

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

**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2006**

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

**DIRECTORS REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2006**

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 2006 and on the state of affairs of the Company as at that date.

The following Directors of The Master Grocers Association of Victoria Limited hold office at the date of this report:

<b>ALLEN, Rodney</b>	<b>President</b>	<b>MORGAN, Peter</b>	<b>Director</b>
<b>COWLEY, Jean</b>	<b>Vice President</b>	<b>MILLER, Stephen</b>	<b>Director</b>
<b>BUCELLO, Sandra</b>	<b>Director</b>	<b>CHEN, Tim</b>	<b>Director</b>
<b>DALY, Michael</b>	<b>Director</b>	<b>SMITH, Debbie</b>	<b>Director</b>

#### **PRINCIPAL ACTIVITY**

The Master Grocers' Association of Victoria Limited is a Trade Association representing independently owned food store operators in Victoria, 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. There has been no significant change in its activities during the year.

#### **OPERATING RESULTS**

The profit of the Company for the year was \$90,922. No income tax is payable.

#### **DIVIDENDS**

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

#### **REVIEW OF OPERATIONS**

The Company continues to enjoy full IGA and FoodWorks membership in Victoria, and increasingly numbers of interstate members have sought to join the Company. IGA Supermarkets and FoodWorks Supermarkets are all represented on the Company Board. Membership numbers remain stable and consistent. Master Grocers liaison with these marketing boards and committees has increased, and the Company recognises this support.

The Company welcomed experienced Foodworks Director Ms. Debbie Smith (Allora FoodWorks, QLD) to the Board.

Chief Executive Officer Jennifer Flanagan sits on the Small Business Advisory Committee appointed by the Minister for Small Business; the OHS Advisor Committee, appointed by the Minister for Workcover representing small business (supermarkets) in Victoria; the Liquor Licensing Advisory Council, appointed by the Minister for Consumer Affairs to review the Packaged Liquor environment in Victoria; and Service Skills Victoria, at the request of the body.

#### **SIGNIFICANT CHANGES**

There were no significant changes to the state of affairs of the Company for the year.

#### **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, 2006

#### **LIKELY DEVELOPMENTS**

An increased national presence is anticipated.

DIRECTORS REPORT  
FOR THE YEAR ENDED 30 JUNE 2006

DETAILS OF DIRECTORS

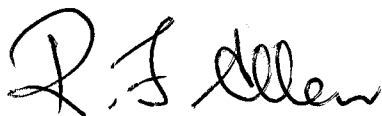
Name	Year Appt.	Other Directorships
Geoffrey D GLEDHILL	1996	Forthy Seventh Octelda Ptl Ltd
Stephen Andrew MILLER	2000	Astson Pty Ltd S & Y Miller Investments Pty Ltd
Michael DALY	2001	Kevmille Pty Ltd Houseinvest.com Pty Ltd
Jean COWLEY	2001	Point Lonsdale Supermarket Pty Ltd Cowley Business Holdings Pty Ltd Jean Cowley Retail Services Pty Ltd
Rodney F ALLEN	2002	Mount Martha Village Self Service Pty Ltd Nizark Holdings Pty Ltd Herod Pty Ltd
Sandra G BUCELLO	2003	BLM Business Learning Material Pty Ltd J & S Bucello Pty Ltd
Peter MORGAN	2004	Janagrom Pty Ltd Morgans Investments Pty Ltd Gisborne Superfresh Pty Ltd Meadow Heights Superfresh Pty Ltd Delahey Superfresh Pty Ltd Wadara Pty Ltd
Tim CHEN	2005	CCH Supermarket Pty Ltd
Debbie SMITH	2006	A & D (QLD) Holdings Pty Ltd

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.

In accordance with a resolution of the Directors

DATED this 20<sup>th</sup> day of SEPTEMBER 2006.



Director



Director

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

**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 30 JUNE 2006**

	NOTE	2006 \$	2005 \$
Operating Revenue	3	436,023	363,391
Cost of Sales		65,840	60,892
Gross Profit		370,183	302,499
Other Revenues from Ordinary Activities	3	324,693	301,902
Training Expenses		(65,387)	(12,926)
Occupancy Expenses		(21,470)	(25,121)
Employee Expenses		(360,052)	(270,129)
Administration Expenses		(248,162)	(173,617)
Other Expenses from Ordinary Activities		(91,098)	(119,416)
Proceeds from Sale of Investments / Assets	4	1,136,495	1,158,532
Carrying Amount of Assets Sold	4	(954,280)	(845,258)
Write Off Carrying Amount of Investment		-	(182,407)
Profit from Ordinary Activities before Income Tax Expense		90,922	134,059
Income Tax relating to Ordinary Activities	6	-	-
<b>Net Profit from Ordinary Activities after Income Tax Expense attributable to Members of the Company</b>		<b>90,922</b>	<b>134,059</b>
<b>Total Changes in Association Membership Funds</b>		<b>90,922</b>	<b>134,059</b>

