

**MASTER GROCERS AUSTRALIA LIMITED**  
**A.C.N. 004 063 263**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**I N D E X**

Page:

1.	Directors Report
8.	Auditors' Independence Declaration
9.	Statement of Comprehensive Income
10.	Statement of Financial Position
11.	Statement of Changes in Equity
12.	Statement of Cash Flows
13.	Notes to and Forming Part of the Accounts
19.	Statement by Directors
20.	Independent Auditors Report

**MASTER GROCERS AUSTRALIA LIMITED**  
**A.C.N. 004 063 263**  
**DIRECTORS REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

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 2014 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 (resigned November 19, 2013)	Director
Stephen Miller	Vice President	Christopher Dos Santos	Director
Michael Daly	Director	Gino Divitini	Director
Deborah Smith	Director	Grant Hinchcliffe	Director
Andrew Bray	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 5 core pillar areas of Workplace Relations, Training and Compliance, Industry Representation, Energy Efficiency Programs, 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 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 Legal and HR support and service
- 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 and liquor 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
- invest resources into developing On Line Training solutions (WH&S system) specific to the independent supermarket sector
- 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 net result of the Company for the year is a loss of \$2,303 (2013: Profit of \$339,044)

**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. 004 083 283  
**DIRECTORS REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**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 & liquor stores.

Retailer membership continues to grow in all states. Some Mitre 10 Hardware stores joined as Associate Members. There are 2,489 members.

MGA, through the acquisition of a \$990,000 funding grant from the Federal Government, Department of Environment and Climate Change, in FY 2013 and FY 2014 was able to deliver a World Class Energy Efficiency Information Program (EEIP) to its members around Australia.

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, and a comprehensive seminar program - 70 face to face seminars were conducted around Australia as well as webinars.

As per last financial year, the 2014 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 second edition Let's Have Fair Competition - "Finding a Solution" report in August 2013 to lift the profile and help to suggest Competition Law reform remedies for this very serious competition issue.

A video entitled "The House needs to Change the Game" was developed and launched in Canberra in May 2014.

MGA also developed and lodged a full submission to the Competition Policy Review Panel on the 7th June 2014.

Similar to the last financial year, despite economic adversity (Red Tape, wages increases) 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 continues to be at an all time low.

Despite the less than robust trading conditions, independent supermarket and liquor store owners continue to explore minor improvements in their businesses 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 Legal and HR team is a core pillar of support and service that our members rely upon. The team has had a very busy year activities, addressing the National Wage review, renegotiating the MGAV Agreement, opposing the deregulation of trading hours in Qld to name a few.

The Training team has undergone some personnel cut backs as a consequence of Federal and State Government training incentives being removed or substantially lessened. Training is a key driver for the independent retail sector to compete and meet the ever increasing business challenges they face everyday. Training is also vital for future business growth and succession planning.

Aside from assisting retailers with traditional Certificate 3 & 4 and on line compliance training there was also considerable time spent developing and fine tuning the new Workplace Health and Safety system.

MGA is the Author of the WH&S system and ICON Global is the on line platform developer and provider.

The WH&S system will enable stores, upon implementation, to substantially reduce risk and compliance breaches.

MGA's training presence continues to improve greatly, particularly, in the areas of On Line training - WH&S, 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 highlight for the Board was attending Parliament House 14 May, for the release of the 2015 Federal budget and meeting with a number of politicians and bureaucrats to discuss Competition Policy and Law reform.

The Let's Have Fair Competition report launched in August 2013 edition was sent to over 400 politicians and bureaucrats as well as 2,400 members and a wide audience of industry stakeholders and the media.

MGA's team has substantially built its staff capability, skill and knowledge within its 5 core pillars.

MGA is the peak national industry employer body in Australia for independent supermarkets and liquor stores.

MGA's presence and profile has increased significantly with the increased engagement with state and federal politicians and its fight against unfair competition.

