revaluation of properties	-	-	-
Total comprehensive income / (loss) for the year	-	218,296	218,296
Balance at 30th June 2018	1,158,938	3,628,536	4,787,474

	Reserves $	Earnings $	Total $
Balance at 1st July 2018	1,158,938	3,628,536	4,787,474
Adjustment for initial application of new accounting standard	-	-	-
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

MASTER GROCERS AUSTRALIA LIMITED
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	2019 $	2018 $
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from members (GST inclusive)		2,179,371	2,145,261
Dividend & trust Income received		86,952	65,460
Interest received		18,456	13,157
Rents received (GST inclusive)		84,509	74,152
Sundry Receipts		158,738	78,617
Receipts from Timber Merchants Association (Vic)		427	156,395
Payments to suppliers and employees		(2,435,469)	(2,197,930)
Net cash provided by (used in) operating activities	17A	92,984	335,111
CASH FLOW FROM INVESTMENT ACTIVITIES			
Proceeds from disposal of other financial assets		447,346	330,818
Proceeds from sale of plant & equipment		-	-
Purchase of plant and equipment		(20,610)	(53,414)
Purchase of other financial assets		(485,491)	(344,589)
Net cash provided by (used in) investment activities		(58,755)	(67,185)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of borrowings		-	(150,000)
Net cash provided by (used in) financing activities		-	(150,000)
NET INCREASE / (DECREASE) IN CASH HELD		34,229	117,926
CASH AS AT START OF FINANCIAL YEAR		528,468	410,542
CASH AS AT END OF FINANCIAL YEAR	8	562,697	528,468

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

Fair value of investments in financial assets

Investments in financial assets are measured at fair value. Where available, quoted market prices for the same or similar instruments are used to determine fair value. Management based its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available.

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.
No new adoption of accounting standard for this financial year.

AASB 9 Financial Instruments (AASB 9) which replaced AASB139 Financial Instruments: Recognition and Measurement (AASB 139) which is applicable for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting was adopted earlier in prior years.

Future Australia Accounting Standards Requirements

The following standards, amendments to standards and interpretations are relevant to current operations. They are available for early adoption but have not been applied in this financial report.

- AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 January 2019).
When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

The potential effect on the Company's financial statements has not yet been determined.

- AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).
When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.
The main changes introduced by the new Standard are as follows:
- recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

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

The potential effect on the Company's financial statements has not yet been determined.

1.4 New Australian Accounting Standards

Future Australia Accounting Standards Requirements

- AASB 1058: *Income of Not-for-Profit Entities* (applicable to annual reporting periods beginning on or after 1 January 2019).
  When effective, this Standard will replace AASB 1004 Contributions and introduce changes to the income recognition.
  Under the new standard, NFPs will need to determine whether a transaction is genuine donation (accounted under AASB 1058) or a contract with a customer (accounted for under AASB 15 Revenue from Contracts with Customers.

  The potential effect on the Company's financial statements has not yet been determined.

AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation

The amendments to AASB 9 clarify that a financial asset passes the solely payments of principal and interest criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.
The amendments apply retrospectively and are effective from 1 January 2019, with earlier application permitted.

These amendments have no impact on the financial statements of the company

AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement
The amendments to AASB 119 specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period using the acturial assumptions used to re-measure the net defined benefit liability (asset) reflecting the benefits offered under the plan and and the plan assets after that event

- Determine net interest for the remainder of the period using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to re-measure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.
The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019, with early application permitted.

The potential effect on the Company's financial statements has not yet been determined.

1.5 Investment in associates and joint arrangements

An associate is an entity over which the Company 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 an unanimous consent of the parties sharing control.

A joint operation is a type of joint arrangment 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 Discountined Operations'. Under the equity method, an investment in an associate or joint venutre 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, the Company discontinues 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 asociate or joint venture.

An 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. An 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 the profit and loss.

1.6 Business Combinations

There have been no business combinations during this financial year and previous financial year.

1.7 Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from membership subscriptions is accounted for on an accrual basis and is recorded as revenue in the year to which it relates.

Donation income is recognised when it is received.

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.

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

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease.

