

MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263
FINANCIAL RETURN
FOR THE YEAR ENDED 30 JUNE 2018

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MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263
DESIGNATED OFFICER'S CERTIFICATE
FOR THE YEAR ENDED 30 JUNE 2018

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

- * that the documents lodged herewith are copies of the full report for the Master Grocers Australia Limited, referred to in s268 of the *Fair Work (Registered Organisations) Act 2009*; and
- * that the full report was provided to members on October _____, 2018 and
- * that the full report was presented to a general meeting of members of the reporting unit on _____ / 11 / 2018 in accordance with section 266 of the *Fair Work (Registered Organisations) Act 2009*.

DATED this _____ day of _____ November 2018

For the Committee of Management: _____

MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263
SUBSECTION 255(2A) EXPENDITURE REPORT
FOR THE YEAR ENDED 30 JUNE 2018

The Committee of Management presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 30 June 2018

Categories Of Expenditure	2018	2017
	\$	\$
Remuneration and other employment related costs and expenses - employees	1,527,224	1,320,987
Advertising	26,885	16,667
Operating Costs	566,339	603,442
Donations to political parties	345	345
Legal Costs	-	9,528

For the Committee of Management:



Title of Office held:

DATED this 19th day of October 2018

MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263
OPERATING REPORT
FOR THE YEAR ENDED 30 JUNE 2018

The Committee of Management of Master Grocers Australia Limited presents their report on the results of the Company for the financial year ended 30 June 2018

MEMBERSHIP OF THE COMMITTEE OF MANAGEMENT

The membership of the Committee of Management during the year ended 30th June 2018 is as follows:

Name	Position	Period Held	Casual Vacancy
ALLEN, Rodney	President	1 July 2017 to 30 June 2018	
MILLER, Stephen	Vice President	1 July 2017 to 1 January 2018	
DALY, Michael	Director	1 July 2017 to 30 June 2018	
DIVITINI, Gino	Director	1 July 2017 to 30 June 2018	
DOS SANTOS, Christopher	Director	1 July 2017 to 30 June 2018	
HINCHCLIFFE, Grant	Director	1 July 2017 to 30 June 2018	
SMITH, Deborah	Director	1 July 2017 to 30 June 2018	
GOUGH, Graeme	Director	13 November 2017 to 30 June 2018	5 July 2017 to 12 November 2017
GOLDSMITH, Carmel	Director		31 December 2017 to 30 June 2018

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 key function areas of Workplace Relations, Training and Compliance, Industry Representation, and Industry Community to protect the status and best interests of its members.

MGA's "Higher Purpose" is to "Make Life Easier" for all its members and industry stakeholders. A number of workstreams have been initiated to deliver the "Higher Purpose" including an updated and more modern branding - "MGA Independent Retailers", an improved and more relevant communication platform - Website, E Checkouts, E Alert, Media releases and IR magazines.

Member Engagement includes 8 editions of the Independent Retailer magazine, fortnightly E Checkout newsletter and seminars.

MGA has also actively been involved in the Small Business Victoria committee for Metal Health in the workplace.

With the closure of Timber Merchants Association of Victoria, MGA has offered associate memberships to former members of this association and formed within MGA, a committee based MGA TMA, to represent and provide for these members.

A new MGA TMA website, branding and additional membership benefits have been established to cater for these members.

This will in turn hopefully grow MGA's membership over the next few years.

MGA is dedicated to the business well being of its members. This is achieved through the committed and dedicated MGA Staff who deliver MGA's key functions professionally and consistently day in and day out, face to face, on line and via the telephone.

NUMBER OF MEMBERS

As at year end there were 2,150 members, 301 associate members and 28 corporate members.

NUMBER OF EMPLOYEES

As at year end, the number of employees were 13 Part time staff and 9 full time staff

MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263
OPERATING REPORT
FOR THE YEAR ENDED 30 JUNE 2018

REVIEW OF OPERATIONS

"Making Life Easier" for Members

As a part of MGA's 2020 Strategic imperatives, MGA has had another very exciting year of achievements including the absorption of the Timber Merchants Association of Victoria to form the MGA Timber Merchants Australia (MGA TMA), the launch of a MGA and MGA TMA dedicated website, the further growth of membership for a truly national Liquor Committee, the relocation of MGA's total data base and operations into the Cloud, the amazing renewal of MGA Communication tools such as E Checkouts, E Alerts, the Training Course guide, E training newsletters, MGA TMA newsletters, the joining of the Strikeforce organisation as an associate member, the engagement with the AHC organisation to provide their members with Legal and HR advice and the complete refurbishment of MGA national support offices. Further member support services are planned for Financial Year 2019.

In keeping with MGA's higher purpose to "make life easier" for members, from the 1st January 2018, MGA's theme and focus is to enhance members and industry stakeholder experiences with MGA, changed from the "year of engagement" to partnering for success".

A number of major issues became a focus for MGA none more so than electricity prices. The dramatic and unsustainable increase in electricity charges was the single most destructive cost to our member's businesses this year. Some members coming out of expired electricity contracts reported receiving new electricity contracts reflecting a minimum of 100% increase. This is simply not sustainable. MGA was a major contributor to the ACCC increase in Electricity Prices Inquiry that was commissioned by Treasurer Scott Morrison, as well as, meeting and advocating our members position to Minister for the Environment Josh Frydenburg.

MGA's Heads of departments and staff have worked very hard this last financial year assisting and supporting members, whether it be in MGA TMA, MGA Liquor, Finance, Administration, Industry Training, Legal and HR, Corporate Members and Advocacy at a state and federal government level.

MGA membership services has become a very important component of MGA's value proposition for members. Significant savings for insurance cover, energy, telephone services and other services offer significant savings for members and their staff. Corporate Member support is an extremely important component of MGA's day to day role to support members. Not only do MGA's 28 Corporate Members provide MGA with valuable insights and engage with members but their membership fee enables MGA to better resource itself, to strongly represent members best interests at State and Federal government levels.

