

**MASTER GROCERS AUSTRALIA LIMITED**  
**A.C.N. 004 063 263**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2013**

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**MASTER GROCERS AUSTRALIA LIMITED**  
**A.C.N. 004 063 263**  
**DIRECTORS REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2013**

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 2013 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	Jillian Dixon	Director
Stephen Miller	Vice President	Christopher Dos Santos (Appointed 16/11/12)	Director
Michael Daly	Director	Gino Divitini	Director
Deborah Smith	Director	Grant Hinchcliffe	Director
Andrew Bray	Director	Joseph Romeo (Resigned 16/11/12)	Director

#### **PRINCIPAL ACTIVITIES**

Master Grocers Australia Limited (MGA) 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, MGA embarked upon creating a 5th core pillar in the area of Energy Efficiency Information Programs.

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 is dedicated to the business well being of its members. This is achieved through the skill and capability within the teams delivering the Company's 5 Core Pillars. All teams work toward to the achievement of MGA's objectives.

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 employment law support and service
- to develop and deliver online training solutions 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
- to develop and implement the 5th core pillar in the area of Energy Efficiency Information Programs

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 and liquor retailer and corporate memberships in Queensland
- develop and implement a media and public relations plan to lift MGA's profile with the media and State and Federal politicians
- invest resources into developing On Line Training solutions specific to the independent supermarket sector
- further develop MGA team skills and capability to achieve the organisation's objectives in employment law, training, public relations and 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 net result of the Company for the year is a profit of \$339,044 (2012: Profit of \$3,503)

#### **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.

**MASTER GROCERS AUSTRALIA LIMITED**  
**A.C.N. 004 063 263**  
**DIRECTORS REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2013**

## **REVIEW OF OPERATIONS**

MGA has had another very busy year providing vital support services to its independent supermarket and liquor store members around Australia and has established itself as the Peak National Employer Organisation representing independent supermarkets.

Retailer membership continues to grow in all states. The IGA Queensland Group of 270 stores joined MGA in April 2013.

MGA, through the acquirement of a \$990,000 funding grant from the Federal Government, Department of Environment and Climate change, were able to develop a World Class Energy Efficiency Information Program (EEIP) for its members around Australia establishing the 5th Core Pillar of MGA.

The EEIP has been completely dedicated to reducing the energy usage of members. A steering committee of industry specialists was formed, specific areas of supermarket energy reduction identified and a program of information tools developed. Tools include Facts Sheets, a complete Energy reduction industry Manual, a dedicated Website, [www.mgaeip.com.au](http://www.mgaeip.com.au), a self assessment tool, an iPhone application and a comprehensive seminar program - 76 to be conducted in Australia from August 2013.

As per last financial year, the 2013 financial year has again provided many challenging circumstances for our industry including the ongoing challenges associated with the increased market power, dominance and competition of Coles and Woolworths, a less than confident consumer and a weak retail economy. MGA launched the Let's Have Fair Competition report in August 2012 to lift the profile of this very serious competition issue.

Similar to the last financial year, 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, particularly from overseas.

MGA's Board of Directors continues to recognise that MGA is delivering a valuable support service to all members. The Board is committed to further investing in MGA infrastructure and people to continue an excellent level of support and service to members.

The Workplace Relations team is a core pillar of support and service that our members rely upon.

The Training team are in the midst of developing a suite of On Line training products that will save members time and resources, whilst providing a system that will enable a substantial reduction in risk and compliance breaches. MGA's training presence has improved greatly over the past 12 months particularly in the areas of On Line training - RSA & FS & FSS.

It has been a very busy year for industry representation with a number of visits to Canberra having taken place with Board members and Industry stakeholders. The Let's Have Fair Competition report launched in August 2012 was sent to over 400 politicians and bureaucrats as well as 2,300 members.

MGA's team has substantially built its staff capability, skill and knowledge within its 4 core pillars and is endeavouring to so in the 5th Core Pillar, the EEIP.

Since absorbing NARGA in 2011, MGA has become the peak national industry employer body in Australia for independent supermarkets and liquor stores. MGA's presence and profile has increased significantly with the launch of the LHFC report launched in August 2012 and the significant media exposure received as a consequence.