The accompanying notes form part of these accounts

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

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2006**

	NOTE	2006 \$	2005 \$
<b>CURRENT ASSETS</b>			
Cash		339,177	607,620
Receivables	7	80,409	109,966
<b>Total Current Assets</b>		419,586	717,586
<b>NON CURRENT ASSETS</b>			
Investments	8	2,722,253	2,323,181
Property, Plant & Equipment	9	1,256,410	1,254,805
<b>Total Non Current Assets</b>		3,978,663	3,577,986
<b>TOTAL ASSETS</b>		4,398,249	4,295,572
<b>CURRENT LIABILITIES</b>			
Creditors & Borrowings	10	8,200	31,228
Provisions	11	52,662	37,019
<b>Total Current Liabilities</b>		60,862	68,247
<b>NON CURRENT LIABILITIES</b>			
Creditors & Borrowings	10	-	-
Provisions	11	19,140	-
<b>Total Non Current Liabilities</b>		19,140	-
<b>TOTAL LIABILITIES</b>		80,002	68,247
<b>NET ASSETS</b>		4,318,247	4,227,325
<i>Represented by:</i>			
<b>ASSOCIATION MEMBERSHIP FUNDS</b>			
Accumulated Funds	12	4,318,247	4,227,325
<b>TOTAL MEMBERSHIP FUNDS</b>		4,318,247	4,227,325

The accompanying notes form part of these accounts

**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2006**

**NOTE 1 STATEMENT OF ACCOUNTING POLICIES**

The financial statements are a general purpose financial report that has been prepared in accordance with applicable Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and the Corporations Law, including the disclosure requirements of Schedule 5 of the Corporations Regulations. Accounting Standards include Australian equivalents to International Financial Reporting Standards. The financial statements have been prepared on the basis of historical costs and do not take into account changing moneyvalues 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.

	2006	2005
	\$	\$

**NOTE 2 DIRECTORS EMOLUMENTS**

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

(i) Directors engaged in the full time employment of the Company	NIL	NIL
(ii) Other Directors of the Company - Fees/Allowance for attendance as representatives at meetings received by directors of the company		
- Current Year	61,250	25,729
- Underprovision for Last Year		2,500
	61,250	28,229

**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 2006**

	2006	2005
	\$	\$
<b>NOTE 3 REVENUE FROM ORDINARY ACTIVITIES</b>		
Operating Revenue		
Subscriptions and Magazine Income	236,706	240,363
Food Safety Workshop	7,873	15,120
Training Program - Other	138,097	1,280
MGAV Agreement	6,000	100,700
RSA Workshop	10,372	2,445
Other related income	36,975	3,483
	<u>436,023</u>	<u>363,391</u>
Other Revenue		
Interest	30,114	30,139
Dividends	98,467	133,430
Trust Distributions	85,956	53,005
Rental income	108,413	85,328
Other Income	1,743	
	<u>324,693</u>	<u>301,902</u>

**NOTE 4 PROFIT FROM ORDINARY ACTIVITIES**

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

Auditors' Remuneration		
- Audit of the Accounts	8,100	9,307
- Other Services		
Bad Debts	4,500	3,541
Depreciation	9,219	15,796
Transfers to Provisions for Annual Leave	15,643	2,896
Transfers to Provisions for Long Service Leave	19,140	-

**(b) Specific Net Gains and (Losses):**

Proceeds from Sale of Investments	1,124,859	1,146,713
Carrying Amount of Investments Sold	933,643	830,906
Profit on Sale of Investments	<u>191,216</u>	<u>315,807</u>
Proceeds from Sale of Plant & Equipment	11,636	11,819
Carrying Amount of Plant & Equipment Sold	20,637	14,352
(Loss) on Sale of Plant & Equipment	<u>(9,001)</u>	<u>(2,533)</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 2006**

	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 9 PROPERTY, PLANT AND EQUIPMENT</b>		
<i>Property:</i>		
Suites 4, 5 & 9 / 1 Milton Pde, Malvern	1,219,562	1,219,562
Plant and equipment at cost	101,418	99,939
Less accumulated depreciation	(64,570)	(64,696)
	1,256,410	1,254,805
<p>The properties at Malvern were valued independently as at 24th May 2000 by Ray White Valuations (Vic) at a market value of \$1,293,000.</p>		
<b>NOTE 10 CREDITORS AND BORROWINGS</b>		
<i>Current</i>		
Sundry Creditors & Accruals	8,200	28,122
Credit Card	-	3,106
	8,200	31,228
<i>Non Current</i>		
	-	-
<b>NOTE 11 PROVISIONS</b>		
<i>Current</i>		
Employee Entitlements - Provision for Annual Leave	52,662	37,019
	52,662	37,019
<i>Non Current</i>		
Employee Entitlements - Provision for Long Service Leave	19,140	-
	19,140	-
<b>NOTE 12 ACCUMULATED FUNDS</b>		
Balance at the beginning of the financial year	4,227,325	4,093,266
Net Profit attributable to Members	90,922	134,059
Total Available for Appropriation	4,318,247	4,227,325
Dividends provided for or paid	-	-
Balance at the end of the financial year	4,318,247	4,227,325