MGA has achieved significant media (TV, print & radio) exposure 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**  
**A.C.N. 004 063 263**  
**DIRECTORS REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**The Year In Review**

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

- MGA has successfully delivered and implemented an Energy Efficiency Information Programme.
  - Membership continues to grow modestly in all states as well as 15 Mitre 10 stores becoming Associate Members. Corporate membership has continued to play a vital support role for MGA - BATA 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 follow up launch of the Let's Have Fair Competition - "Lets Find a Solution" Report was a significant achievement, along with the lodgment of MGA's Competition Policy Review submission. The Industry Committee and staff worked many tireless hours to produce these documents.
  - MGA's Legal and HR service and support continues to be well recognised for its excellent service.
  - MGA's Legal and HR team continued to make numerous submissions to FWC with respect to minimising wage increases and weekend penalty rates, opposing additional Public Holidays and opposing SDA applications concerning adult wage rates for juniors, employers to pay staff car parking and casuals with 12 months service becoming permanent. The Legal and HR team have again been engaged with the deregulation of trading hours hearings which is a major issue for MGA to address on behalf of its members in Qld.
  - 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.
  - 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. LRA has been engaging with the Qld and SA governments in regard to liquor licenses for members. This work will continue.
  - Legal and HR seminars, such as Manageing your Employees and Performance Management, 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, Metcash 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, 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 dramatically changed over the past 12 months owing to Government funding cut backs. Owing to these cuts MGA was forced to farewell, National Training Manager Michael Russell, Trainer and Assessor, Tony Morris and Training Administrator, Janet Holmes
- MGA's online training offer has had a strong uptake and is gaining momentum, particularly Food Safety and RSA
- MGA, together with ICON Global, has developed a state of the art industry Workplace Health and Safety system for members to better manage risk. This system is being sold to members as an vital industry solution.

Membership services continues to expand and improve. Master Grocers Insurance Services continues to gain traction.

MGA continues to consolidate its membership base in SA, NT, 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 2014**

**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 1 Casual, 7 Part Time and 13 Full 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, 2014

**LIKELY DEVELOPMENTS**

Investment of MGA funds and resources will continue to be allocated to the development of support services for members. Membership is forecasted to increase modestly - additional supermarkets joining brands, liquor and hardware.

**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	<p>Rodney was elected as President of MGA in November 2005. Rodney has 27 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.</p> <p>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.</p>
<b>Stephen Miller</b>	30th November 2000	<p>Stephen was elected as Vice President of MGA in November 2007. Stephen has 39 years of wholesale grocery and retail supermarket experience including running his own supermarket for 12 years in Victoria.</p> <p>Stephen's other directorships include Astson Pty Ltd, S &amp; Y Miller Investments Pty Ltd and Independent Retailer Pty Ltd.</p>
<b>Michael Daly</b>	21st November 2001	<p>Michael has had 29 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.</p> <p>Michael's other directorships include Kevmille Pty Ltd, Houseinvest.com Pty Ltd, M.A. Daly Pty Ltd, The Network Company Pty Ltd, MA &amp; DM Daly Pty Ltd and MA Daly No 2 Pty Ltd.</p>

**MASTER GROCERS AUSTRALIA LIMITED**  
**A.C.N. 004 063 263**  
**DIRECTORS REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**DETAILS OF DIRECTORS (CONT)**

	Date Appointed	Experience and Special Responsibilities
<p><b>Deborah Smith</b> Dip. Of Teaching, Cert. of Business Management, Dip. Business Management, Masters of Business Management</p>	7th June 2006	<p>Deborah has been an independent retailer for 16 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>	28th April 2009	<p>Andrew has had 14 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, 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>	25th November 2009	<p><b>Jill Dixon retired from MGA's Board on November 19, 2013 owing to ill health</b></p> <p>Jillian has had 31 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 VEDIA, 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**  
**A.C.N. 004 063 263**  
**DIRECTORS REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**DETAILS OF DIRECTORS (CONT)**

	<b>Date Appointed</b>	<b>Experience and Special Responsibilities</b>
<p><b>Grant Hinchcliffe</b>            B. Business (Accounting &amp; Finance); Associate Dip. of Business (Accounting)</p>	<p>15th December 2011</p>	<p>Grant has worked in the retail grocery industry for the past 23 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>
<p><b>Gino Divitini</b>            B. Business</p>	<p>15th December 2011</p>	<p>Gino has had over 36 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 Ltd and ARE Floreat Pty Ltd.</p>
<p><b>Christopher Dos Santos</b>            Cert. IV in Business and Front Line Management</p>	<p>16th November 2012</p>	<p>Christopher has 22 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 2014**

**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	7
Stephen Miller	9	7
Michael Daly	9	6
Deborah Smith	9	8
Andrew Bray	9	8
Jillian Dixon (resigned November 19, 2014)	1	0
Christopher Dos Santos (Appointed 16/11/12)	9	9
Gino Divitini	9	9
Grant Hinchcliffe	9	8