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

**MASTER GROCERS AUSTRALIA LIMITED**  
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**DIRECTORS REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2013**

**The Year in Review**

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

- MGA has successfully developed an EEIP for implementation over the next 18 months.
- Membership continued to grow with 270 IGA Queensland Members signing up in April 2013. Corporate membership has continued to play a vital support role for MGA - VISA has become a Platinum Corporate Member.
- 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.
- The development and launch of the Let's Have Fair Competition Report was a significant achievement. The Competition Committee worked many tireless hours to produce this report.
- MGA's Workplace Relations service and support continues to be well recognised for its excellent service.
- MGA's Workplace Relations (WR) team continued to make numerous submissions to FWC with respect to minimising wage increases and weekend penalty rates, opposing additional Public Holidays and opposing 3 x SDA applications concerning adult wage rates for juniors, employers to pay staff car parking and casuals with 12 months service becoming permanent. The WR team have again been engaged with the deregulation of trading hours hearings which will now become a major issue for MGA in Queensland since the demise of the QRTSA and the IGA group becoming members of MGA.
- MGA / LRA's Website has been significantly improved with member access and functionality simplified.
- 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.
- MGA Retailer forums, workshops, visits to stores, and industry committees have been well supported and attended.
- 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. The Workplace Health and Safety system has been developed and will be launched in the 2014 financial year.
- Membership services continues to expand and improve. Master Grocers Insurance Services continues to gain traction.
- MGA continues to consolidate its membership base in TAS, WA, VIC, QLD, the ACT and NSW.

**MASTER GROCERS AUSTRALIA LIMITED**  
**A.C.N. 004 063 263**  
**DIRECTORS REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2013**

**SIGNIFICANT CHANGES**

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

As at year end, the number of employees was 17 full time staff and 5 part time.

**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, 2013

**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**

	<b>Date Appointed</b>	<b>Experience and Special Responsibilities</b>
<b>Rodney Allen</b> Dip. Industrial Engineering S.A.I.B.T	7th October 2002	Rodney was elected as President of MGA in November 2005. Rodney has 26 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 Comtrain Services Pty Ltd.
<b>Stephen Miller</b>	30th November 2000	Stephen was elected as Vice President of MGA in November 2007. Stephen has 38 years of wholesale grocery and retail supermarket experience including running his own supermarket for 11 years in Victoria.  Stephen's other directorships include Astson Pty Ltd, S & Y Miller Investments Pty Ltd and Independent Retailer Pty Ltd.
<b>Michael Daly</b>	21st November 2001	Michael has had 28 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.

**MASTER GROCERS AUSTRALIA LIMITED**  
**A.C.N. 004 063 263**  
**DIRECTORS REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2013**

**DETAILS OF DIRECTORS (CONT)**

	<b>Date Appointed</b>	<b>Experience and Special Responsibilities</b>
<p><b>Deborah Smith</b>  Dip. Of Teaching, Cert. of Business Management, Dip. Business Management, Masters of Business Management</p>	<p>7th June 2006</p>	<p>Deborah has been an independent retailer for 17 years and owns 4 stores in Queensland in Allora, Oakey, Toowoomba Northland and Blue Mountains. Deborah has been on the Board of Directors for FoodWorks (Australian United Retailers Ltd) since 2002.</p> <p>Deborah's other directorships include A &amp; D (QLD) Holdings Pty Ltd, Australian United Retailers Ltd, DAALT Pty Ltd, Australian United Grocers Pty Ltd and Oakey FoodWorks Pty Ltd.</p>
<p><b>Andrew Bray</b></p>	<p>28th April 2009</p>	<p>Andrew has had 13 years experience in the food retail industry. Prior to this, Andrew had 12 years experience in the motor vehicle industry.</p> <p>Andrew's other directorships include Arionelle Pty Ltd, Lyndhurst Nominees (HP) Pty Ltd, BQ Holdings Pty Ltd, Collaroy Beach IGA Pty Ltd, Brayvic Pty Ltd and Castlecrag IGA Pty Ltd.</p>
<p><b>Jillian Dixon</b>  B. Commerce (University of Melbourne), Grad of Australian Institute Company Directors.</p>	<p>25th November 2009</p>	<p>Jillian has had 30 years experience in marketing, largely gained as a marketing director for Australian and international brand leaders in the fast moving consumer goods environment. Jillian has worked in a leadership capacity in the brands marketing, innovation and media strategy for brands owned by Foster's, National Foods, the VDIA, Walt Disney, Amcal, Simplot, DDB Needham Advertising and others. More recent projects include training and transport communications.</p> <p>Jillian is an experienced Board and Committee member currently also on the Board of Brainlink (a Not for profit). Jillian has held roles on the Boards of Australian Association of National Advertisers, Victorian State Government Rail Transition Board and the Victorian Eye and Ear Hospital.</p> <p>Jillian was appointed to the National Heavy Vehicle Regulator Project Assurance Group Review in 2011, for the review of its national communications strategy.</p> <p>Jillian has her own strategic marketing consultancy business, Giddyup Marketing Pty Ltd.</p> <p>Jillian's other directorships include BrainLink Services Pty Ltd and Giddyup Marketing Pty Ltd.</p>