**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2006**

**NOTE 13 STATEMENT OF CASH FLOW**

	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Receipts from Members	231,615	285,068
Receipts from Training programmes	156,341	18,847
Receipts from Advertising	37,350	34,508
Receipts Other	36,975	7,960
Dividend & Trust Income Received	189,464	153,168
Interest Received	30,114	29,114
Rents Received	108,413	85,328
Payments to suppliers and employees	(831,033)	(644,264)
Net Cash Provided by (used in) Operating Activities	(40,761)	(30,271)
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Proceeds from sale of investments	1,124,859	1,146,713
Proceeds from sale of plant & equipment	11,636	11,819
Payments for plant and equipment	(31,462)	(4,779)
Payments for investments	(1,332,715)	(863,631)
Net Cash Provided by (used in) Investment Activities	(227,682)	290,122
<b>NET INCREASE / (DECREASE) IN CASH HELD</b>	<b>(268,443)</b>	<b>259,851</b>
<b>CASH AS AT START OF FINANCIAL YEAR</b>	<b>607,620</b>	<b>347,769</b>
<b>CASH AS AT END OF FINANCIAL YEAR</b>	<b>339,177</b>	<b>607,620</b>
 (a) Reconciliation of Operating Profit after income tax to net cash provided by (used in) operating activities:		
Operating Profit / (Loss) after income tax	90,922	134,059
<b>Non-cash flows in operating profit:-</b>		
(Profit) / Loss on sale of investments	(191,216)	(315,807)
(Profit) / Loss on sale of plant & equipment	9,002	2,532
Investment Written Off		182,407
Depreciation	9,219	15,796
<b>Change in assets and liabilities:</b>		
(Increase) / Decrease		
- Trade Debtors	26,259	(21,487)
- Sundry Debtors, Prepayments & Receivables	3,298	(29,813)
(Decrease) / Increase		
- Trade Creditors & Accruals	(23,028)	(854)
- Employee Provisions	34,783	2,896
Net cash provided by operating activities	(40,761)	(30,271)

NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2006

**NOTE 14 RELATED PARTY TRANSACTIONS**

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

<b>ALLEN</b> , Rodney Frederick	<b>GLEDHILL</b> , Geoffrey Dunstan
<b>COWLEY</b> , Jean	<b>MORGAN</b> , Peter
<b>BUCELLO</b> , Sandra Gail	<b>MILLER</b> , Stephen Andrew
<b>DALY</b> , Michael	<b>CHEN</b> , Tim

Emoluments due to the Directors for the 2006 year were as follows:

Mr. R. Allen received remuneration, being President Allowance from the company, of \$5,000  
Mr. R. Allen, Mr. S. Miller, Ms. J. Cowley, Mrs S. Bucello, Mr M. Daly, Mr. P. Morgan, and Mr. T. Chen  
received remuneration, being director fees, from the Company of \$7,500 respectively  
Mr. G. Gledhill received remuneration, being director fees, from the Company of \$3,750.  
Mr M. Daly received remuneration from the Company of \$162.55 as mileage,

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

**NOTE 15 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 2006 the number of members was 459 (across 600 member sites).

**NOTE 16 CONTINGENT LIABILITIES**

There are no Contingent Liabilities known by the Directors of the Company.

**NOTE 17 IMPACTS OF THE ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS**

The company first adopted the Australian Equivalents to International Financial Reporting Standards (A-IFRS) in its current financial year. There are no material differences between the Statement of Financial Performance, Statement of Financial Position and Statement of Cashflows for the current and the previous financial year presented under A-IFRS and each statement presented under the previous Accounting Standards.

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

STATEMENT BY DIRECTORS  
FOR THE YEAR ENDED 30 JUNE 2006

In the opinion of the Directors of the Company;

1. (a) The accompanying statement of financial performance is drawn up so as to give a true and fair view of the results of the Association, in so far as they concern members of the Association, for the financial year ended 30 June 2006.
- (b) The accompanying statement of financial position is drawn up so as to give a true and fair view of the state of affairs of the Association, in so far as they concern members of the Association, as at the end of that financial year.
- (c) At the date of this statement, there are reasonable grounds to believe that the Association will be able to pay its debts as and when they fall due,

This statement is made in accordance with the resolution of the Board of Directors and is signed for and on behalf of the directors by:

DATED this 20<sup>th</sup> day of SEPTEMBER 2006



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 Statement of Directors, Statement of Financial Performance, Statement of Financial Position, 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 2006. 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, the accounts of The Master Grocers' Association of Victoria Limited are properly drawn up:

- (a) so as to give a true and fair view of:
  - (i) the state of affairs of the company as at 30th June, 2006 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 Part 3.6 of the Corporations Law to be dealt with in the financial statements.
- (b) in accordance with applicable Accounting Standards and other mandatory professional reporting requirements.

DATED this *22<sup>nd</sup>* day of *September* 2006

**N. A. COBAIN & CO. PTY LTD**  
Chartered Accountants

  
**N A COBAIN**  
Chartered Accountant

218 / 566 St. Kilda Rd  
MELBOURNE 3004