1.8 Government Grants

Government grants are not recognised until there is reasonable assurance that Master Grocers Australia will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, the government gramts whose primary condition is that the company should purchase, construct otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the company with no future related costs are recognised in profit or loss in the period in which they become receivable.

1.9 Gains

Sale of assets

Gains and losses from disposal of assets are recognised when control of the asset has passed to the buyer.

1.10 Capitation fees and levies

Capitation fees and levies are recognised on an accrual basis and recorded as a revenue and / or expense in the year to which it relates.

1.11 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.

1.12 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.
The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

1.13 Borrowing costs

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

1.14 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 are shown within short-term borrowings in current liabilities on the statement of financial position

1.15 Financial instruments

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

1.16 Financial assets

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 the company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the company 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.

The company'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.

1.16 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 the company 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

- The company 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) the company has transferred substantially all the risks and rewards of the asset, or
b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company 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, the [reporting unit] continues to recognise the transferred asset to the extent of its continuing involvement together with associated liability.

1.16 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

(i) Trade receivables

For trade receivables that do not have a significant financing component, the company 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, the company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The company 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, the company 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 the company 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).

The company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the company may also consider a financial asset to be in default when internal or external information indicates that the company 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.

1.17 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.

The company'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.

1.18 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.

1.19 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 detmined 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, in all cases, the 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:

	2019	**2018**
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.

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.

1.20 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.

1.21 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 Master Grocers Australia Limited intangible assets are:

	2019	2018
Intangible assets	-	-

No amortisation for current and last financial year. Intangible assets have been fully amortised.

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.

1.22 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.

1.23 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.

1.24 Taxation

Master Grocers Australia Ltd 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.

1.25 Fair value measurement

Master Grocers Australia Ltd 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.

1.25 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.

Master Grocers Australia Limited 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, Master Grocers Australia Limited 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.

1.26 Going concern

Master Grocers Australia Limited is not reliant on the agreed financial support of another another reporting unit to continue on a going concern basis.

NOTE 2 Events after the reporting period

There were no events that occurred after 30 June 2019, and /or prior to the signing of the financial statements,that would affect the ongoing structure and financial activities of the Company.

	2019 $	2018 $
NOTE 3A REVENUE		
Revenue from operation:		
Membership subscriptions	1,401,028	1,297,606
Corporate partner memberships	363,572	308,388
Training programs	75,249	95,877
Workplace relations	220,761	77,128
Rental revenue	73,168	70,752
Commissions	88,916	53,289
Campaign contributions	2,300	-
Other revenue - Corporate Functions/Sale of Merchandise/Advocacy	21,066	58,992
Penalty Rates	41,549	-
Levies raised	-	-
Investment Revenue		
Changes in fair value	(2,378)	142,046
Dividend revenue	59,717	61,891
Interest revenue	18,777	13,157
Trust distributions received	27,235	3,568
	2,390,960	2,182,694
NOTE 4 OTHER INCOME		
Grants and/or donations	-	-
Cash surplus from Timber Merchants Association (Vic)	427	156,395
	427	156,395
NOTE 5 EXPENSES		
NOTE 5A Employee expenses		
Holders of Office:		
- Wages and salaries	91,517	88,647
- Superannuation	7,507	7,913
- Separation and redundancies	-	-
- Transfers to provisions for annual leave	(8,359)	4,435
- Transfers to provisions for long service leave	3,295	-
- Other employee expenses	-	5,147
	93,960	106,142
Employees other than Holders of Office:		
- Wages and salaries	1,315,462	1,194,551
- Superannuation	113,229	105,022
- Separation and redundancies	-	-
- Transfers to provisions for annual leave	(30,287)	28,528
- Transfers to provisions for long service leave	19,134	20,644
- Other employee expenses	80,913	72,338
	1,498,451	1,421,082
Total employee expenses	1,592,411	1,527,224
NOTE 5B Capitation Fees	-	-
NOTE 5C Affiliation fees		
- Political parties	-	345
- Council of Small Business Association	7,497	7,350
	7,497	7,695