**MASTER GROCERS AUSTRALIA LIMITED**  
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**DIRECTORS REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2013**

**DETAILS OF DIRECTORS (CONT)**

	<b>Date Appointed</b>	<b>Experience and Special Responsibilities</b>
<b>Joseph Romeo</b>	15th December 2011 (Resigned 16/11/2012)	<p>Joseph has been in the retail trade for over 26 years, operating supermarkets in South Australia and more recently New South Wales. The Romeos Retail Group currently operate 25 supermarkets in South Australia and 5 in New South Wales.</p> <p>Joseph has been on various retail boards, such as the IGA Committee, IGA South Australian State Board and IGA National Board. Joseph served as the Chairman of the IGA Committee, Chairman of the South Australian State Board and Deputy Chairman of the National Board.</p> <p>Joseph's other directorships include 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 and Romeo NSW Investments Pty Ltd .</p>
<b>Grant Hinchcliffe</b> B. Business (Accounting & Finance); Associate Dip. of Business (Accounting)	15th December 2011	<p>Grant has worked in the retail grocery industry for the past 22 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.</p> <p>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 TIR and 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 specialise in accounting.</p> <p>Grant's other directorships include Statewide Independent Wholesalers Ltd, Tasmanian Independent Retailers Co-operative Society Ltd and Tasmanian Small Business Council Inc.</p>
<b>Gino Divitini</b> B. Business	15th December 2011	<p>Gino has had over 35 years experience in the supermarket industry. Gino has been a joint owner/operator of SUPA IGA Hilton, WA since 2008 and a joint owner of Inglewood IGA, WA since 2008.</p> <p>Gino's other directorships include LGR Hilton Pty Ltd, LGR Group Pty Ltd, Oasis Nominees Pty Ltd, GSK Enterprises Pty Ltd and Newlight Investments Pty Ltd.</p>
<b>Christopher Dos Santos</b> Cert. IV in Business and Front Line Management	16th November 2012	<p>Christopher has 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.</p> <p>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.</p>

MASTER GROCERS AUSTRALIA LIMITED  
A.C.N. 004 063 263  
DIRECTORS REPORT  
FOR THE YEAR ENDED 30 JUNE 2013

**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	
	Number eligible to attend	Number attended
Rodney Allen	9	8
Stephen Miller	9	6
Michael Daly	9	6
Deborah Smith	9	9
Andrew Bray	9	9
Jillian Dixon	9	8
Christopher Dos Santos (Appointed 16/11/12)	5	5
Gino Divitini	9	6
Grant Hinchcliffe	9	6
Joseph Romeo (Resigned 16/11/2012)	5	2

**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 8.

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

DATED this *23<sup>RD</sup>* day of *OCTOBER* 2013.