**DIRECTORS BENEFITS**

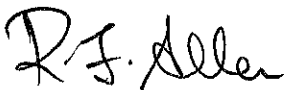
Since the end of the previous financial year, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company, or a related corporation with a Director, a firm of which a Director is a member or an entity in which a Director has a substantial financial interest 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 22 day of October 2014



Director



Director



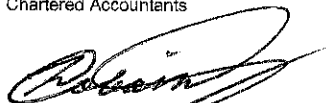
MASTER GROCERS AUSTRALIA LIMITED  
A.C.N. 004 063 263  
AUDITORS' INDEPENDENCE DECLARATION  
TO THE DIRECTORS OF MASTER GROCERS AUSTRALIA LIMITED

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 2014 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 *27<sup>th</sup>* day of *October* 2014

COBAIN & LIM PTY LTD  
Chartered Accountants



N A COBAIN  
Registered Company Auditor Number: 10812

211 / 568 St. Kilda Rd  
MELBOURNE VIC 3004

**MASTER GROCERS AUSTRALIA LIMITED**  
**A.C.N. 004 063 263**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	NOTE	2014 \$	2013 \$
Operating Revenue	2	2,251,880	2,237,056
Cost of sales		(89,735)	(78,693)
		<hr/>	<hr/>
Gross Profit		2,162,145	2,158,363
Other revenue	3	657,423	722,935
Net gains from sale of investments	4	112,417	185,397
Training expenses		(348,720)	(246,227)
Employment law expenses		(32,795)	(32,216)
Occupancy expenses		(56,785)	(43,586)
Employee expenses		(1,774,406)	(1,522,826)
Commercial bill facility expenses		(21,265)	(31,586)
Administration expenses		(164,461)	(259,383)
Energy Efficiency Information Program Expenses		(179,256)	(322,711)
Depreciation and amortisation	5	(135,126)	(139,531)
Other expenses		(221,474)	(129,585)
		<hr/>	<hr/>
Profit (loss) before tax		(2,303)	339,044
Income tax expense	7	-	-
		<hr/>	<hr/>
<b>Profit (loss) for the year</b>		(2,303)	339,044
<b>Other comprehensive income , net of tax</b>		-	-
		<hr/>	<hr/>
<b>Total comprehensive income (loss) for the year attributable to members</b>		<u>(2,303)</u>	<u>339,044</u>

The accompanying notes form part of these accounts

**MASTER GROCERS AUSTRALIA LIMITED**  
**A.C.N. 004 063 263**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2014**

	NOTE	2014 \$	2013 \$
<b>CURRENT ASSETS</b>			
Cash		262,083	527,298
Receivables	8	318,078	548,995
Special purpose projects	14	99,064	-
<b>Total current assets</b>		<b>679,225</b>	<b>1,076,293</b>
<b>NON CURRENT ASSETS</b>			
Investments	9	1,646,877	1,472,894
Intangible assets	10	7,304	9,740
Property, plant & equipment	11	1,381,757	1,401,955
Training program development	12	642,571	749,658
<b>Total non-current assets</b>		<b>3,678,509</b>	<b>3,634,247</b>
<b>TOTAL ASSETS</b>		<b>4,357,734</b>	<b>4,710,540</b>
<b>CURRENT LIABILITIES</b>			
Creditors & borrowings	13	560,216	401,308
Provisions	15	93,102	66,230
Special purpose projects	14	-	252,845
<b>Total current liabilities</b>		<b>653,318</b>	<b>720,383</b>
<b>NON CURRENT LIABILITIES</b>			
Creditors & borrowings	13	-	271,696
Provisions	15	55,323	67,065
<b>Total non current liabilities</b>		<b>55,323</b>	<b>338,761</b>
<b>TOTAL LIABILITIES</b>		<b>708,641</b>	<b>1,059,144</b>
<b>NET ASSETS</b>		<b>3,649,093</b>	<b>3,651,396</b>
<i>Represented by:</i>			
<b>MEMBERS' EQUITY</b>			
Accumulated surplus		3,649,093	3,651,396
<b>TOTAL MEMBERS' EQUITY</b>		<b>3,649,093</b>	<b>3,651,396</b>