		2019 $	2018 $
NOTE 5D	**Administration expenses**		
	Consideration to employers for payroll deductions		-
	Fees - Meeting and conference	12,000	12,000
	Meeting and conference expenses	3,039	5,269
	Promotion expenses	30,899	26,885
	Accounting fees	8,925	6,437
	Allowance for expected credit loss	19,862	-
	Contractors/consultants	12,175	9,213
	Compulsory levies	-	-
	Human resource costs	17,581	32,484
	Information technology	36,093	40,508
	Insurance	9,343	17,862
	Occupancy	43,467	42,763
	Office services and supplies	53,222	59,673
	Travel and accomodation	83,213	72,968
	Venue hire and catering	18,689	16,117
		348,508	342,179
	Operating lease rentals:		
	Minimum lease payments	4,620	4,620
		353,128	350,399
NOTE 5E	**Campaign and project expenses**		
	Magazine costs	73,939	75,136
	Training costs	32,112	31,243
	Legal and HR expenses recharged	103,374	20
	Timber - Wood advisory	7,913	3,600
	Penalty rates expenses funded	41,549	-
	Campaign costs	1,932	8,809
	Postage / email campaigns	8,186	8,863
		269,005	124,072
NOTE 5F	**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	-	213
	Total paid that exceeded $1000	-	-
		-	213
NOTE 5G	**Depreciation and amortisation**		
	Depreciation		
	Property,plant & equipment	70,509	64,913
		70,509	64,913
	Amortisation		
	Intangible assets	-	-
	Total depreciation and amortisation	70,509	-
NOTE 5H	**Finance costs**		
	Commercial bills	-	5,525
NOTE 5I	**Writedown and impairment of assets**		
	Property, plant and equipment	-	-
	Intangibles	-	-
		-	-
NOTE 5J	**Net losses from sale of assets**		
	Property, plant and equipment	-	1,327
	Intangibles	-	-
		-	1,327
NOTE 5K	**Legal costs**		
	Litigation	-	-
	Other legal matters	-	-
		-	-

		2019 $	2018 $
NOTE 5L	**Other expenses**		
	Penalties - via RO Act or RO Regulations	-	-
	Brokerage	21,267	16,326
	Rental property costs	8,870	11,008
		30,137	27,334

NOTE 6 DIVIDENDS POLICY

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

NOTE 7 INCOME TAX

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

		2019 $	2018 $
NOTE 8	**CASH & CASH EQUIVALENTS**		
	Current		
	Cash at bank	15,720	11,941
	Cash on hand	265	265
	Short-term deposits	546,712	516,262
	Other	-	-
		562,697	528,468

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.

		2019 $	2018 $
NOTE 9	**TRADE AND OTHER RECEIVABLES**		
	Current		
	Trade receivables	254,860	241,149
	Less: allowance for expected credit loss	(19,862)	-
		234,998	241,149
	Other receivables:		
	Receivables from other reporting units		-
		-	-
		234,998	241,149

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

	2019 $	2018 $
At 1 July	-	-
Provision for expected credit losses	19,862	-
Amounts written off as uncollectible	-	-
At 30 June	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.

		2019 $	2018 $
NOTE 10	**OTHER CURRENT ASSETS**		
	Current		
	Accrued income	26,248	22,254
	Deposits and prepayments	37,414	33,575
	Loans - Greater than $1,000	7,501	8,966
		71,165	64,795

		2019 $	2018 $
NOTE 11	**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	1,130,504	1,254,030
	International equities	705,316	536,575
	Debt securities	178,035	187,483
		2,013,855	1,978,088
	Fair value through other comprehensive income (FVOCI)	-	-
	Amortised cost	-	-
		2,013,855	1,978,088

NOTE 12 INVESTMENT PROPERTY

	2019 $	2018 $
Non current		
As at 1st July	830,000	-
From property, plant and equipment (Note 14)	-	830,000
Additions	-	-
Net gain from fair value adjustment	-	-
As at 30 June	830,000	830,000

The Company 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 $66,568 (2018: $63,552)

Direct expenses incurred in relation to the investment property that generated rental income during the year was $8,870 (2018: $11,008). 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. Master Grocers Australia Ltd 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 1.25 to the financial statements.

