

MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

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MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263
DIRECTORS REPORT
FOR THE YEAR ENDED 30 JUNE 2012

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 2012 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:

ALLEN, Rodney	President	DIXON, Jillian	Director
MILLER, Stephen	Vice President	GARRETT, Leigh (Resigned 15/12/2011)	Director
BRAY, Andrew	Director	HINCHCLIFFE, Grant (Appointed 15/12/2011)	Director
COWLEY, Jean (Resigned 19/8/2011)	Director	ROMEO, Joseph (Appointed 15/12/2011)	Director
DALY, Michael	Director	SMITH, Deborah	Director
DIVITINI, Gino (Appointed 15/12/2011)	Director		

PRINCIPAL ACTIVITY

Master Grocers Australia Limited is a national Industry Employer Association providing independent retail food and liquor stores with services and support within its 4 core pillar areas of Workplace Relations, Training and Compliance, Industry Community and Industry Representation to protect the status and best interests of its members. More recently, the Company embarked upon creating a 5th core pillar in the area of Energy Efficiency Information Programs.

The Company has its own Consent Awards negotiated with the trade unions on behalf of its members.

The Company 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. The Company 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.

OPERATING RESULTS

The net result of the Company for the year is a profit of \$3,503 (2011: Loss of \$132,205)

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.

REVIEW OF OPERATIONS

Master Grocers Australia Limited (MGA) has had another very busy year providing vital support services to its independent supermarket and liquor store members around Australia.

Retailer membership continues to grow in all states. The SPAR Group of 145 stores, located predominately in Queensland and northern New South Wales, joined MGA in October 2011. Many unbranded stores who are adopting the IGA or FoodWorks brands also automatically become members of MGA. In December 2011, MGA absorbed the National Association of Retail Grocers Australia (NARGA) to become the peak national independent supermarket employer organisation.

This financial year has again provided many challenging circumstances for our industry including the ongoing challenges of the increased market power, dominance and competition of Coles and Woolworths, a less than confident consumer, and a weak retail economy.

Despite economic adversity and an increase in competition from the chains, Costco and Aldi, our members continue to trade vigorously albeit less profitably. Owing to the market dominance and power of the chains and their investment in unsustainable retailing developments (approved by ill informed councils and government) our member's confidence to invest in their business has reached an all time low.

Despite the less than robust trading conditions, independent supermarket and liquor store owners continue to explore minor improvements in their business and the development of a point of difference to attract customers to their stores to invest into their businesses. Our industry continues to change with many new store owners entering our industry.

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MGA's Board has recognised this industry growth by continuing to commit to a substantial investment toward the growth and development of MGA's membership services and support such as workplace relations and compliance for independent supermarkets and liquor store members. The Compliance Management System (CMS) is a unique industry online training tool and has led to the development of many exciting online compliance and professional development training courses for members to access.

MGA's training presence has improved greatly over the past 12 months particularly in the areas of diploma and certificate training.

MGA continues to build its staff capability, skill and knowledge within its 4 core pillars, that underpins MGA's service and support for members in the areas of Workplace Relations and Employment Law, Training and Compliance and Industry Representation at a State and Federal government level. MGA, with the assistance of a significant funding grant from the Department of Climate Change and Energy Efficiency has embarked upon creating a 5th Core Pillar for members in the area of Energy Efficiency Information Programs. The grant of \$990,615 is expected to be received progressively in the 2013 and 2014 financial years.

Highlights this year included the grant from the Department of Climate Change and Energy Efficiency, the absorption of NARGA, the joining of 145 SPAR independent supermarkets, and the ongoing development of online compliance and retail training courses.

MGA and LRA continues to engage with Tasmanian Independent Retailers (TIR) to secure full IGA branded supermarket membership and also with the liquor sector peak national industry employer organisation. MGA's presence and profile has increased significantly over the past 12 months with member awareness of MGA's support services continually rising. MGA and LRA's presence has also lifted at State and Federal Government levels. MGA is recognised as the peak national organisation representing independent supermarket and liquor store owners.