MGA's Training solution offer has had significant challenges including the withdrawal of certificate 3 and 4 training from its training portfolio. Government funding to support members training their staff has dried up, limiting any opportunities for members to upskill and train their staff. As the industry compliance training specialists, MGA has adapted by understanding our members needs by developing a series of online courses that are simple to access and can be managed by our members through the newly developed "Manage Training System"

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

MGA has worked tirelessly on a number of objectives: Competition Law Changes, BP Australia acquisition of Woolworths Petrol outlets, Excessive Credit Card Surcharges, Country of Origin Labelling, Electricity, Plastic Bag Bans, Company Tax Reduction, Access to Justice for Small Business, Illicit and Illegal Tobacco, Unfair Contracts Amendments, Australian Food and Grocery Code of Conduct Review, Music Licencing - Supermarket Retail Sector, Single Touch Payroll, Chain of Responsibility. MGA has also been involved in Mental Health for Small Business and on the following Committee, Boards, Affiliations and Industry Associations: ACCC, COSBOA, Industry Skills Council, Prime Ministers Committee for Cybe Security, National Measurement Institute of Australia, Australian Small Business and Family Enterprise Ombudsman working groups by 4, Franchise Code of Conduct consultation committee, Black Economy Task Force Consultation, Queensland Small Business Advisory Council, Victorian Liquor Control Advisory Committee Statutory State Liquor Body, ACT Liquor Advisory Consultative Committee

2017/18 Has been a year of innovation, consolidation and investment focussing on supporting our members.

MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263
DIRECTORS REPORT
FOR THE YEAR ENDED 30 JUNE 2018

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	11	10
Stephen Miller	6	6
Michael Daly	11	3
Deborah Smith	11	10
Graeme Gough	11	10
Christopher Dos Santos	11	10
Gino Divitini	11	9
Grant Hinchcliffe	11	9
Carmel Goldsmith	5	4

DIRECTORS BENEFITS

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


AUDITORS' INDEPENDENCE DECLARATION

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

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

DATED this 19 day of October 2018


 Director GRANT Hinchcliffe


 Director R.F. Allen.
 President

MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263
COMMITTEE OF MANAGEMENT STATEMENT
FOR THE YEAR ENDED 30 JUNE 2018

On the of October, 2018, the Committee of Management of Master Grocers Australia Limited passed the following resolution in relation to the general purpose financial report (GPFR) for the financial year ended 30th June 2018:

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

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered organisations) Act 2009 (the RO Act);
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the Committee of Management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009 and Fair Work (Registered Organisations) Regulations 2009; and
 - (iv) where information has been sought in any request of a member of the reporting unit or Commissioner duly made under section 272 of the Fair Work (Registered Organisations) Act 2009 has been provided to the member or Commissioner; and
 - (v) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

For the Committee of Management:



Title of Office held:

R F Allen
President.

DATED this 19th day of October 2018

MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

		2018	2017
	NOTE	\$	\$
INCOME			
Revenue	3A	2,182,694	2,161,509
Other Income	4	156,395	-
		<u>2,339,089</u>	<u>2,161,509</u>
Expenses			
Employee expenses	5A	(1,527,224)	(1,320,987)
Affiliation fees	5C	(7,695)	(7,345)
Administration expenses	5D	(350,399)	(318,673)
Audit fees	19	(12,091)	(11,500)
Campaign and project expenses	5E	(124,072)	(202,363)
Depreciation and amortisation	5G	(64,913)	(47,008)
Finance costs	5H	(5,525)	(12,001)
Grants or donations	5F	(213)	(100)
Legal costs	5K	-	(9,528)
Writedown and impairment of assets	5I	-	-
Net losses from disposal of assets	5J	(1,327)	-
Other expenses	5L	(27,334)	(21,464)
		<u>(2,120,793)</u>	<u>(1,950,969)</u>
Profit (loss) before tax		218,296	210,540
Income tax expense	7	-	-
		<u>218,296</u>	<u>210,540</u>
Profit (loss) for the year		218,296	210,540
Other comprehensive income			
Item that will not be subsequently reclassified to profit or loss			
- Gain on revaluation of properties		-	1,158,938
Total comprehensive income (loss) for the year attributable to members		<u>218,296</u>	<u>1,369,478</u>

MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2018

		2018	2017
	NOTE	\$	\$
CURRENT ASSETS			
Cash and cash equivalents	8	528,468	410,542
Trade and other receivables	9	241,149	236,679
Other assets	10	64,795	47,070
Financial asset investments	11	1,978,088	1,822,271
Total current assets		2,812,500	2,516,562
NON CURRENT ASSETS			
Investment property	12	830,000	830,000
Intangible assets	13	-	-
Property, plant and equipment	14	1,748,952	1,761,778
Total non-current assets		2,578,952	2,591,778
TOTAL ASSETS		5,391,452	5,108,340
CURRENT LIABILITIES			
Payables and borrowings	15	373,399	362,190
Provisions	16	121,223	88,260
Total current liabilities		494,622	450,450
NON CURRENT LIABILITIES			
Payables and borrowings	15	-	-
Provisions	16	109,356	88,712
Total non current liabilities		109,356	88,712
TOTAL LIABILITIES		603,978	539,162
NET ASSETS		4,787,474	4,569,178
<i>Represented by:</i>			
MEMBERS' EQUITY			
Revaluation Reserves		1,158,938	1,158,938
Retained earnings		3,628,536	3,410,240
TOTAL MEMBERS' EQUITY		4,787,474	4,569,178

MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Revaluation Reserves \$	Retained Earnings \$	Total \$
Balance at 1st July 2016	-	3,199,700	3,199,700
Adjustment for initial application of new accounting standard	-	-	-
Comprehensive income			
Profit (loss) for the year	-	210,540	210,540
Other comprehensive income			
Gain on revaluation of properties	1,158,938	-	1,158,938
Total comprehensive income / (loss) for the year	<u>1,158,938</u>	<u>210,540</u>	<u>1,369,478</u>
Balance at 30th June 2017	<u>1,158,938</u>	<u>3,410,240</u>	<u>4,569,178</u>
	Reserves \$	Earnings \$	Total \$
Balance at 1st July 2017	1,158,938	3,410,240	4,569,178
Adjustment for initial application of new accounting standard	-	-	-
Comprehensive income			
Profit (loss) for the year	-	218,296	218,296
Other comprehensive income			
Gain on revaluation of properties	-	-	-
Total comprehensive income / (loss) for the year	<u>-</u>	<u>218,296</u>	<u>218,296</u>
Balance at 30th June 2018	<u>1,158,938</u>	<u>3,628,536</u>	<u>4,787,474</u>

MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	NOTE	2018 \$	2017 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from members (GST inclusive)		2,145,261	1,907,092
Government funding (GST free)		-	19,430
Dividend & trust Income received		61,891	83,192
Interest received		16,726	19,949
Rents received (GST inclusive)		74,152	70,584
Sundry Receipts		78,617	93,512
Receipts from Timber Merchants Association (Vic)		156,395	-
Payments to suppliers and employees		<u>(2,197,930)</u>	<u>(2,115,537)</u>
Net cash provided by (used in) operating activities	17A	<u>335,111</u>	<u>78,222</u>
CASH FLOW FROM INVESTMENT ACTIVITIES			
Proceeds from disposal of financial asset investments		330,818	1,099,439
Proceeds from sale of plant & equipment		-	-
Purchase of plant and equipment		(53,414)	(40,264)
Purchase of financial asset investments		<u>(344,589)</u>	<u>(1,289,339)</u>
Net cash provided by (used in) investment activities		<u>(67,185)</u>	<u>(230,164)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of borrowings		<u>(150,000)</u>	<u>(85,000)</u>
Net cash provided by (used in) financing activities		<u>(150,000)</u>	<u>(85,000)</u>
NET INCREASE / (DECREASE) IN CASH HELD			
		<u>117,926</u>	<u>(236,942)</u>
CASH AS AT START OF FINANCIAL YEAR			
		<u>410,542</u>	<u>647,484</u>
CASH AS AT END OF FINANCIAL YEAR			
	8	<u>528,468</u>	<u>410,542</u>

MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1 Summary of significant accounting policies

1.1 Basis of preparation of the financial statements

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

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

1.2 Comparative amounts

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

1.3 Significant accounting judgements and estimates

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

Key Estimates

Fair value of investments in financial assets

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

Intangible assets

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

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

Provisions

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

MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

1.4 New Australian Accounting Standards

Adoption of New Accounting Standard requirements

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

AASB2016-1 Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses, which makes amendments to AASB 112 Income Taxes to clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value.

Adoption of this amendment does not have any effect as it is exempt from income tax.

AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative Amendments to AASB 107, which amends AASB 107 Statement of Cash Flows (August 2015) to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and no-cash changes.

This information for both current and comparative is disclosed in Note 23F.

AASB 2016-4 Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash Generating Specialised Assets of Not-for Profit Entities which amends AASB 136 Impairment of Assets to remove references to depreciated replacement cost as a measure of value in use for not-for-profit entities and clarify that not-for-profit entities holding non-cash-generating specialised assets at fair value in accordance with AASB 13 Fair Value Measurement (under the revaluation model in AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets) no longer need to consider AASB 136. Not-for-profit entities holding such assets at cost may determine recoverable amounts using current replacement cost in AASB 13 as a measure of fair value for the purposes of AASB 136.

Adoption of this amendment does not have any material effect.

AASB 2017-2 Amendments to Australian Accounting Standards - Further Annual Improvements 2014-2016 Cycle, which clarifies the scope of AASB 12 Disclosure of Interests in Other Entities by specifying that the disclosure requirements apply to an entity's interests in other entities that are classified as held for sale or discontinued operations in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations.

Adoption of this amendment does not have any effect as there is no interest in any subsidiary, joint venture or associate.

MASTER GROCERS AUSTRALIA LIMITED
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

1.4 New Australian Accounting Standards

Future Australia Accounting Standards Requirements

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

- Amendments to AASB 9 *Financial Instruments* and AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9* (applicable to annual reporting periods beginning on or after 1 January 2018).

This Standard introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

The amendment is not expected to have a material impact on the financial statements.

- AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods

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

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

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

- AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: The main changes introduced by the new Standard are as follows:

- recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

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

The standard is not expected to have a material impact on the financial statements.

- AASB 1058: *Income of Not-for-Profit Entities* (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace AASB 1004 Contributions and introduce changes to the income recognition.

Under the new standard, NFPs will need to determine whether a transaction is genuine donation (accounted under AASB 1058) or a contract with a customer (accounted for under AASB 15 Revenue from Contracts with Customers).

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

MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

1.5 Investment in associates and joint arrangements

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

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

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

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

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

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

There has been no acquisition of an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission

MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

1.7 Revenue

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

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

Donation income is recognised when it is received.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

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

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

1.8 Government Grants

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

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

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

1.9 Gains

Sale of assets

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

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1.10 Capitation fees and levies

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

1.11 Employee benefits

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

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

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

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

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

1.12 Leases

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

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

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

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

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1.13 Borrowing costs

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

1.14 Cash

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

1.15 Financial instruments

Financial assets and financial liabilities are recognised when Master Grocers Australia Limited becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

1.16 Financial assets

Investments in financial assets are classified in the following categories:
financial assets at amortised cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI). The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Amortised Cost

A financial asset shall be measured at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Fair value through other comprehensive income (FVOCI)

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Fair value through profit or loss (FVTPL)

A financial asset is classified as held for trading if:

- it is acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may irrevocably be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise.