Director



Director



MASTER GROCERS AUSTRALIA LIMITED  
A.C.N. 004 063 263  
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 2013 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 *23<sup>rd</sup>* day of *OCTOBER* 2013

**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**  
**A.C.N. 004 063 263**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2013**

	NOTE	2013 \$	2012 \$
Operating Revenue	3	2,237,056	2,002,976
Cost of Sales		(78,693)	(84,245)
		<hr/>	
Gross Profit		2,158,363	1,918,730
Other Revenues	3	722,935	361,687
National Development Expenses		-	(1,049)
Training Expenses		(246,227)	(214,133)
Employment Law Expenses		(32,216)	(40,111)
Occupancy Expenses		(43,586)	(46,398)
Employee Expenses		(1,522,826)	(1,473,237)
Commercial Bill Facility Expenses		(31,586)	(42,949)
Administration Expenses		(259,383)	(238,775)
Energy Efficiency Information Program Expenses		(322,711)	-
Depreciation and Amortisation		(139,531)	(134,696)
Other Expenses		(129,585)	(104,398)
Proceeds from Sale of Investments	4	530,007	493,584
Carrying Amount of Investments Sold	4	(344,610)	(474,753)
		<hr/>	
Profit from Ordinary Activities before Income Tax		339,044	3,503
Income Tax Expense	6	-	-
		<hr/>	
<b>Profit attributable to Members</b>		<b><u>339,044</u></b>	<b><u>3,503</u></b>

**MASTER GROCERS AUSTRALIA LIMITED**  
**A.C.N. 004 063 263**  
**BALANCE SHEET**  
**AS AT 30 JUNE 2013**

	NOTE	2013 \$	2012 \$
<b>CURRENT ASSETS</b>			
Cash		527,298	220,995
Receivables	7	548,995	357,455
<b>Total Current Assets</b>		1,076,293	578,450
<b>NON CURRENT ASSETS</b>			
Investments	8	1,472,894	1,538,720
Property, Plant & Equipment	9	1,401,955	1,418,092
Intangible Assets	10	9,740	12,175
Training Program Development	11	749,658	856,751
<b>Total Non Current Assets</b>		3,634,247	3,825,738
<b>TOTAL ASSETS</b>		4,710,540	4,404,188
<b>CURRENT LIABILITIES</b>			
Creditors & Borrowings	12	401,308	622,218
Provisions	13	133,295	122,922
Special Purpose Projects	14	252,845	-
<b>Total Current Liabilities</b>		787,448	745,140
<b>NON CURRENT LIABILITIES</b>			
Creditors & Borrowings	12	271,696	346,696
<b>Total Non Current Liabilities</b>		271,696	346,696
<b>TOTAL LIABILITIES</b>		1,059,144	1,091,836
<b>NET ASSETS</b>		3,651,396	3,312,352
<i>Represented by:</i>			
<b>MEMBERS' EQUITY</b>			
Accumulated Surplus		3,651,396	3,312,352
<b>TOTAL MEMBERS' EQUITY</b>		3,651,396	3,312,352

The accompanying notes form part of these accounts

MASTER GROCERS AUSTRALIA LIMITED  
A.C.N. 004 063 263  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	\$	\$
Equity at the beginning of the financial year	3,312,352	3,308,849
Profit attributable to Members	339,044	3,503
<b>Equity at the end of the financial year</b>	<u>3,651,396</u>	<u>3,312,352</u>

**MASTER GROCERS AUSTRALIA LIMITED**  
**A.C.N. 004 063 263**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2013**

	2013	2012
	\$	\$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Receipts from members ( GST inclusive)	1,698,300	1,763,822
Government funding (GST inclusive)	1,049,325	387,386
Dividend & trust Income received	88,505	97,945
Interest received	16,615	7,833
Rents received (GST inclusive)	75,007	67,644
Sundry Receipts	22,505	89,870
Surplus from absorption of SRA and NARDA business operations	-	107,728
Payments to suppliers and employees	(2,806,312)	(2,319,949)
Net Cash Provided by (used in) Operating Activities	<u>143,945</u>	<u>202,279</u>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Proceeds from sale of investments	530,007	493,584
Proceeds from sale of plant & equipment		
Payments for plant and equipment	(13,866)	(56,266)
Payments for investments	(278,783)	(408,222)
Net Cash Provided by (used in) Investment Activities	<u>237,358</u>	<u>29,096</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings	(75,000)	(144,000)
Net Cash Provided by (used in) Financing Activities	<u>(75,000)</u>	<u>(144,000)</u>
<b>NET INCREASE / (DECREASE) IN CASH HELD</b>	<u>306,303</u>	<u>87,375</u>
<b>CASH AS AT START OF FINANCIAL YEAR</b>	<u>220,995</u>	<u>133,620</u>
<b>CASH AS AT END OF FINANCIAL YEAR</b>	<u><u>527,298</u></u>	<u><u>220,995</u></u>
 (a) Reconciliation of Operating Profit after income tax to net cash provided by (used in) operating activities:		
Operating Profit after income tax	339,044	3,503
<b>Non-cash flows in operating profit:-</b>		
(Profit) on sale of investments	(185,397)	(18,831)
Depreciation and amortisation	139,531	134,696
<b>Change in assets and liabilities:</b>		
(Increase) / Decrease		
- Trade debtors	(190,575)	36,017
- Sundry debtors, prepayments & receivables	(965)	17,883
(Decrease) / Increase		
- Trade creditors & accruals	(220,911)	(19,789)
- Employee provisions	10,373	48,800
- Special purpose grants & projects	252,845	-
Net cash provided by operating activities	<u><u>143,945</u></u>	<u><u>202,279</u></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 2013**