Over the past 12 months MGA and LRA has successfully faced many challenges and embraced many opportunities on behalf of its members around Australia.

The Year in Review

In a very busy and engaging year, MGA has had many highlights:

- MGA was successful in obtaining an Energy Efficiency Information Program grant (over 2 yrs) for the amount of \$990,615.
- Membership growth has been steady and corporate membership has continued to play a vital support role for MGA.
- The profile of MGA as an industry organisation continues to lift, with State and Federal government representatives and the media seeking MGA's comments and insights into industry matters.
- MGA's Workplace Relations service and support continues to be well recognised for its excellent service.
- MGA's Workplace Relations (WR) team made numerous submissions to FWA with respect to minimising wage increases, unfair dismissal laws, 15 staff member threshold, the unfair dismissal application screening, penalty rates on Sundays, public holidays, no additional days and flexible part time hours. In addition, the WR team have been engaged with QLD trading hour hearings in Townsville, Bundaberg, Maryborough, Sunshine Coast and south east QLD.
- MGA / LRA launched a new modern and relevant website with members only and public access.
- MGA's communication mediums include the Independent Retailer magazine, fortnightly E Checkouts and the website. All mediums have significantly improved and been well received by members in all states. Further, investment and development of MGA's Filemaker Data Base system has enabled better understanding of resource allocation.
- MGA's and LRA's industry events in each state have been very well received. Guest Speakers continue to attract members and have included state ministers, bureaucrats and industry leaders. Events have included industry breakfasts and golf days.
- LRA's Committee has been working with much enthusiasm and vigour toward achieving fair and sustainable outcomes for Packaged Liquor License members in Victoria, ACT and NSW.
- Workplace Relations seminars, such as the Know Your Award and National Retail Industry Award, have been well attended. In keeping with the NSW Work Cover Grant, the WR team conducted extensive seminars, forums and provided information tools in NSW and other states in Australia.
- MGA Retailer forums, workshops, visits to stores, and industry committees have been well supported and attended.

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FOR THE YEAR ENDED 30 JUNE 2012

- MGA's attendance at industry events and functions, such as the SPAR, FoodWorks Conference/Expo, IGA>D's Expo, IGA State conferences, FoodWorks and IGA Regional meetings around Australia, have been very well received by members.
- MGA continues to make many submissions to, and attended many hearings with, State and Federal government departments.
- Strong and sustainable partnerships have been formed with key industry stakeholders such as Metcash, IGA>D, FoodWorks, Foodland, SPAR, Australian Liquor Marketers, Liquor Marketing Group, various industry service and product suppliers and State and Federal government politicians and bureaucrats.
- MGA's training offer has dramatically improved with MGA continuing to deliver Diploma and Certificate courses in WA, SA, VIC, TAS, ACT and NSW. Online training courses continue to improve, particularly in the Food Safety and RSA areas. The Compliance Management System continues to be well supported and is a major compliance tool for over 100 MGA members.
- Membership services continues to expand and improve. Master Grocers Insurance Services continues to gain traction particularly since the underwriter, Latitude, was able to write specific Insurance Policies for the independent supermarket sector.
- MGA continues to consolidate its membership base in TAS, WA, VIC, QLD, the ACT and NSW. MGA will continue to develop new industry memberships in TAS, the NT, SA and QLD in the next financial year.

SIGNIFICANT CHANGES

There are no significant changes other than those described in the Review of Operations.

Staff numbers remain constant at 14 full time staff, 1 part time and 1 contracted 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, 2012

LIKELY DEVELOPMENTS

Investment of MGA funds and resources will continue to be allocated to the development of support services for members. Membership in Queensland is forecasted to increase along with additional members being sourced from the liquor sector.

