

THE MASTER GROCERS' ASSOCIATION OF VICTORIA LIMITED
A.C.N. 004 063 263

FINANCIAL RETURN
FOR THE YEAR ENDED 30 JUNE 2007

I N D E X

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THE MASTER GROCERS' ASSOCIATION OF VICTORIA LIMITED
A.C.N. 004 063 263

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

	NOTE	2007 \$	2006 \$
Operating Revenue	4	355,054	436,023
Cost of Sales		87,582	65,840
Gross Profit		267,472	370,183
Other Revenues from Ordinary Activities	4	382,546	324,693
Strategic and National Development Expenses		(122,781)	-
Training Expenses		(61,228)	(65,387)
Occupancy Expenses		(18,316)	(21,470)
Employee Expenses		(601,936)	(360,052)
Administration Expenses		(353,373)	(248,162)
Other Expenses from Ordinary Activities		(87,874)	(91,098)
Proceeds from Sale of Investments / Assets	5(b)	1,505,682	1,136,495
Carrying Amount of Assets Sold	5(b)	(1,093,609)	(954,280)
Write Off Carrying Amount of Investment		-	-
Grant Expenses Recovered	6	55,401	-
Profit from Ordinary Activities before Income Tax Expense		(128,016)	90,922
Income Tax relating to Ordinary Activities	8	-	-
Net Profit from Ordinary Activities after Income Tax Expense attributable to Members of the Company		(128,016)	90,922
Total Changes In Association Membership Funds		(128,016)	90,922

The accompanying notes form part of these accounts

THE MASTER GROCERS' ASSOCIATION OF VICTORIA LIMITED
A.C.N. 004 063 263

BALANCE SHEET
AS AT 30 JUNE 2007

	NOTE	2007 \$	2006 \$
CURRENT ASSETS			
Cash		69,842	339,177
Receivables	9	171,000	80,409
Total Current Assets		240,842	419,586
NON CURRENT ASSETS			
Investments	10	2,913,825	2,722,253
Property, Plant & Equipment	11	1,319,168	1,256,410
Intangible Assets	12	24,350	-
Total Non Current Assets		4,257,343	3,978,663
TOTAL ASSETS		4,498,185	4,398,249
CURRENT LIABILITIES			
Creditors & Borrowings	13	157,855	8,200
Provisions	14	11,417	52,662
Total Current Liabilities		169,272	60,862
NON CURRENT LIABILITIES			
Creditors & Borrowings	13	-	-
Provisions	14	-	19,140
Special Purpose Grants	6	138,681	-
Total Non Current Liabilities		138,681	19,140
TOTAL LIABILITIES		307,953	80,002
NET ASSETS		4,190,232	4,318,247
<i>Represented by:</i>			
ASSOCIATION MEMBERSHIP FUNDS			
Accumulated Funds	15	4,190,232	4,318,247
TOTAL MEMBERSHIP FUNDS		4,190,232	4,318,247

The accompanying notes form part of these accounts

THE MASTER GROCERS' ASSOCIATION OF VICTORIA LIMITED
A.C.N. 004 063 263

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2007

STATEMENT OF CASH FLOW

	2007	2006
	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from Members	234,507	231,615
Receipts from Training programmes	50,843	156,341
Receipts from Advertising	56,652	37,350
Government Grants Received	259,900	-
Receipts Other	127	36,975
Dividend & Trust Income Received	202,878	189,464
Interest Received	24,728	30,114
Rents Received	116,708	108,413
Payments to suppliers and employees	<u>(1,315,503)</u>	<u>(831,033)</u>
Net Cash Provided by (used in) Operating Activities	<u>(369,160)</u>	<u>(40,761)</u>
CASH FLOW FROM INVESTMENT ACTIVITIES		
Proceeds from sale of investments	1,456,721	1,124,859
Proceeds from sale of plant & equipment	22,746	11,636
Payments for plant and equipment	(94,681)	(31,462)
Payments for investments	<u>(1,284,961)</u>	<u>(1,332,715)</u>
Net Cash Provided by (used in) Investment Activities	<u>99,825</u>	<u>(227,682)</u>
NET INCREASE / (DECREASE) IN CASH HELD	<u>(269,335)</u>	<u>(268,443)</u>
CASH AS AT START OF FINANCIAL YEAR	<u>339,177</u>	<u>607,620</u>
CASH AS AT END OF FINANCIAL YEAR	<u>69,842</u>	<u>339,177</u>
 (a) Reconciliation of Operating Profit after income tax to net cash provided by (used in) operating activities:		
Operating Profit / (Loss) after income tax	(128,016)	90,922
Non-cash flows in operating profit:-		
(Profit) / Loss on sale of investments	(410,494)	(191,216)
(Profit) / Loss on sale of plant & equipment	(1,580)	9,002
Depreciation	10,757	9,219
Change in assets and liabilities:		
(Increase) / Decrease		
- Trade Debtors	(12,925)	26,259
- Sundry Debtors, Prepayments & Receivables	(30,503)	3,298
- Intangible Assets	(24,350)	
(Decrease) / Increase		
- Trade Creditors & Accruals	149,655	(23,028)
- Employee Provisions	(60,385)	34,783
- Special Purpose Grants	138,681	
Net cash provided by operating activities	<u>(369,160)</u>	<u>(40,761)</u>