**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.

**(b) 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.

**(c) 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.

**(d) 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.

**(e) 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 current liability. Grant income is recognised in accordance with the Grant offer upon the meeting of performance criteria and is calculated on the basis of the sum of out of pocket expenses incurred in performance of the Grant service and the market value of the time (in hours) taken in performance of the Grant service.

**(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**  
**A.C.N. 004 063 263**  
**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2013**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 2 DIRECTORS EMOLUMENTS</b>		
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	68,750	65,000
	<u>68,750</u>	<u>65,000</u>
<b>NOTE 3 REVENUE FROM ORDINARY ACTIVITIES</b>		
Operating Revenue		
Membership Subscriptions	987,349	848,096
Corporate Partner Memberships	348,234	328,299
Training Programs	862,162	683,941
Workplace Relations	37,950	133,702
Other related income	1,361	8,938
	<u>2,237,056</u>	<u>2,002,976</u>
Other Revenue		
Commissions	20,459	20,370
Energy Efficiency Information Program	539,645	-
Interest	16,615	7,833
Dividends	86,322	94,817
Trust Distributions	1,395	3,915
Rental income	58,499	59,562
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
	<u>722,935</u>	<u>361,687</u>
<b>NOTE 4 PROFIT FROM ORDINARY ACTIVITIES</b>		
<b>(a) Profit from Ordinary Activities has been determined after the following items:-</b>		
Auditors' Remuneration		
- Audit of the Accounts	8,800	9,000
- Other Services	-	500
Bad Debts	5,066	3,538
Depreciation	30,003	25,168
Amortisation	109,528	109,528
Transfers to Provisions for Annual Leave	(8,334)	443
Transfers to Provisions for Long Service Leave	18,707	48,358

**MASTER GROCERS AUSTRALIA LIMITED**  
**A.C.N. 004 063 263**  
**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2013**

	2013	2012
	\$	\$
<b>NOTE 4 PROFIT FROM ORDINARY ACTIVITIES (con't)</b>		
<b>(b) Specific Net Gains and (Losses):</b>		
Proceeds from Sale of Investments	530,007	493,584
Carrying Amount of Investments Sold	344,610	474,753
Profit on Sale of Investments	<u>185,397</u>	<u>18,831</u>
<b>NOTE 5 DIVIDENDS POLICY</b>		
No Dividends were paid during the financial year or are proposed to be paid.		
<b>NOTE 6 INCOME TAX</b>		
The company is income tax exempt effective from a Private Ruling date of 18th July 2003		
<b>NOTE 7 RECEIVABLES</b>		
<i>Current</i>		
Trade Debtors	548,739	352,814
Less: Provision Doubtful Debts	(7,000)	(1,650)
Accrued Income	-	788
Sundry Debtors & Prepayments	7,256	5,503
	<u>548,995</u>	<u>357,455</u>
<i>Non Current</i>	<u>-</u>	<u>-</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 2013**

	2013	2012
	\$	\$
<b>NOTE 8 INVESTMENTS</b>		
<i>Non Current</i>		
Shares in listed corporations		
* At cost	1,472,894	1,520,720
(Market Value at 30.06.13 \$1,647,846)		
Units in listed property trusts		
* At cost	-	18,000
(Market Value at 30.06.13 \$0)		
	<u>1,472,894</u>	<u>1,538,720</u>