DETAILS OF DIRECTORS

Name	Year Appt.	Other Directorships
Stephen A. MILLER	2000	Astson Pty Ltd Ian Dietrich Investments Pty Ltd S & Y Miller Investments Pty Ltd Independent Retailer Pty Ltd
Michael A. DALY	2001	Kevmille Pty Ltd Houseinvest.com Pty Ltd M.A. Daly Pty Ltd The Network Company Pty Ltd MA & DM Daly Pty Ltd MA Daly No 2 Pty Ltd

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DIRECTORS REPORT
FOR THE YEAR ENDED 30 JUNE 2012

DETAILS OF DIRECTORS (con't)

Name	Year Appt.	Other Directorships
Jean COWLEY - Resigned	2001	Point Lonsdale Supermarket Pty Ltd Cowley Business Holdings Pty Ltd Jean Cowley Retail Services Pty Ltd St Leonards Retail Properties Pty Ltd
Rodney F. ALLEN	2002	Mount Martha Village Self Service Pty Ltd Nizark Holdings Pty Ltd Herod Pty Ltd Independent Retailer Pty Ltd Comptrain Services Pty Ltd
Deborah May SMITH	2006	A & D (QLD) Holdings Pty Ltd Australian United Retailers Ltd DAALT Pty Ltd Australian United Grocers Pty Ltd Oakey Foodworks Pty Ltd
Leigh GARRETT - Resigned	2008	Leigh Trading Pty Ltd
Andrew J. W. BRAY	2009	Arionelle Pty Ltd Lyndhurst Nominees (HP) Pty Ltd BQ Holdings Pty Ltd Collaroy Beach IGA Pty Ltd Brayvic Pty Ltd Castlecrag IGA Pty Ltd
Jillian P. DIXON	2010	BrainLink Services Pty Ltd Giddyup Marketing Pty Ltd
Joseph ROMEO	2011	Glenelg South Investments Pty Ltd Kerrs Creek Pty Ltd Romeo Magill Investments Pty Ltd Mitcham Investments Pty Ltd Romeo Mitcham Pty Ltd Bellagon Investments Pty Ltd Romeo Erindale Investments Pty Ltd J. Romeo Pty Ltd Romeo Lockleys Investments Pty Ltd Lockleys Foodland Pty Ltd
Gino S. DIVITINI	2011	LGR Hilton Pty Ltd LGR Group Pty Ltd Oasis Nominees Pty Ltd GSK Enterprises Pty Ltd Newlight Investments Pty Ltd
Grant J. HINCHCLIFFE	2011	Statewide Independent Wholesalers Ltd Tasmanian Independent Retailers Co-operative Society Ltd

MASTER GROCERS AUSTRALIA LIMITED
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DIRECTORS REPORT
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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 5.

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

DATED this 4th day of OCTOBER 2012.



Director


Director

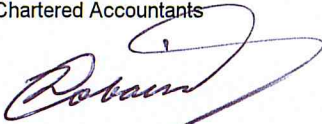
MASTER GROCERS AUSTRALIA LIMITED
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AUDITORS' INDEPENDENCE DECLARATION
TO THE DIRECTORS OF MASTER GROCERS AUSTRALIA LIMITED

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 2012 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 *4th* day of *October* 2012

COBAIN & LIM PTY LTD
Chartered Accountants



N A COBAIN
Registered Company Auditor Number: 10612

211 / 566 St. Kilda Rd
MELBOURNE VIC 3004

MASTER GROCERS AUSTRALIA LIMITED
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INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2012

	NOTE	2012 \$	2011 \$
Operating Revenue	3	2,002,976	1,621,489
Cost of Sales		(84,245)	(78,855)
Gross Profit		1,918,731	1,542,633
Other Revenues	3	361,687	238,230
National Development Expenses		(1,049)	(6,970)
Training Expenses		(214,133)	(166,163)
Employment Law Expenses		(40,111)	(19,998)
Occupancy Expenses		(46,398)	(48,525)
Employee Expenses		(1,473,237)	(1,112,248)
Commercial Bill Facility Expenses		(42,949)	(48,342)
Administration Expenses		(238,775)	(248,941)
Depreciation and Amortisation Expense		(134,696)	(125,409)
Other Expenses from Ordinary Activities		(104,398)	(155,777)
Proceeds from Sale of Investments	4	493,584	653,848
Carrying Amount of Investments Sold	4	(474,753)	(634,544)
Profit / (Loss) from Ordinary Activities before Income Tax		3,503	(132,205)
Income Tax Expense	6	-	-
Profit / (Loss) attributable to Members		3,503	(132,205)

MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263
BALANCE SHEET
AS AT 30 JUNE 2012

	NOTE	2012 \$	2011 \$
CURRENT ASSETS			
Cash		220,995	133,620
Receivables	7	357,455	411,355
Total Current Assets		<u>578,450</u>	<u>544,975</u>
NON CURRENT ASSETS			
Investments	8	1,538,720	1,605,251
Property, Plant & Equipment	9	1,418,092	1,386,994
Intangible Assets	10	12,175	14,610
Training Program Development	11	856,751	963,844
Total Non Current Assets		<u>3,825,738</u>	<u>3,970,699</u>
TOTAL ASSETS		<u>4,404,188</u>	<u>4,515,674</u>
CURRENT LIABILITIES			
Creditors & Borrowings	12	622,218	538,703
Provisions	13	122,922	74,122
Special Purpose Projects	14	-	-
Total Current Liabilities		<u>745,140</u>	<u>612,825</u>
NON CURRENT LIABILITIES			
Creditors & Borrowings	12	346,696	594,000
Total Non Current Liabilities		<u>346,696</u>	<u>594,000</u>
TOTAL LIABILITIES		<u>1,091,836</u>	<u>1,206,825</u>
NET ASSETS		<u>3,312,352</u>	<u>3,308,849</u>
<i>Represented by:</i>			
MEMBERS' EQUITY			
Accumulated Surplus		3,312,352	3,308,849
TOTAL MEMBERS' EQUITY		<u>3,312,352</u>	<u>3,308,849</u>

MASTER GROCERS AUSTRALIA LIMITED
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	\$	\$
Equity at the beginning of the financial year	3,308,849	3,441,054
Profit/ (Loss) attributable to Members	3,503	(132,205)
Equity at the end of the financial year	3,312,352	3,308,849

MASTER GROCERS AUSTRALIA LIMITED
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from members (GST inclusive)	1,763,822	1,469,989
Government funding (GST inclusive)	387,386	221,858
Dividend & trust Income received	97,945	91,129
Interest received	7,833	8,391
Rents received (GST inclusive)	67,644	70,352
Sundry Receipts	89,870	77,969
Surplus from absorption of SRA and NARDA business operations	107,728	-
Payments to suppliers and employees	<u>(2,319,949)</u>	<u>(2,060,767)</u>
Net Cash Provided by (used in) Operating Activities	<u>202,279</u>	<u>(121,079)</u>
CASH FLOW FROM INVESTMENT ACTIVITIES		
Proceeds from sale of investments	493,584	653,848
Proceeds from sale of plant & equipment		
Payments for plant and equipment	(56,266)	(62,533)
Payments for investments	<u>(408,222)</u>	<u>(522,340)</u>
Net Cash Provided by (used in) Investment Activities	<u>29,096</u>	<u>68,975</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings	-	-
Repayment of borrowings	<u>(144,000)</u>	<u>-</u>
Net Cash Provided by (used in) Financing Activities	<u>(144,000)</u>	<u>0</u>
NET INCREASE / (DECREASE) IN CASH HELD	<u>87,375</u>	<u>(52,104)</u>
CASH AS AT START OF FINANCIAL YEAR	<u>133,620</u>	<u>185,724</u>
CASH AS AT END OF FINANCIAL YEAR	<u>220,995</u>	<u>133,620</u>
 (a) Reconciliation of Operating Profit after income tax to net cash provided by (used in) operating activities:		
Operating Profit / (Loss) after income tax	3,503	(132,205)
Non-cash flows in operating profit:-		
(Profit) / Loss on sale of investments	(18,831)	(19,304)
(Profit) / Loss on sale of plant & equipment		
Depreciation and amortisation	134,696	125,409
Change in assets and liabilities:		
(Increase) / Decrease		
- Trade debtors	36,017	(288,159)
- Sundry debtors, prepayments & receivables	17,883	(11,857)
- Training strategy	-	39,000
(Decrease) / Increase		
- Trade creditors & accruals	(19,789)	170,019
- Employee provisions	48,800	20,748
- Special purpose grants & projects	-	(24,730)
Net cash provided by operating activities	<u>202,279</u>	<u>(121,079)</u>

MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1 STATEMENT OF ACCOUNTING POLICIES

The financial statements are a general purpose financial report that has been prepared in accordance with applicable Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and the Corporations Law, including the disclosure requirements of Schedule 5 of the Corporations Regulations. Accounting Standards include Australian equivalents to International Financial Reporting Standards. The financial statements have been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair value of the consideration given in exchange for assets. The accounting policies have been consistently applied unless otherwise stated.

The following is a summary of material accounting policies adopted by the economic entity in the preparation of the financial statements.

(a) Revenue recognition

Members' subscriptions or fees are accounted for when invoiced and taken to profit over the period to which they apply.

Revenue in respect of training, workplace agreements and sundry income is accounted for when invoiced.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

a) Depreciation

Depreciation on Plant & Equipment has been provided in the accounts using either the reducing balance of depreciation or prime cost depreciation at various fixed rates appropriate to the estimated effective lives.

(b) Employee entitlements

Provision is made for benefits accruing to employees at current pay rates in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Long service leave is provided for in respect of employees with more than 5 years service.

(c) Investments

Investments in listed and unlisted shares are carried at cost. On an annual basis the company assess if there has been any impairment in relation to its investments. If an impairment event is detected the carrying value of the investment is determined by reference to the net assets or the net realisable value of the investment. Any deficiency is accounted for as an impairment loss.

(d) Receipt of Grant Funding

Grants received are reconciled against the cost of providing services particular to the objective of each Grant. The component of funding not yet expensed is shown as a non current liability.

(f) Training Program Development

Investment in the development of the Compliance Management System training program is carried at cost. This includes an appropriate recovery of internal costs as well as outgoings to external parties.

The useful life of the Compliance Management System training program is considered to be finite. The cost of the program is being amortised equally over ten years.

MASTER GROCERS AUSTRALIA LIMITED
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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	\$	\$
NOTE 2 DIRECTORS EMOLUMENTS		
Total emoluments excluding amounts in respect of fixed salaries as employees received or due and received from the Company		
(i) Directors engaged in the full time employment of the Company	NIL	NIL
(ii) Other Directors of the Company - Fees/Allowance for attendance as representatives at meetings received by directors of the company		
- Current Year	65,000	65,000
- Adjustment of Prior Year Fees	-	-
	65,000	65,000

NOTE 3 REVENUE FROM ORDINARY ACTIVITIES		
Operating Revenue		
Membership Subscriptions	848,096	779,626
Corporate Partner Memberships	328,299	251,111
Training Programs	683,941	528,988
MGA Agreement and Fees for Service	133,702	47,007
Magazine Income	-	5,097
Other related income	8,938	9,660
	2,002,976	1,621,489
Other Revenue		
Interest	7,833	8,101
Dividends	94,817	87,859
Trust Distributions	3,915	3,037
Rental income	59,562	66,082
Commissions	20,370	20,434
Project Cost Recoveries	-	24,730
Surplus from absorption of SRA business operations	77,873	-
Surplus from absorption of NARGA business operations	29,855	-
Recovery of Unclaimed Monies	60,100	-
Other Income	7,362	27,987
	361,687	238,230

NOTE 4 PROFIT FROM ORDINARY ACTIVITIES
(a) Profit / (Loss) from Ordinary Activities has been determined after the following items:-

Auditors' Remuneration		
- Audit of the Accounts	9,500	8,000
- Other Services	-	-
Bad Debts	3,538	-
Depreciation	25,168	15,881
Amortisation	109,528	109,528
Transfers to Provisions for Annual Leave	443	20,748
Transfers to Provisions for Long Service Leave	48,358	-