THE MASTER GROCERS' ASSOCIATION OF VICTORIA LIMITED
A.C.N. 004 063 263

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 1 STATEMENT OF ACCOUNTING POLICIES

The financial statements are a general purpose financial report that has been prepared in accordance with applicable Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views), Schedule 1B of the *Workplace Relations Act 1996* and the Industrial Registrar's Reporting Guidelines. Accounting standards include Australian equivalents to International Financial Reporting Standards. The financial statements have been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair value of the consideration given in exchange for assets. The accounting policies have been consistently applied unless otherwise stated.

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

(a) Depreciation

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

(b) Employee entitlements

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

(c) Investments

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

(c) Receipt of Grant Funding

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

NOTE 2 INFORMATION TO BE PROVIDED TO MEMBERS

In accordance with the requirements of the *Workplace Relations Act 1996* the attention of members of the Master Grocers' Association of Victoria 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 a Registrar, 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).

THE MASTER GROCERS' ASSOCIATION OF VICTORIA LIMITED
A.C.N. 004 063 263

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 2 INFORMATION TO BE PROVIDED TO MEMBERS (cont'd)

- (4) A Registrar may only make an application under subsection (1) at the request of a member of the reporting unit concerned, and the Registrar 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 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.

NOTE 3 DIRECTORS EMOLUMENTS

Total emoluments excluding amounts in respect of fixed salaries as employees received or due and received from the Company

	2007 \$	2006 \$
(i) Directors engaged in the full time employment of the Company	NIL	NIL
(ii) Other Directors of the Company - Fees/Allowance for attendance as representatives at meetings received by directors of the company		
- Current Year	61,875	61,250
- Underprovision for Last Year	-	-
	61,875	61,250

THE MASTER GROCERS' ASSOCIATION OF VICTORIA LIMITED
A.C.N. 004 063 263

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2007**

	2007	2006
	\$	\$
NOTE 4 REVENUE FROM ORDINARY ACTIVITIES		
Operating Revenue		
Annual Membership Subscriptions	217,627	199,356
Membership Subscriptions - Industrial Awards	29,805	6,000
Magazine Advertising	56,652	37,350
Food Safety Workshop	8,355	7,873
Training Program - Other	26,059	138,097
RSA Workshop	16,429	10,372
Other related income	127	36,975
	355,054	436,023
Other Operating Revenue		
Interest	34,728	30,114
Dividends	87,645	98,467
Trust Distributions	143,036	85,956
Rental income	116,708	108,413
Other Income	429	1,743
	382,546	324,693

NOTE 5 PROFIT FROM ORDINARY ACTIVITIES

(a) Profit from Ordinary Activities has been determined after the following items:

Auditors' Remuneration		
- Audit of the Accounts	8,200	8,100
- Other Services		-
Bad Debts	11,144	4,500
Depreciation	10,757	9,219
Annual fee for affiliation with:		
- Political Parties	-	-
- A.R.A.V.	-	-
- International Bodies	-	-
Donations	-	-
Benefits to Holders of Office	61,875	61,250
Benefits to Employees (other than Holders of Office)	599,687	356,478
Legal Cost	43,039	20,816
Meeting Cost	3,641	386
Transfers to Provisions for Annual Leave	(41,245)	15,643
Transfers to Provisions for Long Service Leave	(19,140)	19,140

(b) Specific Net Gains and (Losses):

Proceeds from Sale of Investments	1,503,882	1,124,859
Carrying Amount of Investments Sold	1,093,389	933,643
Profit on Sale of Investments	410,494	191,216
Proceeds from Sale of Plant & Equipment	1,800	11,636
Carrying Amount of Plant & Equipment Sold	220	20,637
Profit/(Loss) on Sale of Plant & Equipment	1,580	(9,001)