**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	387,921	374,055
Less: accumulated depreciation	(205,528)	(175,525)
	<u>1,401,955</u>	<u>1,418,092</u>

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	(14,610)	(12,175)
	<u>9,740</u>	<u>12,175</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 2013**

	<b>2013</b>	<b>2012</b>
	\$	\$
<b>NOTE 11 TRAINING PROGRAM DEVELOPMENT</b>		
Opening balance	856,751	963,844
Less:		
- Amortisation charge for the year	(107,093)	(107,093)
	<u>749,658</u>	<u>856,751</u>

<b>NOTE 12 CREDITORS AND BORROWINGS</b>		
Current		
Trade Creditors	66,463	78,091
Sundry Creditors & Accruals	139,558	201,936
Credit Card	-	14,650
Subscriptions in Advance	91,983	224,237
ANZ Bank - Commercial Bills	103,304	103,304
	<u>401,308</u>	<u>622,218</u>
Non Current		
ANZ Bank - Commercial Bills	271,696	346,696
	<u>271,696</u>	<u>346,696</u>

<b>NOTE 13 PROVISIONS</b>		
Current		
Employee Entitlements - Provision for Annual Leave	66,230	74,564
Employee Entitlements - Provision for Long Service Leave	67,065	48,358
	<u>133,295</u>	<u>122,922</u>

<b>NOTE 14 SPECIAL PURPOSE PROJECTS</b>		
<i>Energy Efficiency Information Program (EEIP):</i>		
Progress Billings	792,490	-
Less:		
Revenue recognised during the year	(539,645)	-
Deferred EEIP Revenue	<u>252,845</u>	<u>-</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 2013**

**NOTE 15 RELATED PARTY TRANSACTIONS**

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

Rodney Allen (President)	Jillian Dixon
Stephen Miller	Christopher Dos Santos (Appointed 16/11/2012)
Michael Daly	Gino Divitini
Deborah Smith	Grant Hinchcliffe
Andrew Bray	Joseph Romeo (Resigned 16/11/2012)

Emoluments due to the Directors for the 2013 financial year were as follows:

Director	Fees paid for services	Travel costs paid or reimbursed
	\$	\$
Rodney Allen (President)	12,500	2,917
Stephen Miller	7,500	1,793
Michael Daly	7,500	1,573
Deborah Smith	7,500	4,906
Andrew Bray	7,500	2,818
Jillian Dixon	7,500	964
Christopher Dos Santos (Appointed 16/11/12)	3,750	2,633
Gino Divitini	7,500	4,241
Grant Hinchcliffe	7,500	2,060
Joseph Romeo (Resigned 16/11/2012)	-	1,001
	<u>68,750</u>	<u>24,906</u>

(b) There were no other material transactions between related parties except for the payments of promotion expenses of \$19,057 paid to a company owned by Ms. J Dixon.

**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 2013, there were 2,250 members, 12 associate members and 32 corporate members.

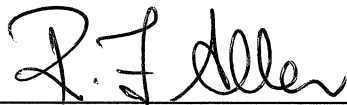
MASTER GROCERS AUSTRALIA LIMITED  
A.C.N. 004 063 263  
STATEMENT BY DIRECTORS  
FOR THE YEAR ENDED 30 JUNE 2013

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 2013.
- (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 23rd day of OCTOBER 2013



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 2013. 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 2013 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 2013 and of its performance for the year ended on that date; and

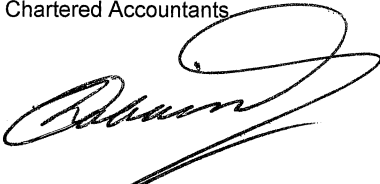
(ii) complying with the Australian Accounting Standards and the Corporations Regulations 2001, and

(b) other mandatory professional reporting requirements.

DATED this *23rd* day of *OCTOBER* 2013

**COBAIN & LIM PTY LTD**

Chartered Accountants



**N A COBAIN**

Registered Company Auditor Number: 10612

211 / 566 St. Kilda Rd  
MELBOURNE VIC 3004