MASTER GROCERS AUSTRALIA LIMITED
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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	\$	\$
NOTE 4 PROFIT FROM ORDINARY ACTIVITIES (con't)		
(b) Specific Net Gains and (Losses):		
Proceeds from Sale of Investments	493,584	653,848
Carrying Amount of Investments Sold	474,753	634,544
Profit / (Loss) on Sale of Investments	<u>18,831</u>	<u>19,304</u>
Proceeds from Sale of Plant & Equipment	-	-
Carrying Amount of Plant & Equipment Sold	-	-
Profit/(Loss) on Sale of Plant & Equipment	<u>-</u>	<u>-</u>

NOTE 5 DIVIDENDS POLICY

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

NOTE 6 INCOME TAX

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

NOTE 7 RECEIVABLES

Current

Trade Debtors	352,814	405,741
Less: Provision Doubtful Debts	(1,650)	(18,560)
Accrued Income	788	2,126
Sundry Debtors & Prepayments	5,503	22,048
	<u>357,455</u>	<u>411,355</u>

Non Current

	<u>-</u>	<u>-</u>
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MASTER GROCERS AUSTRALIA LIMITED
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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	\$	\$
NOTE 8 INVESTMENTS		
<i>Non Current</i>		
Shares in listed corporations		
* At cost	1,520,720	1,477,251
(Market Value at 30.06.12 \$1,645,440)		
Units in listed managed funds		
* At cost	-	110,000
(Market Value at 30.06.12 \$0)		
Units in listed property trusts		
* At cost	18,000	18,000
(Market Value at 30.06.12 \$29,340)		
	1,538,720	1,605,251

NOTE 9 PROPERTY, PLANT AND EQUIPMENT

Property:

Suites 4, 5 & 9 / 1 Milton Pde, Malvern	1,219,562	1,219,562
Property Improvements, plant & equipment at cost	374,055	317,789
Less: accumulated depreciation	(175,525)	(150,357)
	1,418,092	1,386,994

The properties at 1 Milton Pde, Malvern were valued independently as at 6 September 2007 by Antony Coady & Associates Pty Ltd at a market value of \$2,005,000.

NOTE 10 INTANGIBLE ASSETS

Corporate Branding	24,350	24,350
Less: accumulated amortisation	(12,175)	(9,740)
	12,175	14,610

MASTER GROCERS AUSTRALIA LIMITED
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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	\$	\$
NOTE 11 TRAINING PROGRAM DEVELOPMENT		
Opening balance	963,844	1,109,937
Invested during the year in Compliance Management Systems:		
- Directly Attributable Costs	-	11,000
<i>Less:</i>		
- Funding from Canberra Institute of Technology	-	(50,000)
- Amortisation charge for the year	(107,093)	(107,093)
	<u>856,751</u>	<u>963,844</u>

NOTE 12 CREDITORS AND BORROWINGS

<i>Current</i>		
Trade Creditors	78,091	66,963
Sundry Creditors & Accruals	201,936	162,190
Subscriptions in Advance	224,237	299,129
Credit Card	14,650	10,421
ANZ Bank - Commercial Bills	103,304	-
	<u>622,218</u>	<u>538,703</u>
 <i>Non Current</i>		
ANZ Bank - Commercial Bills	346,696	594,000
	<u>346,696</u>	<u>594,000</u>

NOTE 13 PROVISIONS

<i>Current</i>		
Employee Entitlements - Provision for Annual Leave	74,564	74,122
Employee Entitlements - Provision for Long Service Leave	48,358	-
	<u>122,922</u>	<u>74,122</u>

NOTE 14 SPECIAL PURPOSE PROJECTS

(i) Planning Review Committee (PRC)

Opening balance	-	24,730
<i>Less:</i>		
Project costs recovered during the year	-	(24,730)
	<u>-</u>	<u>-</u>