Recognition and Derecognition

Regular purchases and sales of financial assets are recognised at trade date (the date on which the company commits to purchase or sell the asset). Investments are initially recognised at fair value and the transaction costs are expensed in the statement of profit or loss and other comprehensive income.

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1.16 Financial assets (cont'd)

Subsequent Measurement

Financial assets classed as amortised costs are carried at amortised cost using the effective interest method.

Financial assets at FVTPL are subsequently carried at fair value. Gains or losses arising from changes in the fair value are presented in the statement of profit or loss and other comprehensive income within other income or part of expenses in the period in which they arise.

Income from financial assets at FVTPL is recognised in the statement of profit or loss and other comprehensive income as part of revenue when the company's right to receive payments is established.

Financial assets classified as FVOCI are subsequently carried at fair value. Gains or losses arising from changes in the fair value are presented in other comprehensive income regardless of whether the investments was impaired or not. When the financial assets classified as FVOCI are sold, the gains or losses are presented in other comprehensive income.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the reporting units past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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1.17 Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or at amortised cost. Financial liabilities are recognised and derecognised upon 'trade date'.

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the reporting unit manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the reporting units documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

For financial liabilities designated as at FVTPL using the fair value option, the element of gains or losses attributable to changes in the entity's own credit risk is recognised in other comprehensive income, with the remainder recognised in profit or loss. These amounts recognised in other comprehensive income are not recycled to profit or loss if the liability is ever repurchased at a discount.

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Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The reporting unit derecognises financial liabilities when, and only when, the reporting units obligations are discharged, cancelled or they expire. The difference between the carrying amounts of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

1.18 Contingent Liabilities and Contingent Assets

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

1.19 Property, Plant and Equipment

Asset Recognition Threshold

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

Revaluations - Land and Buildings

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

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

Depreciation

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

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

	2018	2017
Property and improvements	47 years	47 years
Plant and equipment	3 to 25 years	3 to 25 years

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

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Derecognition

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

1.20 Investment Property

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

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

1.21 Intangible assets

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

	2018	2017
Intangible assets	-	10 years

No amortisation for current financial year. Intangible assets were fully amortised in last financial year.

Derecognition

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

1.22 Impairment for non-financial assets

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

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

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1.23 Non-current assets held for sale

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

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

1.24 Taxation

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

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

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

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

1.25 Fair value measurement

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

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

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

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

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1.25 Fair value measurement (cont'd)

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

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

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

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

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

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

1.26 Going concern

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

NOTE 2 Events after the reporting period

There were no events that occurred after 30 June 2018, and /or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of the Company.

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	2018	2017
	\$	\$
NOTE 3A REVENUE		
Revenue from operation:		
Membership subscriptions	1,297,606	1,212,236
Corporate partner memberships	308,388	337,051
Training programs	95,877	205,624
Workplace relations	77,128	113,937
Rental revenue	70,752	68,975
Commissions	53,289	32,913
Campaign contributions	-	-
Other revenue - Corporate Functions/Sale of Merchandise/Advocacy	58,992	52,098
Capitation fees	-	-
Levies raised	-	-
Investment Revenue		
Changes in fair value	142,046	35,534
Dividend revenue	61,891	80,650
Interest revenue	13,157	19,949
Trust distributions received	3,568	2,542
	<u>2,182,694</u>	<u>2,161,509</u>
 NOTE 4 OTHER INCOME		
Grants and/or donations	-	-
Cash surplus from Timber Merchants Association (Vic)	156,395	-
	<u>156,395</u>	<u>-</u>
 NOTE 5 EXPENSES		
NOTE 5A Employee expenses		
Holders of Office:		
- Wages and salaries	88,647	84,210
- Superannuation	7,913	8,000
- Separation and redundancies	-	-
- Transfers to provisions for annual leave	4,435	3,098
- Transfers to provisions for long service leave	-	-
- Other employee expenses	5,147	3,000
	<u>106,142</u>	<u>98,309</u>
Employees other than Holders of Office:		
- Wages and salaries	1,194,551	1,065,633
- Superannuation	105,022	91,495
- Separation and redundancies	-	-
- Transfers to provisions for annual leave	28,528	(16,353)
- Transfers to provisions for long service leave	20,644	18,879
- Other employee expenses	72,338	63,024
	<u>1,421,082</u>	<u>1,222,678</u>
Total employee expenses	<u>1,527,224</u>	<u>1,320,987</u>
 NOTE 5B Capitation Fees	<u>-</u>	<u>-</u>
 NOTE 5C Affiliation fees		
- Political parties	345	345
- Council of Small Business Association	7,350	7,000
	<u>7,695</u>	<u>7,345</u>

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	2018	2017
	\$	\$
NOTE 5D Administration expenses		
Consideration to employers for payroll deductions	-	-
Fees - Meeting and conference	12,000	12,000
Meeting and conference expenses	5,269	2,022
Promotion expenses	26,885	16,667
Accounting fees	6,437	5,808
Bad debts written off	-	18,753
Contractors/consultants	12,813	29,876
Compulsory levies	-	-
Human resource costs	32,484	12,427
Information technology	40,508	28,692
Insurance	17,862	16,864
Occupancy	42,763	42,012
Office services and supplies	59,673	47,477
Travel and accomodation	72,968	62,484
Venue hire and catering	16,117	18,971
	<u>345,779</u>	<u>314,053</u>
Operating lease rentals:		
Minimum lease payments	4,620	4,620
	<u>350,399</u>	<u>318,673</u>
NOTE 5E Campaign and project expenses		
Magazine costs	75,136	78,079
Training costs	31,243	88,386
Legal and HR expenses recharged	20	24,894
Campaign costs	8,809	3,040
Postage / email campaigns	8,863	7,964
	<u>124,072</u>	<u>202,383</u>
NOTE 5F Loans, Grants and/ or donations		
Grants		
Total paid that were \$1000 or less	-	-
Total paid that exceeded \$1000	-	-
	<u>-</u>	<u>-</u>
Donations		
Total paid that were \$1000 or less	213	100
Total paid that exceeded \$1000	-	-
	<u>213</u>	<u>100</u>
NOTE 5G Depreciation and amortisation		
Depreciation		
Property, plant & equipment	64,913	44,575
	<u>64,913</u>	<u>44,575</u>
Amortisation		
Intangible assets	-	2,433
Total depreciation and amortisation	<u>64,913</u>	<u>47,008</u>
NOTE 5H Finance costs		
Commercial bills	5,525	12,001
	<u>5,525</u>	<u>12,001</u>
NOTE 5I Writedown and impairment of assets		
Property, plant and equipment	-	-
Intangibles	-	-
	<u>-</u>	<u>-</u>
NOTE 5J Net losses from sale of assets		
Property, plant and equipment	1,327	-
Intangibles	-	-
	<u>1,327</u>	<u>-</u>
NOTE 5K Legal costs		
Litigation	-	-
Other legal matters	-	9,528
	<u>-</u>	<u>9,528</u>