NOTE 13 INTANGIBLE ASSETS

	2019 $	2018 $
Non current		
Compliance management system	-	-
Less: accumulated amortisation and impairment	-	-
	-	-
	-	-

Reconciliation of the opening and closing balances

	2019 $	2018 $
As at 1st July		
Gross book value	-	-
Accumulated depreciation and impairment	-	-
Net book value 1 July	-	-
Additions:		
By purchase	-	-
Impairment	-	-
Amortisation	-	-
Disposals	-	-
Net book value 30 June	-	-
Net book value as at 30 June represented by:		
Gross book value	-	-
Accumulated depreciation and impairment	-	-
Net book value 30 June	-	-

NOTE 14 PROPERTY, PLANT AND EQUIPMENT

	2019 $	2018 $
Non current		
Property - Land and building		
at fair value	1,700,000	1,700,000
accumulated depreciation	(99,400)	(62,566)
	1,600,600	1,637,434
Property improvements		
at cost	16,630	16,630
accumulated depreciation	(599)	(125)
	16,031	16,505
Plant & equipment - at cost		
at cost	186,171	165,562
accumulated depreciation	(103,751)	(70,549)
	82,420	95,013
Net book value 30 June	1,699,051	1,748,952

NOTE 14 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Reconciliation of the Opening and Closing Balances

	Property	Property Improvements	Plant & Equipment	Total
As at 1st July 2017				
Gross book value	1,700,000	6,960	167,761	1,874,721
Accumulated depreciation and impairment	(25,733)	(21)	(87,189)	(112,943)
Net book value 30 June 2017	1,674,267	6,939	80,572	1,761,778
Year ended 30 June 2018				
Additions:				
By purchase	-	9,670	43,744	53,414
Revaluations	-	-	-	-
To investment property (Note12)	-	-	-	-
Depreciation expense	(36,833)	(104)	(27,976)	(64,913)
Disposals	-	-	(1,327)	(1,327)
Transfers in / (out)	-	-	-	-
Net book value 30 June 2018	1,637,434	16,505	95,013	1,748,952
Net book value as at 30 June 2018 represented by:				
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	-	-	20,609	20,609
Revaluations	-	-	-	-
To investment property (Note12)	-	-	-	-
Depreciation expense	(36,833)	(474)	(33,202)	(70,509)
Disposals	-	-	-	-
Transfers in / (out)	-		-	-
Net book value 30 June 2019	1,600,600	16,031	82,420	1,699,052
Net book value as at 30 June 2019 represented by:				
Gross book value	1,700,000	16,630	186,171	1,902,801
Accumulated depreciation and impairment	(99,400)	(599)	(103,751)	(203,750)
Net book value 30 June 2019	1,600,600	16,031	82,420	1,699,051

	2019 $	2018 $
NOTE 15 PAYABLES AND BORROWINGS		
Current		
Trade payables	25,385	11,628
Sundry payables & accruals	84,270	79,726
Deferred Revenue	245,797	282,045
	355,452	373,399
Commercial bills	-	-
Payables to other reporting units	-	-
	355,452	373,399
Non Current		
Commercial bills	-	-
	-	-

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

	2019 $	2018 $
NOTE 16 PROVISIONS		
Employee provisions		
Office holders:		
Annual leave	16,785	25,144
Long service leave	3,295	-
Separations and redundancies	-	-
Other	-	-
Employee provisions - office holders	20,080	25,144
Employees other than office holders		
Annual leave	65,792	96,079
Long service leave	128,491	109,356
Separations and redundancies	-	-
Other	-	-
Employee provisions - other than office holders	194,283	205,436
Current		
Employee entitlements - provision for annual leave	82,577	121,223
Employee entitlements - provision for long service leave	-	-
	82,577	121,223
Non Current		
Employee entitlements - provision for annual leave	-	-
Employee entitlements - provision for long service leave	131,786	109,356
	131,786	109,356

		2019 $	2018 $
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	562,697	528,468
	Balance Sheet	562,697	528,468
	Difference	-	-
	(a) Reconciliation of operating profit after income tax to net cash provided by (used in) operating activities:		
	Operating profit after income tax	54,477	218,296
	Non-cash flows in operating profit:-		
	(Profit) Loss on disposal of plant & equipment	-	1,327
	Write-down or impairment of assets	-	-
	Changes in fair value to financial asset investments	2,378	(142,046)
	Depreciation and amortisation	70,509	64,913
	Allowance for expected credit loss	19,862	-
	Change in assets and liabilities:		
	(Increase) / decrease		
	- Trade receivables	(13,711)	(4,470)
	- Sundry debtors, prepayments & receivables	(6,369)	(17,725)
	(Decrease) / increase		
	- Trade, sundry payables & accruals	(17,946)	161,209
	- Employee provisions	(16,216)	53,607
	Net cash provided by operating activities	92,984	335,111
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.