MASTER GROCERS AUSTRALIA LIMITED
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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 15 RELATED PARTY TRANSACTIONS

(a) The names of the Directors during this financial year were:

ALLEN, Rodney	DIXON, Jillian
MILLER, Stephen	GARRETT, Leigh
BRAY, Andrew	HINCHCLIFFE, Grant
COWLEY, Jean	ROMEO, Joseph
DALY, Michael	SMITH, Deborah
DIVITINI, Gino	

Emoluments due to the Directors for the 2012 financial year were as follows:

Mr. R. Allen received remuneration, being President Allowance from the company, of \$5,000.
Mr R. Allen, Mr A. Bray, Mr M. Daly, Ms J. Dixon, Mr S. Miller and Ms D. Smith received remuneration, being director fees, from the Company of \$7,500 respectively.
Mr L. Garrett, Mr G. Divitini, Mr G. Hinchcliffe and Mr J. Romeo received remuneration, being director fees, from the Company of \$3,750 respectively.
Travel costs paid on behalf of and/or reimbursed by the Company for Mr R. Allen was \$1,509.
Travel costs paid on behalf of and/or reimbursed by the Company for Mr S. Miller was \$589.
Travel costs paid on behalf of and/or reimbursed by the Company for Mr A. Bray was \$3,669.
Travel costs paid on behalf of and/or reimbursed by the Company for Ms J. Cowley was \$0.
Travel costs paid on behalf of and/or reimbursed by the Company for Mr M. Daly was \$1,180.
Travel costs paid on behalf of and/or reimbursed by the Company for Mr G. Divitini was \$2,933.
Travel costs paid on behalf of and/or reimbursed by the Company for Ms. J. Dixon was \$224.
Travel costs paid on behalf of and/or reimbursed by the Company for Mr L. Garrett was \$2,354.
Travel costs paid on behalf of and/or reimbursed by the Company for Mr G. Hinchcliffe was \$1,532.
Travel costs paid on behalf of and/or reimbursed by the Company for Mr J. Romeo was \$1,347.
Travel costs paid on behalf of and/or reimbursed by the Company for Ms D. Smith was \$4,230.

(b) There were no other material transactions between related parties.

NOTE 16 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 2012, there were 1,973 members, 12 associate members and 34 corporate members.

MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263
STATEMENT BY DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2012

In the opinion of the Directors of the Company;

1. (a) The accompanying Income Statement is drawn up so as to give a true and fair view of the results of the Company, in so far as they concern members of the Company, for the financial year ended 30 June 2012.
- (b) The accompanying Balance Sheet is drawn up so as to give a true and fair view of the state of affairs of the Company, in so far as they concern members of the Company, as at the end of that financial year.
- (c) 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 4th day of OCTOBER 2012



Director



Director

MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263
INDEPENDENT AUDITORS REPORT

Scope

We have audited the accounts, being the Statement of Directors, Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, and Notes to and forming part of the accounts of Master Grocers Australia Limited for the year ended 30th June 2012. The company's Directors are responsible for the preparation and presentation of the accounts and the information they contain.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the accounts are free of material misstatement. Our procedures include examination, on a test basis, of evidence supporting the amounts and other disclosures in the accounts, and the evaluation of accounting policies and significant accounting estimates.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001

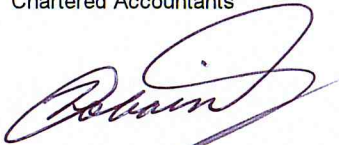
Audit Opinion

In our opinion, the financial report of Master Grocers Australia Limited for the year ended 30 June 2012 is in accordance with

- (a) The Corporations Act 2001, including:
- (i) giving a true and fair view of the company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
 - (ii) complying with the Australian Accounting Standards and the Corporations Regulations 2001, and
- (b) other mandatory professional reporting requirements.

DATED this *4th* day of *October* 2012

COBAIN & LIM PTY LTD
Chartered Accountants



N A COBAIN
Registered Company Auditor Number: 10612

211 / 566 St. Kilda Rd
MELBOURNE VIC 3004