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	2018	2017
	\$	\$
NOTE 5L Other expenses		
Penalties - via RO Act or RO Regulations	-	-
Brokerage	16,326	11,191
Rental property costs	11,008	10,273
	27,334	21,464

NOTE 6 DIVIDENDS POLICY

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

NOTE 7 INCOME TAX

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

NOTE 8 CASH & CASH EQUIVALENTS

Current

Cash at bank	11,942	26,592
Cash on hand	265	266
Short-term deposits	516,262	383,684
Other	-	-
	528,468	410,542

Cash at bank and short-term deposits are classified as financial assets held at amortised cost.

Short-term deposits are made for varying periods depending on the immediate cash requirement and earn interest at the respective short term interest rates.

NOTE 9 TRADE AND OTHER RECEIVABLES

Current

Trade receivables	241,149	236,679
Less: provision for impairment	-	-
	241,149	236,679
Other receivables:		
Receivables from other reporting units	-	-
	241,149	236,679

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

NOTE 10 OTHER ASSETS

Current

Accrued income	22,255	15,319
Deposits and prepayments	33,575	31,751
Loans - Greater than \$1,000	8,966	-
	64,795	47,070

NOTE 11 FINANCIAL ASSET INVESTMENTS

Current

Fair value through profit or loss (FVTPL)

- Held for trading and those designated at fair value through profit or loss on initial recognition

Domestic equities	1,254,031	1,350,377
International equities	536,575	190,621
Debt securities	187,483	281,273
	1,978,088	1,822,271

Fair value through other comprehensive income (FVOCI)

Amortised cost

	1,978,088	1,822,271
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	2018	2017
	\$	\$
NOTE 12 INVESTMENT PROPERTY		
<i>Non current</i>		
As at 1st July	830,000	-
From property, plant and equipment (Note 14)	-	830,000
Additions	-	-
Net gain from fair value adjustment	-	-
As at 30 June	830,000	830,000

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

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

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

Rental income earned and reimbursements received from the investment property during the year was \$63,552 (2017: \$52,585)

Direct expenses incurred in relation to the investment property that generated rental income during the year was \$11,008 (2017: \$10,273). During the year and as at the year-end, no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal were present. Master Grocers Australia Ltd does not have any contractual obligations to purchase, construct or develop the investment property or for repairs, maintenance or enhancements.

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

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

The fair value of the investment property is included within Level 2 of the fair value hierarchy as stated at Note 1.25 to the financial statements.

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	2018	2017
	\$	\$
NOTE 13 INTANGIBLE ASSETS		
<i>Non current</i>		
Corporate branding	-	24,350
Less: accumulated amortisation	-	(24,350)
	<u>-</u>	<u>-</u>
Compliance management system	-	1,070,938
Less: accumulated amortisation and impairment	-	(1,070,938)
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Reconciliation of the opening and closing balances		
As at 1st July		
Gross book value	-	1,095,288
Accumulated depreciation and impairment	-	(1,092,855)
Net book value 1 July	<u>-</u>	<u>2,433</u>
Additions:		
By purchase	-	-
Impairment	-	-
Amortisation	-	(2,433)
Disposals	-	-
Net book value 30 June	<u>-</u>	<u>-</u>
Net book value as at 30 June represented by:		
Gross book value	-	1,095,288
Accumulated depreciation and impairment	-	(1,095,288)
Net book value 30 June	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
NOTE 14 PROPERTY, PLANT AND EQUIPMENT		
<i>Non current</i>		
Property - Land and building		
at fair value	1,700,000	1,700,000
accumulated depreciation	(62,566)	(25,733)
	<u>1,637,434</u>	<u>1,674,267</u>
Property improvements		
at cost	16,630	6,960
accumulated depreciation	(125)	(21)
	<u>16,505</u>	<u>6,939</u>
Plant & equipment - at cost		
at cost	165,562	167,761
accumulated depreciation	(70,549)	(87,189)
	<u>95,013</u>	<u>80,572</u>
Net book value 30 June	<u>1,748,952</u>	<u>1,761,778</u>

MASTER GROCERS AUSTRALIA LIMITED
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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