	2019 $	2018 $
Short term employee benefits	419,700	420,964
Post employment benefits	27,556	27,962
Other long term employee benefits	5,287	3,255
Termination benefits	-	-
Share based payments	-	-
Total	452,543	452,181

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

	2019 $	2018 $
Loans to / from key management personnel	-	-
Other transactions with key management personnel	-	-
	-	-

(c) Other related party transactions

(i) Travel cost paid or reimbursed to officeholders

	2019 $	2018 $
Rodney Allen (President)	1,386	2,359
Stephen Miller	323	2,502
Michael Daly	1,227	3,616
Deborah Smith	9,615	5,779
Andrew Bray	390	511
Christopher Dos Santos	4,424	4,191
Gino Divitini	1,312	4,345
Grant Hinchcliffe	6,246	5,410
Graeme Gough	4,717	4,620
Carmel Goldsmith	6,240	2,068
Jeff Harper	790	-
Ross Anile	3,005	-
Lincoln Wymer	2,795	-
	42,470	35,400

	2019 $	2018 $
(ii) Committee meeting attendance fees paid directly or indirectly to officeholders who are not employees	12,000	12,000

NOTE 19 REMUNERATION OF AUDITORS

	2019 $	2018 $
Value of the services provided		
Financial statement audit services	14,223	10,400
Other services	-	1,691
	14,223	12,091

NOTE 20 CONTINGENT LIABILITIES, ASSETS AND COMMITMENTS

Operating lease commitments - as lessee

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

	2019 $	2018 $
Within one year	3,465	4,620
After one year but not more than five years	-	3,465
More than five years	-	-
	3,465	8,085

The lease is for a photocopier.

Operating lease commitments - as lessor

The company 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:

	2019 $	2018 $
Within one year	56,902	55,246
After one year but not more than five years	-	56,902
More than five years	-	-
	56,902	112,148

Capital commitments

At 30 June 2019, the company has commitments of $44,071 (2018: $61,635) principally relating to novated finance lease.

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 2019, there were 2,150 members, 301 associate members and 28 corporate members.

NOTE 22 ECONOMIC DEPENDENCY

There is no economic dependency on another company.

NOTE 23 FINANCIAL INSTRUMENTS

The company 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

	2019 $	2018 $
Financial assets		
Financial assets at amortised cost		
Cash and cash equivalents	562,697	528,468
Trade and other receivables	234,998	241,149
Other current assets	71,165	64,795
Financial assets at fair value through profit or loss		
Financial asset investments	2,013,855	1,978,088
Carrying amount of financial assets	2,882,715	2,812,500
Financial liabilities		
Trade payables and other payables	355,452	373,399
Borrowings	-	-
Carrying amount of financial liabilitites	355,452	373,399

NOTE 23B Market risk analysis

The company 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

The company is exposed to changes in market interest rates through bank borrowings at variable interest rates and deposits at call at variable rates.

The following table illustrates the sensitivity of the profit and equity to a reasonably possible change in interest rates of + / - 1% (2018: + / -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/2019	5,627	-5,627
30/Jun/2018	5,285	-5,285

	Equity	
	+1%	-1%
30/Jun/2019	5,627	-5,627
30/Jun/2018	5,285	-5,285

Financial liabilities

	Profit for the year	
	+1%	-1%
30/Jun/2019	-	-
30/Jun/2018	-	-

	Equity	
	+1%	-1%
30/Jun/2019	-	-
30/Jun/2018	-	-

NOTE 23B Market risk analysis (Cont'd)

Other price risk sensitivity

The company 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% (2018: + / -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/2019	201,386	-201,386
30/Jun/2018	197,809	-197,809

	Equity	
	+10%	-10%
30/Jun/2019	201,386	-201,386
30/Jun/2018	197,809	-197,809

NOTE 23C Foreign Exchange risk analysis

The company 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.