THE MASTER GROCERS' ASSOCIATION OF VICTORIA LIMITED
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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	\$	\$
NOTE 6 SPECIAL PURPOSE GRANTS		
(i) Packaged Liquor Industry Development Trust Fund (PLIDTF)		
Opening balance	-	-
<i>Add:</i>		
Funding received during year	220,500	-
<i>Less:</i>		
Directly Attributable Costs	(37,128)	-
Grant Expenses Recovered	(49,004)	-
	134,368	-
 (ii) Department of Innovation, Industry and Regional Development (DIIRD)		
Opening balance	-	-
<i>Add:</i>		
Funding received during year	39,400	-
<i>Less:</i>		
Directly Attributable Costs	(28,690)	-
Grant Expenses Recovered	(6,397)	-
	4,313	-
 Total Grants Carried Forward	 138,681	 -

NOTE 7 DIVIDENDS POLICY

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

NOTE 8 INCOME TAX

The Organisation is exempt from Income Tax.

THE MASTER GROCERS' ASSOCIATION OF VICTORIA LIMITED
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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	\$	\$
NOTE 9 RECEIVABLES		
<i>Current</i>		
Trade Debtors	58,130	40,480
Less: Provision Doubtful Debts	(11,400)	(6,675)
Accrued Income	59,602	31,370
Withholding Tax Paid	1,572	9,512
Sundry Debtors & prepayments	63,096	5,722
	<u>171,000</u>	<u>80,409</u>

Non Current

- -

NOTE 10 INVESTMENTS

Non Current

Shares in other corporations not listed on a prescribed stock exchange

Shares in related corporations

* At cost

-

Shares in listed corporations

* At cost

1,926,309

2,028,656

(Market Value at 30.6.07 \$3,105,140)

Units in listed managed funds

* At cost

630,144

418,583

(Market Value at 30.6.07 \$701,185)

Units in listed property trusts

* At cost

357,372

275,014

(Market Value at 30.6.07 \$410,300)

2,913,825

2,722,253

NOTE 11 PROPERTY, PLANT AND EQUIPMENT

Property:

Suites 4, 5 & 9 / 1 Milton Pde, Malvern

1,219,562

1,219,562

Plant and equipment at cost

168,266

101,418

Less accumulated depreciation

(68,660)

(64,570)

1,319,168

1,256,410

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

NOTE 12 INTANGIBLE ASSETS

Corporate Branding

24,350

-

24,350

-

THE MASTER GROCERS' ASSOCIATION OF VICTORIA LIMITED
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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	\$	\$
NOTE 13 CREDITORS AND BORROWINGS		
<i>Current</i>		
Trade Creditors	111,382	-
Sundry Creditors & Accruals	43,350	8,200
Credit Card	3,123	-
	157,855	8,200
 <i>Non Current</i>		
	-	-
 NOTE 14 PROVISIONS		
<i>Current</i>		
Employee Entitlements - Provision for Annual Leave	11,417	52,662
	11,417	52,662
 <i>Non Current</i>		
Employee Entitlements - Provision for Long Service Leave	-	19,140
	-	19,140
 NOTE 15 ACCUMULATED FUNDS		
Balance at the beginning of the financial year	4,318,248	4,227,326
Net Profit attributable to Members	(128,016)	90,922
Total Available for Appropriation	4,190,232	4,318,248
Dividends provided for or paid	-	-
Balance at the end of the financial year	4,190,232	4,318,248

THE MASTER GROCERS' ASSOCIATION OF VICTORIA LIMITED
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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 16 RELATED PARTY TRANSACTIONS

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

ALLEN, Rodney Frederick	MILLER, Stephen Andrew
COWLEY, Jean	CHEN, Tim
BUCELLO, Sandra Gail	SMITH, Debbie
DALY, Michael	DE SAUTY, Robert
MORGAN, Peter	

Emoluments due to the Directors for the 2007 year were as follows:

Mr. R. Allen received remuneration, being President Allowance from the company, of \$5,000
Mr. R. Allen, Mr. S. Miller, Mr. M. Daly, Ms. J. Cowley, Mrs S. Bucello, Mr. T. Chen and Ms. D. Smith received remuneration, being director fees, from the Company of \$7,500 respectively
Mr. R. De Sauty received remuneration, being director fees, from the Company of \$4,675.
Ms. D. Smith received remuneration from the Company of \$9,170 as travel reimbursements.
Mr. M. Daly received remuneration from the Company of \$4,418 as travel and mileage reimbursements.
Mr. R. Allen received remuneration from the Company of \$706 as travel reimbursements.
Ms. S. Bucello received remuneration from the Company of \$271 as mileage reimbursements.