Reconciliation of the Opening and Closing Balances

	Property	Property Improvements	Plant & Equipment	Total
As at 1st July 2016				
Gross book value	1,219,562	179,123	134,457	1,533,142
Accumulated depreciation and impairment	-	(26,274)	(69,717)	(95,991)
Net book value 1 July 2016	<u>1,219,562</u>	<u>152,849</u>	<u>64,740</u>	<u>1,437,151</u>
Year ended 30 June 2017				
Additions:				
By purchase	-	6,960	33,304	40,264
Revaluations	1,158,938	-	-	1,158,938
To investment property (Note12)	(830,000)	-	-	(830,000)
Depreciation expense	(25,733)	(1,370)	(17,472)	(44,576)
Disposals	-	-	-	-
Transfers in / (out)	151,500	(151,500)	-	-
Net book value 30 June 2017	<u>1,674,267</u>	<u>6,939</u>	<u>80,572</u>	<u>1,761,778</u>
Net book value as at 30 June 2017 represented by:				
Gross book value	1,700,000	6,960	167,761	1,874,721
Accumulated depreciation and impairment	(25,733)	(21)	(87,189)	(112,943)
Net book value 30 June 2017	<u>1,674,267</u>	<u>6,939</u>	<u>80,572</u>	<u>1,761,778</u>
Year ended 30 June 2018				
Additions:				
By purchase	-	9,670	43,744	53,414
Revaluations	-	-	-	-
To investment property (Note12)	-	-	-	-
Depreciation expense	(36,833)	(104)	(27,976)	(64,913)
Disposals	-	-	(1,327)	(1,327)
Transfers in / (out)	-	-	-	-
Net book value 30 June 2018	<u>1,637,434</u>	<u>16,505</u>	<u>95,013</u>	<u>1,748,952</u>
Net book value as at 30 June 2018 represented by:				
Gross book value	1,700,000	16,630	165,562	1,882,192
Accumulated depreciation and impairment	(62,566)	(125)	(70,549)	(133,240)
Net book value 30 June 2018	<u>1,637,434</u>	<u>16,505</u>	<u>95,013</u>	<u>1,748,952</u>

Property comprises of Suites 4 and 5 at 1 Milton Parade, Malvern 3144.

The property was independently valued by Charter Keck Cramer on 18 October 2016.

The fair value of the properties are included within Level 2 of the fair value hierarchy as stated at Note1.25 to the financial statements.

MASTER GROCERS AUSTRALIA LIMITED
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
NOTE 15 PAYABLES AND BORROWINGS		
<i>Current</i>		
Trade payables	11,628	55,057
Sundry payables & accruals	79,726	67,920
Income in advance	282,045	89,213
	373,399	212,190
Commercial bills	-	150,000
Payables to other reporting units	-	-
	373,399	362,190
<i>Non Current</i>		
Commercial bills	-	-
	-	-

All borrowings are initially recognised at fair value, less directly attributable transaction costs. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the effective interest method.

Asset pledged as collateral

The properties comprising of Suites 5 and 9 at 1 Milton Parade, Malvern were pledged as collateral for the commercial bills and corporate credit card facilities from ANZ.

The commercial bill was fully repaid in March 2018 and application has been submitted to have the collateral released.

NOTE 16 PROVISIONS

Employee provisions

Office holders:

Annual leave	25,144	20,704
Long service leave	-	-
Separations and redundancies	-	-
Other	-	-
Employee provisions - office holders	25,144	20,704

Employees other than office holders

Annual leave	96,079	67,556
Long service leave	109,356	88,712
Separations and redundancies	-	-
Other	-	-
Employee provisions - other than office holders	205,436	156,268

Current

Employee entitlements - provision for annual leave	121,223	88,260
Employee entitlements - provision for long service leave	-	-
	121,223	88,260

Non Current

Employee entitlements - provision for annual leave	-	-
Employee entitlements - provision for long service leave	109,356	88,712
	109,356	88,712

MASTER GROCERS AUSTRALIA LIMITED
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
NOTE 17 CASH FLOW		
NOTE 17A: Cash flow reconciliation		
Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement:		
Cash and cash equivalents as per:		
Cash flow statement	528,468	410,542
Balance Sheet	528,468	410,542
Difference	<u>-</u>	<u>-</u>
 (a) Reconciliation of operating profit after income tax to net cash provided by (used in) operating activities:		
Operating profit after income tax	218,296	210,540
Non-cash flows in operating profit:-		
(Profit) Loss on disposal of plant & equipment	1,327	-
Write-down or impairment of assets	-	-
(Gain) / Loss on sale of financial asset investments	(39,178)	67,378
Fair value adjustment to investments	(102,868)	(102,912)
Depreciation and amortisation	64,913	47,008
 Change in assets and liabilities:		
(Increase) / decrease		
- Trade receivables	(4,470)	(112,721)
- Sundry debtors, prepayments & receivables	(17,725)	8,086
(Decrease) / increase		
- Trade, sundry payables & accruals	161,209	(44,779)
- Employee provisions	53,607	5,622
Net cash provided by operating activities	<u>335,111</u>	<u>78,222</u>
 NOTE 17B Cashflow information		
Cash inflows from reporting unit/ controlled entity	<u>-</u>	<u>-</u>
Cash outflows from reporting unit/ controlled entity	<u>-</u>	<u>-</u>

MASTER GROCERS AUSTRALIA LIMITED
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
NOTE 18 RELATED PARTY TRANSACTIONS		
(a) Key management personnel compensation		
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the company directly or indirectly is considered key management personnel.		
Short term employee benefits	420,964	416,120
Post employment benefits	27,962	27,616
Other long term employee benefits	3,255	14,264
Termination benefits	-	-
Share based payments	-	-
Total	452,181	458,000
(b) Other transactions with key management personnel and their close family members		
Loans to / from key management personnel	-	-
Other transactions with key management personnel	-	-
	-	-
(c) Other related party transactions		
(i) Travel cost paid or reimbursed to officeholders		
Rodney Allen (President)	2,359	2,091
Stephen Miller	2,502	756
Michael Daly	3,616	1,043
Deborah Smith	5,779	2,845
Andrew Bray	511	2,018
Christopher Dos Santos	4,191	1,277
Gino Divitini	4,345	3,423
Grant Hinchcliffe	5,410	1,821
Graeme Gough	4,620	-
Carmel Goldsmith	2,068	-
	35,400	15,274
(ii) Committee meeting attendance fees paid directly or indirectly to officeholders who are not employees		
	12,000	12,000

NOTE 19 REMUNERATION OF AUDITORS

Value of the services provided		
Financial statement audit services	10,400	10,900
Other services	1,691	600
	12,091	11,500