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 2014**

	Reserve \$	Accumulated Surplus \$	Total \$
<b>Balance at 1st July 2012</b>	-	3,312,352	3,312,352
<b>Comprehensive income</b>			
Profit (loss) for the year	-	339,044	339,044
Other comprehensive income	-	-	-
<b>Total comprehensive income / (loss) for the year</b>	-	339,044	339,044
<b>Balance at 30th June 2013</b>	-	3,651,396	3,651,396
	Reserve	Accumulated	Total
	\$	Surplus	\$
		\$	
<b>Balance at 1st July 2013</b>	-	3,651,396	3,651,396
<b>Comprehensive income</b>			
Profit (loss) for the year	-	(2,303)	(2,303)
Other comprehensive income	-	-	-
<b>Total comprehensive income / (loss) for the year</b>	-	(2,303)	(2,303)
<b>Balance at 30th June 2014</b>	-	3,649,093	3,649,093

The accompanying notes form part of these accounts

**MASTER GROCERS AUSTRALIA LIMITED**  
**A.C.N. 004 063 263**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	2014	2013
	\$	\$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Receipts from members ( GST inclusive)	2,550,533	1,698,300
Government funding (GST inclusive)	517,384	1,049,325
Dividend & trust Income received	103,228	88,505
Interest received	22,085	16,615
Rents received (GST inclusive)	61,720	75,007
Sundry Receipts	27,423	22,505
Payments to suppliers and employees	<u>(3,451,840)</u>	<u>(2,806,312)</u>
Net cash provided by (used in) operating activities	<u>(169,467)</u>	<u>143,945</u>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Proceeds from sale of investments	1,792,256	530,007
Proceeds from sale of plant & equipment	-	-
Payments for plant and equipment	(9,181)	(13,866)
Payments for investments	<u>(1,853,823)</u>	<u>(278,783)</u>
Net cash provided by (used in) investment activities	<u>(70,748)</u>	<u>237,358</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings	<u>(25,000)</u>	<u>(75,000)</u>
Net cash provided by (used in) financing activities	<u>(25,000)</u>	<u>(75,000)</u>
<b>NET INCREASE / (DECREASE) IN CASH HELD</b>	<u>(265,215)</u>	<u>306,303</u>
<b>CASH AS AT START OF FINANCIAL YEAR</b>	<u>527,298</u>	<u>220,995</u>
<b>CASH AS AT END OF FINANCIAL YEAR</b>	<u><u>262,083</u></u>	<u><u>527,298</u></u>
 (a) Reconciliation of operating profit after income tax to net cash provided by (used in) operating activities:		
Operating profit after income tax	(2,303)	339,044
<b>Non-cash flows in operating profit:-</b>		
(Profit) on sale of investments	(112,417)	(185,397)
Loss on disposal of plant & equipment	3,777	-
Depreciation and amortisation	135,126	139,531
<b>Change in assets and liabilities:</b>		
(Increase) / decrease		
- Trade debtors	285,407	(190,575)
- Sundry debtors, prepayments & receivables	(54,490)	(965)
(Decrease) / increase		
- Trade creditors & accruals	(87,788)	(220,911)
- Employee provisions	15,130	10,373
- Special purpose grants & projects	<u>(351,909)</u>	<u>252,845</u>
Net cash provided by operating activities	<u>(169,467)</u>	<u>143,945</u>

**MASTER GROCERS AUSTRALIA LIMITED**  
**A.C.N. 004 083 263**  
**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**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 assesses 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. 004 083 263**  
**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	2014	2013
	\$	\$
<b>NOTE 2 OPERATING REVENUE</b>		
Membership subscriptions	1,137,282	987,349
Corporate partner memberships	290,444	348,234
Training programs	688,652	862,162
Workplace relations	124,168	37,950
Other related income	11,334	1,361
	<u>2,251,880</u>	<u>2,237,056</u>
 <b>NOTE 3 OTHER REVENUE</b>		
Interest	22,085	16,615
Dividends	91,142	86,322
Trust distributions	12,086	1,395
Rental income	56,187	58,499
Commissions	24,930	20,459
Energy efficiency information program grant	450,993	539,645
	<u>667,423</u>	<u>722,935</u>
 <b>NOTE 4 NET GAINS FROM SALE OF INVESTMENTS</b>		
Proceeds from sale of investments	1,792,256	530,007
Carrying amount of investments sold	1,679,839	344,610
	<u>112,417</u>	<u>185,397</u>
 <b>NOTE 5 EXPENSES</b>		
<b>Profit (loss) before tax includes the following specific expenses</b>		
Auditors' remuneration		
- Audit of the accounts	9,000	8,800
- Other services	3,100	2,000
Bad debts	8,820	5,066
Depreciation	25,603	30,003
Amortisation	109,523	109,528
Loss on disposal of plant & equipment	-	-
Transfers to provisions for annual leave	26,872	(8,334)
Transfers to provisions for long service leave	(11,742)	18,707