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

NOTE 17 MEMBERS GUARANTEE

The Company is limited by guarantee. If the company is wound up, the Constitution of the Company states that each member is required to contribute a maximum amount not exceeding one year's subscription towards meeting any outstanding obligations of the Company. At 30 June 2007 the number of members was 615.

NOTE 18 CONTINGENT LIABILITIES

The company has a current claim against it that is being reviewed by its insurance underwriter. Excess payable by the company in the event of a negative settlement is \$1,000.

NOTE 19 ECONOMIC DEPENDENCY

There is no economic dependency on another reporting unit.

THE MASTER GROCERS' ASSOCIATION OF VICTORIA LIMITED
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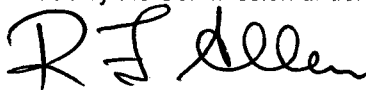
COMMITTEE OF MANAGEMENT STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

On the 2007 the Committee of Management of The Master Grocers' Association of Victoria Limited passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 30th June 2007:

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

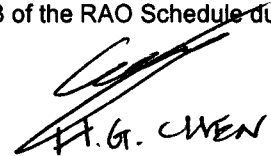
- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the Industrial Registrar;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial 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 RAO Schedule and the RAO Regulations; and
 - (iv) the information sought in any request of a member of the reporting unit or a Registrar duly made under section 272 of the RAO Schedule has been furnished to the member or Registrar; and
 - (v) No orders have been made by the Commission under section 273 of the RAO Schedule during the period.

For Committee of Management:


R. F. AUEN

Title of Office held:

PRESIDENT


H. G. CHEN
Director

DATED this 13th day of September 2007.

**THE MASTER GROCERS' ASSOCIATION OF VICTORIA LIMITED
A.C.N. 004 063 263**

**OPERATING REPORT
FOR THE YEAR ENDED 30 JUNE 2007**

The Directors of The Master Grocers' Association of Victoria Limited present their report to the members on the results of the Company for the financial year ended 30 June 2007 and on the state of affairs of the Company as at that date

The following Directors are members of the Committee of Management at the date of this report.

ALLEN, Rodney	President	DE SAUTY, Robert	Director
COWLEY, Jean	Vice President	MILLER, Stephen	Director
BUCELLO, Sandra	Director	CHEN, Tim	Director
DALY, Michael	Director	SMITH, Debbie	Director

PRINCIPAL ACTIVITY

The Master Grocers' Association of Victoria Limited is a Trade Association representing independently owned food store operators, negotiating at all levels to promote and to protect the status and interest of its members.

The Master Grocers' Association of Victoria Limited has its own Consent Awards negotiated with the trade unions on behalf of the members.

The Company publishes its own bi-monthly magazine and provides a comprehensive industrial relations advice service to its members. The Company also provides a training program for its members and a widespread series of valuable store assistance programs presented at store level.

OPERATING RESULTS

The net loss of the Company for the year is \$128,016.

DIVIDENDS

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

NUMBER OF MEMBERS

As at year end the number of members was 615.

NUMBER OF EMPLOYEES

As at year end the number of employees was 5 full time and 4 part time.

REVIEW OF OPERATIONS

This year the company embarked upon a national growth strategy aimed at satisfying interstate independent supermarkets requests for a national industry body to provide their businesses with support and service in the areas of Workplace Relations, Workplace Agreement Making, Training, Industry Representation and Networking Opportunities.

Whilst the company enjoyed full IGA and Foodworks membership in Victoria and Southern NSW and full Foodworks membership in greater NSW, the company also secured a commitment for full membership in 2007/2008 from IGA Western Australia and IGA greater NSW. The company has invested significantly in infrastructure and staff to support the ever increasing national demands on our company's services.

The company is currently reviewing its constitution to broaden its scope to accommodate the needs of a national membership base.

IGA and Foodworks supermarkets are represented on the company Board. The Master Grocers Association continues to grow its relationships with the marketing boards in each state and is appreciative of their support.

The company welcomed long time independent supermarket owner and retailer, Robert De Sauty to the board.

The MGA has been well represented by Jennifer Flanagan on a number of committees and advisory groups namely: The Small Business Advisory Committee, appointed by the Minister for Small Business, The OH&S Advisory Committee, appointed by the Minister for Workcover representing small businesses (supermarkets) in Victoria, The Liquor Licensing Advisory Council, appointed by the Minister for Consumer Affairs, National Association of Retail Grocers Australia and Australian Liquor Stores Association.

Jenny has represented our industry in an exemplary manner with the utmost of integrity.