MASTER GROCERS AUSTRALIA LIMITED
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
NOTE 20 CONTINGENT LIABILITIES, ASSETS AND COMMITMENTS		
Operating lease commitments - as lessee		
<i>Commitments for minimum lease payments in relation to non-cancellable operating lease is as follows:</i>		
Within one year	4,620	4,620
After one year but not more than five years	3,465	8,085
More than five years	-	-
	8,085	12,705
The lease is for a photocopier.		
Operating lease commitments - as lessor		
The company lease out one of its offices under non-cancellable operating lease expiring between one to two years.		
<i>Commitments for minimum lease payments in relation to non-cancellable operating lease is as follows:</i>		
Within one year	55,246	53,637
After one year but not more than five years	56,903	112,148
More than five years	-	-
	112,148	165,785

Capital commitments

At 30 June 2018, the company has commitments of \$61,635 (2017: \$79,218) principally relating to novated finance lease.

NOTE 21 MEMBERS GUARANTEE

The Company is limited by guarantee. If the company is wound up, the Constitution of the Company states that each member is required to contribute a maximum amount not exceeding one year's subscription towards meeting any outstanding obligations of the Company. At 30 June 2018, there were 2,150 members, 301 associate members and 28 corporate members.

NOTE 22 ECONOMIC DEPENDENCY

There is no economic dependency on another reporting unit.

MASTER GROCERS AUSTRALIA LIMITED
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 23 FINANCIAL INSTRUMENTS

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

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

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

	2018 \$	2017 \$
NOTE 23A Categories of financial instruments		
Financial assets		
Cash and cash equivalents	528,468	410,542
Fair value through profit or loss	1,978,088	1,822,271
Trade and other receivables	241,149	236,679
Other assets	64,795	47,070
Carrying amount of financial assets	2,812,500	2,516,562
Financial liabilities		
Trade payables and other payables	373,399	212,190
Borrowings	-	150,000
Carrying amount of financial liabilities	373,399	362,190

NOTE 23B Market risk analysis

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

Interest rate sensitivity

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

The following table illustrates the sensitivity of the profit and equity to a reasonably possible change in interest rates of + / - 1% (2017: + / - 1%). The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

Variable rate instruments

Financial assets

	Profit for the year	
	+1%	-1%
30-Jun-2018	5,285	(5,285)
30-Jun-2017	4,105	(4,105)

	Equity	
	+1%	-1%
30-Jun-2018	5,285	(5,285)
30-Jun-2017	4,105	(4,105)

Financial liabilities

	Profit for the year	
	+1%	-1%
30-Jun-2018	-	-
30-Jun-2017	(1,500)	1,500

	Equity	
	+1%	-1%
30-Jun-2018	-	-
30-Jun-2017	(1,500)	1,500

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 23B Market risk analysis (Cont'd)

Other price risk sensitivity

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

The following table illustrates the sensitivity of the profit and equity to a reasonably possible change in price movement of + / - 10% (2017: + / -10%). The calculations are based on financial instruments held at each reporting date that are sensitive to price movement.

	Profit for the year	
	+10%	-10%
30-Jun-2018	197,809	(197,809)
30-Jun-2017	182,227	(182,227)

	Equity	
	+10%	-10%
30-Jun-2018	197,809	(197,809)
30-Jun-2017	182,227	(182,227)

NOTE 23C Foreign Exchange risk analysis

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

NOTE 23D Credit risk analysis

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

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

	2018	2017
Classes of financial assets		
<i>Carrying amounts:</i>		
Cash and cash equivalents	528,468	410,542
Trade and other receivables	241,149	236,679
Total	769,617	647,221

The company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and / or reports on customers and other counterparties are obtained and used.

Information about the exposure to credit risk for trade and other receivables are as below:

	2018	2017
Gross amount	241,149	236,679
Current (not past due)	108,141	113,102
1 - 30 days past due	13,487	8,116
31 - 60 days past due	50,130	50,600
61 - 90 days past due	-	-
More than 90 days past due	69,392	64,860
Total	241,149	236,679

The customers are mainly established corporate entities and default rates have historically been low. Receivable balances are monitored on an on-going basis and there are no indications to management that any of the past due balances at reporting date present a significant credit risk. Therefore, management believes no impairment allowance is necessary. (2017: Nil)
All receivables are in the Australia geographic region.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

MASTER GROCERS AUSTRALIA LIMITED
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE23E Liquidity risk analysis

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

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

As at 30 June 2018, the company financial liabilities have contracted maturities as summarised below:-

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

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

	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
	\$	\$	\$	\$
30-Jun-2017				
Borrowings	150,000	-	-	-
Trade and other payables	212,190	-	-	-
Total	362,190	-	-	-

NOTE23F Changes in liabilities arising from financing activities

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

	01-Jul-16	Cash flows	Non-cash changes			30-Jun-17
			Acquisition	Foreign Exchange	Fair Value Changes	
Short-term borrowings	235,000	(85,000)	-	-	-	150,000
Total liabilities from financing activities	235,000	(85,000)	-	-	-	150,000

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

	2018	2017
	\$	\$
Net income and expense from financial assets		
Fair value through profit or loss - Held for trading and those designated as fair value through profit and loss:		
- Change in fair value	142,046	35,534
- Dividend revenue	61,891	80,650
- Interest revenue	9,192	13,261
- Trust distributions	3,568	2,542
- Exchange gains/(loss)	-	-
Net gain/(loss) at fair value through profit and loss	216,698	131,987
At Amortisation		
- Interest revenue	3,965	6,688
Net gain/(loss) from financial assets	220,663	138,675
Net income and expense from financial liabilities		
At Amortised cost		
- Interest expense	5,525	12,001
Net gain/(loss) from financial liabilities	5,525	12,001