**MASTER GROCERS AUSTRALIA LIMITED**  
**A.C.N. 004 063 263**  
**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	2014	2013
	\$	\$
<b>NOTE 6 DIVIDENDS POLICY</b>		
No dividends were paid during the financial year or are proposed to be paid.		
 <b>NOTE 7 INCOME TAX</b>		
The company is income tax exempt effective from a Private Ruling date of 18th July 2003		
 <b>NOTE 8 RECEIVABLES</b>		
<i>Current</i>		
Trade debtors	256,332	548,739
Less: provision for doubtful debts	-	(7,000)
Accrued income	32,681	-
Sundry debtors & prepayments	29,065	7,258
	<u>318,078</u>	<u>548,995</u>
 <i>Non current</i>	<u>-</u>	<u>-</u>
 <b>NOTE 9 INVESTMENTS</b>		
<i>Non Current</i>		
Shares in listed corporations		
* At cost	1,560,079	1,386,096
(Market value at 30.06.14 \$1,698,131)		
Units in listed property trusts		
* At cost	86,798	86,798
(Market Value at 30.06.14 \$67,288)		
	<u>1,646,877</u>	<u>1,472,894</u>
 <b>NOTE 10 INTANGIBLE ASSETS</b>		
Corporate branding	24,350	24,350
Less: accumulated amortisation	(17,046)	(14,610)
	<u>7,304</u>	<u>9,740</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 2014**

	2014	2013		
	\$	\$		
<b>NOTE 11 PROPERTY, PLANT AND EQUIPMENT</b>				
	<b>Property</b>	<b>Property</b>	<b>Plant &amp;</b>	<b>Total</b>
	\$	\$	Equipment	\$
<b>At 1 July 2012</b>				
Cost	1,219,562	129,150	244,905	1,593,617
Accumulated depreciation	-	(11,871)	(163,654)	(175,525)
Net book value	<u>1,219,562</u>	<u>117,279</u>	<u>81,251</u>	<u>1,418,092</u>
<b>Year ended 30 June 2013</b>				
Opening net book value	1,219,562	117,279	81,251	1,418,092
Additions			13,866	13,866
Disposals				-
Depreciation		(3,229)	(26,774)	(30,003)
Closing net book value	<u>1,219,562</u>	<u>114,050</u>	<u>68,343</u>	<u>1,401,955</u>
<b>At 30 June 2013</b>				
Cost	1,219,562	129,150	258,771	1,607,483
Accumulated depreciation	-	(15,100)	(190,428)	(205,528)
Net book value	<u>1,219,562</u>	<u>114,050</u>	<u>68,343</u>	<u>1,401,955</u>
<b>Year ended 30 June 2014</b>				
Opening net book value	1,219,562	114,050	68,343	1,401,955
Additions	-	-	9,182	9,182
Disposals			(3,777)	(3,777)
Depreciation	-	(3,229)	(22,374)	(25,603)
Closing net book value	<u>1,219,562</u>	<u>110,821</u>	<u>51,374</u>	<u>1,381,757</u>
<b>At 30 June 2014</b>				
Cost	1,219,562	129,150	249,967	1,598,679
Accumulated depreciation	-	(18,329)	(198,593)	(216,922)
Net book value	<u>1,219,562</u>	<u>110,821</u>	<u>51,374</u>	<u>1,381,757</u>

The properties comprising of suites 4, 5 & 9 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.