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

	2019	2018
Classes of financial assets		
Carrying amounts:		
Cash and cash equivalents	562,697	528,468
Trade and other receivables	234,998	241,149
Total	**797,695**	**769,617**

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-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

30-Jun-18	Trade and other receivables					
	Current	<30days	30-60 days	61-90days	>91 days	Total
Expected credit loss rate	0%	0%	0%	0%	0%	
Estimate total gross carrying amount at default	108,140	13,487	50,130	-	69,392	241,149
Expected credit loss	-	-	-	-	-	-
Trade receivable net of allowance	108,140	13,487	50,130	-	69,392	241,149

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. The company'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.

As at 30 June 2019, the company financial liabilities have contracted maturities as summarised below:-

	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
	$	$	$	$
30/Jun/2019				
Borrowings	-	-	-	-
Trade and other payables	355,452	-	-	-
Total	**355,452**	-	-	-

This compares to the maturity of the company's financial liabilities in the previous year as follows:-

	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
	$	$	$	$
30/Jun/2018				
Borrowings	-	-	-	-
Trade and other payables	373,399	-	-	-
Total	**373,399**	-	-	-

NOTE23F Changes in liabilities arising from financing activities

	1/Jul/2018	Cash flows	Non-cash changes			**30/Jun/2019**
			Acquisition	Foreign Exchange	Fair Value Changes	
Short-term borrowings	-	-	-	-	-	-
Total liabilities from financing activities	-	-	-	-	-	-

	01-Jul-17	Cash flows	Non-cash changes			**30-Jun-18**
			Acquisition	Foreign Exchange	Fair Value Changes	
Short-term borrowings	150,000	(150,000)	-	-	-	-
Total liabilities from financing activities	150,000	(150,000)	-	-	-	-

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

	2019	**2018**
	$	**$**
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	(2,378)	142,046
- Dividend revenue	59,717	61,891
- Interest revenue	14,592	9,192
- Trust distributions	27,235	3,568
- Exchange gains/(loss)	-	-
Net gain/(loss) at fair value through profit and loss	99,167	216,698
At Amortisation		
- Interest revenue	4,185	3,965
Net gain/(loss) from financial assets	**103,352**	**220,663**
Net income and expense from financial liabilities		
At Amortised cost		
- Interest expense	-	5,525
Net gain/(loss) from financial liabilties	**-**	**5,525**

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 2019 and 30 June 2018:

	Level 1 $	Level 2 $	Level 3 $	Total $
30/Jun/2019				
Assets				
Fair value through profit or loss	2,013,855	-	-	2,013,855
Net fair value	2,013,855	-	-	2,013,855
30/Jun/2018				
Assets				
Fair value through profit or loss	1,978,088	-	-	1,978,088
Net fair value	1,978,088	-	-	1,978,088

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/2019				
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
30/Jun/2018				
Assets				
Property, plant & equipment - Land & building	-	1,637,434	-	1,637,434
Investment property	-	830,000	-	830,000
Net fair value	-	2,467,434	-	2,467,434

Fair value of the company'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 12 and 14.

NOTE 25 ADMINISTRATION OF FINANCIAL AFFAIRS BY A THIRD PART'

There is no third party administration.

MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263
STATEMENT BY DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2019

In the opinion of the directors of the company;

(a) The financial statements and notes to Master Grocers Australia Limited are in accordance with the *Corporations Act 2001* , including:

I Giving a true and fair view of its financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and

ii Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 200* 1; and

(b) At the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due,

This statement is made in accordance with the resolution of the board of directors and is signed for and on behalf of the directors by:

DATED this 15th day of October. 2019

Director

Director

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 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30th June 2019, notes to the financial statements, including a summary of significant accounting policies.

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 2019, 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) Accounting Interpretations, and the disclosure requirements of AASB101 Presentation of Financial Statements, AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors and AASB 1054 Australian Additional Disclosures.

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 Directors are responsible for the other information. The other information obtained at the date of this auditor's report is in the Directors 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.

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

Responsibilities of Directors for the Financial Report

The Directors 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 for such internal control as the Directors determine are necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing 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 Directors either intend to liquidate Master Grocers Australia Limited 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 Directors.

• Conclude on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on 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.

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

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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
Chartered Accountants

N A Cobain
Registered Company Auditor Number: 10612

Melbourne
Dated this 15th day of October 2019