MASTER GROCERS AUSTRALIA LIMITED
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 24 FAIR VALUE MEASUREMENT

Financial assets and liabilities fair value hierarchy

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

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

The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 30 June 2018 and 30 June 2017:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
30-Jun-2018				
Assets				
Fair value through profit or loss	1,978,088	-	-	1,978,088
Net fair value	1,978,088	-	-	1,978,088
30-Jun-2017				
Assets				
Fair value through profit or loss	1,822,271	-	-	1,822,271
Net fair value	1,822,271	-	-	1,822,271

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

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

Non-financial assets fair value hierarchy

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
30-Jun-2018				
Assets				
Property, plant & equipment - Land & building	-	1,637,434	-	1,637,434
Investment property	-	830,000	-	830,000
Net fair value	-	2,467,434	-	2,467,434
30-Jun-2017				
Assets				
Property, plant & equipment - Land & building	-	1,674,267	-	1,674,267
Investment property	-	830,000	-	830,000
Net fair value	-	2,504,267	-	2,504,267

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

Further information about the valuation of the property assets are in Note 12 and 14.

NOTE 25 ADMINISTRATION OF FINANCIAL AFFAIRS BY A THIRD PARTY

There is no third party administration.

MASTER GROCERS AUSTRALIA LIMITED
A.C.N. 004 063 263
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 26 INFORMATION TO BE PROVIDED TO MEMBERS

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

- (1) A member of a reporting unit, or the General Manager, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- (2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.
- (3) A reporting unit must comply with an application made under subsection (1).
- (4) The General Manager may only make an application under subsection (1) at the request of a member of the reporting unit concerned, and the General Manager must provide to a member information received because of an application made at the request of the member.
- (5) A general purpose financial report prepared under section 253, a concise report prepared under section 265 and a report prepared under subsection 270(4) must include a notice drawing attention to subsections (1), (2) and (3) of this section and setting out those subsections.
- (6) Without limiting the information that may be prescribed under subsection (1), the information prescribed must include details (including the amount) of any fees paid by the reporting unit for payroll deduction services provided by a person who is an employer of:
 - (a) the member making the application for information; or
 - (b) the member at whose request the application was made.

MASTER GROCERS AUSTRALIA LIMITED
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OFFICER DECLARATION STATEMENT
FOR THE YEAR ENDED 30 JUNE 2018

I, _____, being the _____ of Master Grocers Australia Limited, declare that the following activities did not occur during the year ended 30 June 2018.

- agree to receive financial support from another reporting unit to continue as a going concern (refers to agreement regarding financial support not dollar amount)
- agree to provide financial support to another reporting unit to ensure they continue as a going concern (refers to agreement regarding financial support not dollar amount)
- acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission
- receive capitation fees from another reporting unit
- receive any other revenue from another reporting unit
- receive revenue via compulsory levies
- receive donations or grants
- receive revenue from undertaking recovery of wages activity
- incur fees as consideration for employers making payroll deductions of membership subscriptions
- pay capitation fees to another reporting unit
- pay any other expense to another reporting unit
- pay compulsory levies
- pay a grant that was \$1,000 or less
- pay a grant that exceeded \$1,000
- pay a donation that exceeded \$1,000
- pay legal costs relating to litigation
- pay legal costs relating to other legal matters
- pay a penalty imposed under the RO Act or the Fair Work Act 2009
- have a receivable with other reporting unit(s)
- have a payable with other reporting unit(s)
- have a payable to an employer for that employer making payroll deductions of membership subscriptions
- have a payable in respect of legal costs relating to litigation
- have a payable in respect of legal costs relating to other legal matters
- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity
- provide cash flows to another reporting unit and/or controlled entity
- receive cash flows from another reporting units and/or controlled entity
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit

For the Committee of Management: _____

R F Allen

Title of Office held:

*R F Allen
President*

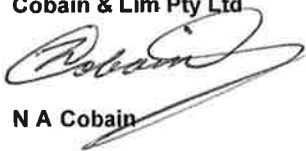
DATED this *19th* day of *October* 2018

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

As auditor for the audit of Master Grocers Australia Limited for the year ended 30 June 2018,
I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018 there have been:

- (a) no contraventions of the auditors' independence requirements of Australian professional ethical pronouncements in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

Cobain & Lim Pty Ltd



N A Cobain

Melbourne
Dated this 19 day of October 2018

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

Cobain & Lim Pty Ltd

Chartered Accountants

Suite 211, Level 2

566 St Kilda Road

Melbourne Vic, 3004

T: 03 95105233 F: 03 9521 7900

Independent Audit Report to the Members of Master Grocers Australia Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Master Grocers Australia Limited, which comprises the statement of financial position as at 30th June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30th June 2018, notes to the financial statements, including a summary of significant accounting policies; and the Committee of Management Statement, the subsection 255(2A) report and the Officer Declaration Statement.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of Master Grocers Australia Limited as at 30th June 2018, and its financial performance and its cash flows for the year ended on that date in accordance with:

- a) the Australian Accounting Standards; and
- b) any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act).

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of Master Grocers Australia Limited in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information Other than the Financial Report and Auditor's Report Thereon

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

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Cobain & Lim Pty Ltd

Chartered Accountants

Suite 211, Level 2

566 St Kilda Road

Melbourne Vic. 3004

T: 03 95105233 F: 03 9521 7900

Responsibilities of Committee of Management for the Financial Report

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

In preparing the financial report, the Committee of Management is responsible for assessing Master Grocers Australia Limited's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee of Management either intend to liquidate the Reporting Unit or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objective is to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Master Grocers Australia Limited's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Master Grocers Australia Limited's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Master Grocers Australia Limited to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Master Grocers Australia Limited to express an opinion on the financial report. We are responsible for the direction, supervision and performance of Master Grocers Australia Limited audit. We remain solely responsible for our audit opinion.

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Chartered Accountants

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

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

Cobain & Lim Pty Ltd



N A Cobain

Melbourne
Dated this *19* day of *October* 2018.

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