**MASTER GROCERS AUSTRALIA LIMITED**  
**A.C.N. 004 063 283**  
**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 12 TRAINING PROGRAM DEVELOPMENT</b>		
Balance at 1st July	749,658	856,751
<i>Less:</i>		
- Amortisation charge for the year	<u>(107,087)</u>	<u>(107,093)</u>
Balance at 30th June	<u><u>642,571</u></u>	<u><u>749,658</u></u>

**NOTE 13 CREDITORS AND BORROWINGS**

<i>Current</i>		
Trade creditors	38,681	66,463
Sundry creditors & accruals	108,122	139,558
Subscriptions in advance	63,413	91,983
Commercial bills - ANZ Bank	<u>350,000</u>	<u>103,304</u>
	<u>560,216</u>	<u>401,308</u>
<i>Non Current</i>		
Commercial bills - ANZ Bank	<u>-</u>	<u>271,696</u>
	<u>-</u>	<u>271,696</u>

The commercial bill facility is secured by a mortgage over properties owned by the company namely, suites 5 and 9 of 1 Milton Parade, Malvern

**NOTE 14 SPECIAL PURPOSE PROJECTS**

*Energy efficiency Information program (EEIP):*

Balance at 1st July	252,845	-
Progress billings	<u>99,084</u>	<u>792,490</u>
	351,929	792,490
<i>Less:</i>		
- Revenue recognised during the year	<u>(450,993)</u>	<u>(539,645)</u>
EEIP revenue (receivable) deferred at 30th June	<u>(99,064)</u>	<u>252,845</u>

**NOTE 15 PROVISIONS**

**Employee provisions**

*Current*

Employee entitlements - provision for annual leave	93,102	66,230
Employee entitlements - provision for long service leave	<u>-</u>	<u>-</u>
	<u>93,102</u>	<u>66,230</u>

*Non Current*

Employee entitlements - provision for annual leave	<u>-</u>	<u>-</u>
Employee entitlements - provision for long service leave	<u>55,323</u>	<u>67,065</u>
	<u>55,323</u>	<u>67,065</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 2014**

	2014	2013
	\$	\$
<b>NOTE 16 RELATED PARTY TRANSACTIONS</b>		
<b>(a) Key management personnel compensation</b>		
Short term employee benefits	365,793	273,068
Post employment benefits	31,980	23,965
Other long term employee benefits	4,078	5,712
Termination benefits	-	-
Share based payments	-	-
<b>Total</b>	<b>401,851</b>	<b>302,745</b>
 <b>(b) Other related party transactions</b>		
<b>(i) Payment of promotion expenses to a company owned by Ms J Dixon</b>		
- Giddyup Marketing	9,018	19,057
 <b>(ii) Travel cost paid or reimbursed to directors</b>		
Rodney Allen (President)	1,439	2917
Stephen Miller	1,072	1793
Michael Daly	2,375	1573
Deborah Smith	3,897	4906
Andrew Bray	2,747	2818
Jillian Dixon (resigned 30/08/13)	-	964
Christopher Dos Santos	3,361	2633
Gino Divitini	5,516	4241
Grant Hinchcliffe	3,871	2060
Joseph Romeo (resigned 16/11/2012)	-	1001
	<b>24,278</b>	<b>24,906</b>
 <b>(iii) Fees paid directly or indirectly to directors who are not employees</b>		
	24,000	68,750

**NOTE 17 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 2014, there were 2,489 members, 22 associate members and 31 corporate members.

MASTER GROCERS AUSTRALIA LIMITED  
A.C.N. 004 063 263  
STATEMENT BY DIRECTORS  
FOR THE YEAR ENDED 30 JUNE 2014

In the opinion of the directors of the company;

1. (a) The accompanying statement of comprehensive income 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 2014.
- (b) The accompanying statement of financial position 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 22<sup>nd</sup> day of October 2014



Director



Director

**MASTER GROCERS AUSTRALIA LIMITED**  
**A.C.N. 004 083 263**  
**INDEPENDENT AUDITORS REPORT**

**Scope**

We have audited the accounts, being the statement of directors, statement of comprehensive income, statement of financial position, 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 2014.

**Directors' Responsibility for the Financial Report**

The directors of Master Grocers Australia Limited are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, and the Corporations Act 2001, and for such internal control as the directors determine are necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report 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 the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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**

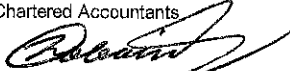
In our opinion, the financial report of Master Grocers Australia Limited for the year ended 30 June 2014 is in accordance with

- (a) The Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2014 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) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

DATED this *27<sup>th</sup>* day of *October* 2014

**COBAIN & LIM PTY LTD**

Chartered Accountants



**N A COBAIN**

Registered Company Auditor Number: 10612

211 / 566 St. Kilda Rd  
MELBOURNE VIC 3004