THE MASTER GROCERS' ASSOCIATION OF VICTORIA LIMITED
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OPERATING REPORT
FOR THE YEAR ENDED 30 JUNE 2007

SIGNIFICANT CHANGES

There were significant changes to the state of affairs of the company for the year. In October 2006, Jos de Bruin was appointed the company's National CEO, replacing Jennifer Flanagan after 9 years exemplary service.

The company recognised 2 core pillars of its business that needed immediate development to service its members, they being Workplace Relations and Training. The company has appointed 2 senior managers in Marie Brown, Legal Counsel – Workplace Relations and Michael Russell, National Training Manager.

Staff numbers have grown from 6 (FT/PT) to 12 (FT/PT).

EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

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

- (i) the operations of the Company;
- (ii) the results of those operations, or
- (iii) the state of affairs of the Company, in the financial years subsequent to 30th June, 2007

LIKELY DEVELOPMENTS

There are no likely developments significant to members at the time of this report.

RIGHT OF MEMBERS TO RESIGN

A member may resign his membership by giving written notice of resignation of membership to the Secretary in accordance with subrule 10.2 of the organisation's rules .

SUPERANNUATION TRUSTEES

There is no superannuation trustee for the reporting unit.

In accordance with a resolution of the Directors

DATED this 13th day of September 2007.



Director



Director

THE MASTER GROCERS' ASSOCIATION OF VICTORIA LIMITED
A.C.N. 004 063 263

INDEPENDENT AUDITORS REPORT

Scope

We have audited the accounts, being the Income Statement, Balance Sheet, Statement of Cash Flows and Notes to and forming part of the accounts of The Masters Grocers' Association of Victoria Limited for the year ended 30th June 2007. The Company's Directors are responsible for the preparation and presentation of the accounts and the information they contain.

We have conducted an independent audit of these accounts in order to express an opinion on them to the members of the Company.

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

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion,

- (a) the accounts of The Master Grocers' Association of Victoria Limited are properly drawn up so as to give a true and fair view of:
 - (i) the state of affairs of the company as at 30th June, 2007 and of the profit and cash flows of the company for the year ended on that date; and
 - (ii) the other matters required by Division 4, 4A and 4B of Pt 3.6 of the Corporations Law to be dealt with in the financial statements.
- (b) the attached general purpose financial report are presented fairly in accordance with applicable Australian Accounting Standards and other mandatory professional reporting requirements in Australia and the requirements of the RAO Schedule.
- (c) there were kept by the Company in respect of the year, satisfactory accounting records detailing the sources and nature of the income of the Company (including income from members) and the nature and purposes of expenditure; and
- (d) the attached financial statements, prepared in accordance with section 273 of the Workplace Relations Act 1996 are properly drawn up so as to give a true and fair view of:
 - (i) the financial affairs of the Company as at 30 June 2007;
 - (ii) the income and expenditure account, and result of the Company for the year ended on that date; and
 - (iii) all information, being information which was reasonably wanted for the purpose of this audit, which was required and sought by Cobain & Lim Pty Ltd or by any person authorised by it for the purpose of the audit, was provided.

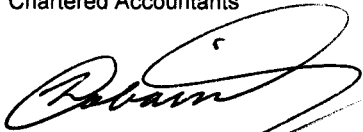
We also understand that to the extent that there was any deficiency, failure or shortcoming in relation to the matters referred to above, we must report those matters in this report.

THE MASTER GROCERS' ASSOCIATION OF VICTORIA LIMITED
A.C.N. 004 063 263

INDEPENDENT AUDITORS REPORT

DATED this *18th* day of *September* 2007

COBAIN & LIM PTY LTD
Chartered Accountants



N A COBAIN
Chartered Accountant

218 / 566 St. Kilda Rd
MELBOURNE 3004

Cobain & Lim Pty. Ltd.

ABN 84 006 037 850

Tax Agents, Auditors & Business Consultants

NORM COBAIN F.C.A.

HOCK LIM C.A.

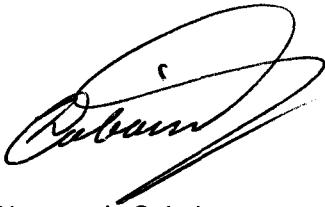
Office: The Jewel
Suite 218, 2nd Floor
566 St. Kilda Road
Melbourne 3004
Telephone: (03) 9510 5233
Fax: (03) 9521 7900
Email: nacobain@bigpond.com

Auditor's Independence Declaration

As lead auditor for the audit of The Masters Grocers' Association of Victoria Limited for the year ended 30 June 2007, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of the audit of the accounts of The Masters Grocers' Association of Victoria Limited for the year ended 30 June 2007.



Norman A. Cobain
Director

Melbourne
18th September 2007



**Chartered
Accountants**